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LEGISLATIVE HISTORY

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Chapter 169--2d Session

S. 2202

Volume 2

See Volume 1 for Index and Summary of History.

Mar. 12

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: Senate passed ERP bill; agreed to Aiken amendment to encourage use of surplus commodities; Reed amendment to require 25% of wheat shipments to be in flour form; Taft amendment to provide credit guaranties to Latin America for participation; and rejected Taft amendment to reduce authorization to \$4 billion. Senate Armed Services Committee reported amendments to Remount Service bill. Senate committee reported Independent Offices appropriation bill.

SENATE - MARCH 12

1. **EUROPEAN RECOVERY PROGRAM.** Continued debate on S. 2202, the ERP bill (pp.2700-93, 2795-6).

Agreed to Sen. Brooks' (Ill.) amendment providing for use of authorized funds to pay transportation charges on packages donated to or purchased by nonprofit relief organizations or packages originating in the U.S. and consigned to individuals in participating countries (pp. 2700-1).

Rejected (31-56) Sen. Taft's (Ohio) amendment to reduce from \$5.3 billion to \$4.0 billion the authorization for the first 12 months of ERP (pp.2724-92).

Sen. Aiken, Vt., submitted an amendment which provides that, in general, surplus agricultural commodities be purchased only in the U.S. for this program; that the Administrator provide for procurement of each class or type of surplus agricultural commodity in the approximate proportion it bears to the total excess of such commodity; that CCC's surplus agricultural commodities be used in the program to the extent practicable; that the price paid to CCC be sufficient to meet cost to it but not higher than market price, except that USDA may pay up to 50% of the sales price from Sec. 32 funds; and restores \$40,000,000 of such funds (p. 2792).

During the debate Sen. Ken, Mo., urged that the welfare of the people in the U.S. "be our first concern," improvement in soil conservation programs, consideration of public works needs, and salary increases for Federal employees (pp. 2711-6). Sen. Taft, Ohio, criticized US purchases of Canadian and Argentine wheat for European aid (pp. 2725-6). Sen. Morse, Ore., inserted a document, "Qualifications and Experience of United States Personnel in the Preparation of the European Recovery Program," which includes USDA staff members (pp. 2740-65). Sen. Ball, Minn., discussed with other members the dis-

crepancies in the CEEC report on tobacco exports (p. 2776).

2. INDEPENDENT OFFICES, APPROPRIATION BILL, 1949. The Appropriations Committee reported with amendments this bill, H.R. 5214 (p. 2693). As reported the bill reduces the Emergency Fund of the President to \$100,000 (House figure \$700,000); reduces the Budget Bureau to \$2,992,000 (House figure \$3,192,000); and increases the amount for the Council of Economic Advisers to \$350,000 (House figure \$300,000).

With respect to the Emergency Fund for the President the committee report states:

"The committee has studied the history of this appropriation in the light of its use in fiscal year 1948. Prior to the present time this fund has been used only in national emergencies during wartime. The committee is of the opinion that most of the expenditures made from this fund in the past few years should have been presented to the Congress for review in keeping with the regular procedure for appropriations rather than treated as emergencies. The committee is convinced that such items as the President's Commission on Civil Rights and the President's Commission on Higher Education cannot be classified as emergencies. With these facts in mind, the committee has reduced the President's Emergency Fund to \$100,000."

3. REMOUNT SERVICE. The Armed Services Committee reported amendments to H.R. 3484, to transfer the Remount Service from the Army Department to this Department (p. 2693).

4. EXECUTIVE REORGANIZATION. The Expenditures in the Executive Departments Committee submitted its report on reorganization of the Federal departments and agencies (S.Rept. 983) (p. 2693).

Sen. Jenner, Ind., submitted minority views for himself and Sen. Ives (N.Y.), and Sen. Taft (Ohio) on H.Con.Res. 131, against adoption of Reorganization Plan No. 1, 1948 (S.Rept. 967, Pt. 2) (p. 2693).

5. OLEOMARGARINE TAXES. Sen. Capper, Kans., inserted an Ark Valley Cooperative Dairy Assn. letter opposing oleomargarine-tax repeal (p. 2692).

Sen. Maybank, S.C., inserted his statement before the Senate Finance Committee on oleomargarine taxes (pp. 2698-9).

6. NATURAL RESOURCES. Sen. Murray, Mont., urged conservation of our natural resources and inserted the "Conservation Credo of an American" (pp. 2699-700).

7. FOREIGN AFFAIRS. Sen. Smith, N.J., explained U.S. contributions to the International Children's Emergency Fund of the United Nations (p. 2700).

8. NOMINATION. Received the nomination of Ernest Gruening to be Governor of Alaska (p. 2796).

HOUSE - MARCH 12

NOT IN SESSION. Next meeting Mon., Mar. 15.

BILLS INTRODUCED - MARCH 12

9. ACCESS ROADS. S.J.Res. 196, by Sen. Morse, Ore., to provide for a suitable and adequate system of timber access roads to and in the forests of the U.S. To Agriculture and Forestry Committee. (p. 2693)

10. RECLAMATION. S. 2302, by Sen. O'Mahoney, Wyo., to authorize completion of con-

almost as incongruous with free trade as the sight of a mounted cavalryman riding out against a Sherman tank.

In the name of free enterprise, in order that this long-ignored discrimination may be corrected, I ask the Senate Finance Committee to incorporate my amendment into the Revenue Act of 1948.

CONSERVATION CREDO OF AN AMERICAN

Mr. MURRAY. Mr. President, the American people are strong in their faith in the democratic way of solving our social and economic problems. They are not greatly disturbed by alarmists who would have them believe that their institutions are threatened by economic racketeers and saboteurs. But when they see converging on their Congress a host of special-interest seekers intent upon seizing what is left of our natural resources for private selfish exploitation and profit, they are not long in arousing themselves to the danger which threatens and in acting in the public interest.

Such is the recently published Conservation Credo of an American, which 42 of our recognized leaders in the conservation movement have signed. Here is the platform of those progressive-minded citizens who fought first under the banner of President Theodore Roosevelt, aiding his great crusading forester, Gifford Pinchot, to protect the public forests from destruction by selfish private corporations. Later, under the leadership of a former Member of this Senate, the eminent George Norris, and the fearless support given his efforts by President Franklin D. Roosevelt, the conservation movement made mighty strides forward in the creation of the TVA. There was established the principle, which has been so amply proved by subsequent practice, of the protection and development of our natural resources under a system of unified planning and management of a whole river basin.

Now, with the scientific discoveries of atomic energy, which open new vistas of fabulous accomplishments for mankind, these conservationists declare it the people's purpose that such atomic energy shall be developed for peacetime uses under public, civilian, and democratic control.

Mr. President, this Conservation Credo of an American is a clear-cut, strong statement of the views of our conservationists. It represents the careful deliberations of people well known to us all, who are members in one or the other of our two major political parties. This declaration is above partisanship. It is one which can be subscribed to by every intelligent, forward-looking American citizen who has a deep and abiding faith in his country and in the full use of its natural resources for and by the people of the Nation.

I ask permission to have the Conservation Credo of an American inserted in the CONGRESSIONAL RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

CONSERVATION CREDO OF AN AMERICAN

We believe in the great conservation movement. We believe in the full use of our natural resources for and by the people of the Nation.

We are heirs to the victories for the public domain won by Theodore Roosevelt and his crusading forester, Gifford Pinchot, and we are enlisted in the battle for democratically managed river and power control waged by Franklin Roosevelt and George Norris.

We hold that the welfare of this and future generations in our land, with which is closely tied our continuance as a great power, requires that the concept of conservation as expressed by these great leaders continue as a keystone of Government policy, and that it be expanded as the demands on our national resources increase.

We believe that the peacetime uses of atomic energy should be under public, civilian, and democratic control at all time.

We subscribe to the conviction of all our great conservationists that the Nation's water-power resources should be forever retained as the inalienable possession of the people and that the potential 100,000,000 horsepower of as yet undeveloped hydroelectric energy should be brought into service by the Government for the benefit of the people either directly or under limited term licenses providing adequate protection for the consumer and recapture at not more than actual net investment as provided for in the Federal Water Power Act signed by Woodrow Wilson.

We believe in the comprehensive development of our river basins for flood control, power, irrigation, navigation, recreation, and all other beneficial public purposes under regional and autonomous management in general accordance with the highly successful methods of the Tennessee Valley Authority. The full development of the latent energy resources of our rivers, great and small, is one of the keys to an expanding system of competitive private enterprise, dependent as that system is upon increased supplies of electric power and all forms of energy. Our people must be on the alert against the efforts of any vested interest to limit these developments.

We hold that large-scale power development and flood-control works on the major streams must be safeguarded and supplemented by conservation practices on the croplands, ranges, and forests of the watersheds above them.

We believe in the principle that governmental agencies responsible for marketing power from river-basin projects should have full authority to take the steps necessary to assure the farms, homes, places of business, and industries of the region an abundance of electricity at the lowest possible rates. To that end, such agencies should be empowered to construct transmission lines, steam-generating stations, and all other facilities necessary to provide power at wholesale to municipalities, power districts, cooperatives, and other distributors of power willing and able to pass on the benefits of publicly-developed power to the consumers.

We hold that such a program provides the most effective assurance that the American system of free enterprise shall not be cramped by the oppression of great monopolies and shall be enabled to develop along the lines of widely distributed local competitive effort which has played such an important part in making our country a satisfying home for a free people.

We are against the sale of reserved public lands.

We are against the reduction in area of any national park, or national monument, power reserve, irrigation reserve, or Indian reservation, and against proposals to abolish the prerogative of the President to create national monuments by Executive order.

We are against any proposal to turn over to the States land now held in Government reservations.

We are against any move whatever that would set a precedent for the interference of

private individuals or corporations with the autonomy of governmental conservation organizations such as the Forest Service, the National Park Service, the Soil Conservation Service, the Rural Electrification Administration, and the Bureau of Reclamation.

We are against advisory boards composed of private individuals empowered to require Government agencies to consult them in determining regulations for grazing or timber cutting on public lands; and against any measure whatsoever that would tend in any way to create vested rights in grazing among present holders of grazing permits on public lands.

And finally, we reaffirm the principle, upheld by the highest courts for generations, that the utility business is essentially a public business, however owned, and that corporations authorized by the people to conduct this business for private profits must be subject to such effective regulation as will assure adequate service on a legitimate cost basis. This is essential to effective conservation. In our modern age of more intensified development and use of national resources with interstate pools of energy and fuel, such effective regulation requires a continued strengthening rather than a weakening of Federal vigilance in behalf of the people.

May God prosper the Republic!

Shirley W. Allen, Head, Forestry Department, University of Michigan; Dewey Anderson, formerly Executive Director, TNEC, and now Director, Public Affairs Institute; Bruce Bliven, Editor, New Republic; Louis Bromfield, Author and Farmer, Director, Friends of the Land; Struthers Burt, Author and Rancher; Stuart Chase, Author of numerous books on conservation; Morris L. Cooke, Engineer and Author, formerly Chairman, Mississippi Valley Committee; Mabel Cory Costigan, Past President, League of Women Voters, widow of the late Edward P. Costigan, Senator from Colorado; David Cushman Coyle, Engineer and Author; Jonathan Daniels, Editor, Raleigh News-Observer and formerly Secretary to President Roosevelt; Chester C. Davis, President, St. Louis Federal Reserve Bank and Chairman of the Board, Friends of the Land; States R. G. Finley, General Superintendent, Electric Power Board, Chattanooga, Tenn.; Henry S. Graves, formerly Dean, Forestry School, Yale University; William Green, President, American Federation of Labor; Seymour E. Harris, Author, Professor of Economics at Graduate School of Public Administration, Harvard University; Jesse F. Jackson, Director, Friends of the Land (Georgia); W. Ed Jameson, Real Estate, Missouri Director, Friends of the Land; Elizabeth I. Kent, widow of the late William Kent, Congressman from California; William Draper Lewis, Director, American Law Institute; Murray D. Lincoln, State Chairman, Ohio Farm Bureau; Walter C. Lowdermilk, Geologist, and until recently Codirector, Soil Conservation Service; Myres S. McDougal, Professor of Economics, Yale University; O. C. Merrill, formerly Chief Engineer, Federal Power Commission; Carleton C. Nau, Managing Director, American Public Power Association; Mandel Nieder, Treasurer, Columbia Valley Authority; Ellie L. Norris, widow of the late George W. Norris, Senator from Nebraska; Ralph W. Page, Wash-

ington Correspondent, Philadelphia Bulletin; Harlow S. Person, Consulting Engineer in Management and author, Little Waters; Cornelin Bryce Pinchot, widow of Gov. Gifford Pinchot; Stephen Rauschenbush, former Staff Resource Economist, Department of Interior; Eleanor Roosevelt, widow of President Franklin D. Roosevelt; Alice Ross, widow of J. D. Ross, promoter and for many years executive officer of City Light, the pioneering publicly owned electric system in Seattle, Wash.; Belle Sherwin, Past President, League of Women Voters; Harry Slattery, Lawyer, formerly Secretary, National Conservation Commission, Under Secretary of the Interior; J. Russell Smith, Geographer, author, formerly Professor of Economics at Columbia University; Lawrence M. C. Smith, businessman; Huston Thompson, Lawyer, Author, papers on conservation, formerly Chairman, Federal Trade Commission; Roy A. H. Thompson, Businessman; H. R. Tolley, formerly Chief, Bureau of Agricultural Economics, Department of Agriculture, and now with FAO; Alston Waring, Farmer, Author of Roots in the Earth; Victor Weybright, Farmer, Publisher, and formerly Managing Director, Survey Graphic; Raphael Zon, formerly in charge of experimentation for the Forest Service and now Professor of Forestry, University of Minnesota.

INTERNATIONAL CHILDREN'S EMERGENCY FUND OF THE UNITED NATIONS

Mr. SMITH. Mr. President, yesterday the distinguished Senator from Florida [Mr. PEPPER] inquired on the floor of the Senate in regard to the International Children's Emergency Fund of the United Nations. At the time I gave certain figures from memory. Since then I have checked up on them, and I find that the figures I gave yesterday were incorrect in certain minor particulars. Accordingly, I should like to correct the figures I then gave.

I can now report that the United States Government has contributed \$15,000,000 to this relief operation as of this date. The total amount of money available in the fund at the present time is \$40,983,728.08. Of this amount \$11,660,000 are UNRRA residual assets. Twenty-one countries, including the United States, have contributed to this fund. The United States Congress originally authorized \$40,000,000 to be available to the fund on a 57-43 matching basis, Public Law 84. It is my understanding that the House is presently considering a new amendment which will extend the provisions of this law until the end of the fiscal year, June 1949. This amendment will provide for a new matching formula by which not more than 50 percent of the total resources available for all programs under the supervision of the fund will be contributed by the United States. For every United States dollar made available to the fund, other governments must have contributed the equivalent of 40 cents for use in programs outside their borders and the equivalent of 60 cents for use inside their borders, in addition to the existing ration.

The amendment provides a further authorization of \$60,000,000 to continue the operations of the fund through June 30, 1949. Under this new matching provision and the increased authorization, the total world program, if realized, would be \$200,000,000.

Mr. President, I may add that the report of the House Select Committee on Foreign Aid, evaluating the programs of international agencies related to economic reconstruction, states:

The International Children's Emergency Fund is, on its record, an effective agency for administering one of the most basic elements of the relief program and one whose success would greatly affect the morale of recovery.

CORPORATE EARNINGS

Mr. O'MAHONEY. Mr. President, in view of the fact that the Committee on Finance is about to report a tax-reduction bill which, I am reliably informed, will contain no reference to any form of excess-profits tax, I desire to have printed in the body of the RECORD a brief statement which appeared in the Washington Post of this morning, indicating the tremendously increased profits after taxes of some of the leading corporations of the United States in 1947, as against 1946. I ask unanimous consent that the clipping not only be printed in the body of the RECORD, but also be referred to the Committee on Finance.

Mr. President, the National City Bank in its monthly economic letter has a compilation of the earnings statements of between 700 and 900 corporations. My recollection is that that statement from the National City Bank shows that corporate earnings after taxes in 1947 were more than 50 percent greater than their earnings after taxes in 1946, although, of course, the earnings in 1946 represented the peak up to that time.

There being no objection, the statement was ordered to be referred to the Committee on Finance and to be printed in the RECORD, as follows:

LATE EARNINGS STATEMENTS

General Electric Co. reported record sales of \$1,330,776,375 and profits of \$95,298,940 for 1947. Net profit was equal to \$3.30 a share of common stock compared with \$1.49 per share on a net profit of \$43,008,850 in 1946. Sales in 1946 amounted to \$768,863,313.

Phelps Dodge Corp. reported 1947 net income of \$43,817,664, equal to \$8.64 a share, compared with a 1946 net of \$14,853,360, or \$2.93. The earnings were before deduction for depletion of mines.

Colgate-Palmolive-Peet Co. reported for 1947 net income of \$19,014,494 after deduction of \$3,750,000 as an additional protection against inventory price declines. This was equal to \$9.30 a common share and compared with net income of \$14,443,835 in 1946, equal to \$7.14 a share.

American Can Co. reported 1947 net income of \$21,836,624, equal to \$7.66 a common share, after all taxes but before an appropriation of \$2,500,000 for contingency reserves. This compared with a 1946 net income of \$8,828,983, or \$2.40 a share.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assist-

ance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. VANDENBERG. Mr. President, before a quorum is called and before the general business of the afternoon starts, I should like to clean up in the RECORD one matter with which we dealt just before the recess yesterday evening.

It will be recalled that the Senate rejected the amendment offered by the able Senator from Illinois [Mr. BROOKS] in the form in which it was offered dealing with relief packages going abroad. I indicated at that time that the sponsors of the bill and the Department were entirely willing to proceed so far as is humanly possible in this direction. I should like very much, if it is agreeable to the Senator from Illinois, to yield to him so that he may offer the substitute, and I think, without controversy, it can be immediately agreed to.

Mr. BROOKS. Mr. President, I thank the distinguished chairman of the Foreign Relations Committee for his suggestion. I thank him particularly for agreeing to the principle of the amendment I offered yesterday and for his efforts to work out an acceptable formula by which the principle can be written into the bill. I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER (Mr. CAIN in the chair). The amendment will be stated for the information of the Senate.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert the following:

In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this act in the form of grants, funds made available for the purposes of this act may be used, in the discretion of the Administrator, and under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies licensed for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this act in the form of grants.

The Administrator may make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 15 of this act, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee.

Mr. BROOKS. I may further say that in effect the amendment carries out the purpose of the amendment I offered yesterday. It lacks one feature, that is, the provision that the Administrator should seek to obtain free entry in the foreign country for the relief packages. I hope, however, the Administrator will work out that detail to the best of his ability.

If I may, Mr. President, I should like to have included as a part of my remarks an editorial entitled "Making Charity

Easier," from the Rockford Register-Republic of March 8.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MAKING CHARITY EASIER

We were quite struck by the suggestion of Senator C. WAYLAND BROOKS that 3 percent of Marshall-plan funds be earmarked to defray transportation charges on private relief packages forwarded to Europe by individual Americans.

It is estimated that 90,000,000 packages of food, clothing, and other supplies have been sent to distressed Europeans since postal channels were reopened after the war. At least 26 accredited agencies are urging and helping Americans to make such shipments.

Surely this type of aid, coming straight from the hearts of church members, students, businessmen, and other individuals, must be, as indeed General Clay has said it is, by far the most effective way of gaining real friendship and encouraging respect for our way of life in western Europe.

No doubt this outpouring of purely voluntary individual charity would be even greater than it has been were it not for the considerable shipping charges unfairly imposed upon the givers in addition to the original cost of the supplies. If it were possible to arrange shipment of packages to Europe at no more than the cost of sending a package to a friend or relative in the United States, the cause of charity and international good will would be greatly furthered.

This is exactly what the Brooks proposal undertakes to do. His amendment to the European recovery program bill proposes that individuals sending packages to Europe would pay the regular parcel-post rate merely to the port of embarkation in this country. The ERP Administrator, using earmarked funds from the Federal appropriation, would arrange for transportation of the package to the European port of entry. From that point the European country involved would be asked to carry it to the consignee without charge and for this purpose it would have available funds derived from the sale of American Government relief goods to its own people.

Since privately shipped relief goods going to western Europe are quite as important to the success of the Marshall plan as the equivalent in federally provided goods, it seems to us that the cost of transoceanic shipment is a proper charge on the Federal Treasury.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was agreed to.

Mr. KEM obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield to me?

Mr. KEM. I yield.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Chavez	Gurney
Baldwin	Connally	Hatch
Ball	Cooper	Hawkes
Barkley	Cordon	Hayden
Brewster	Downey	Hickenlooper
Bricker	Dworshak	Hill
Bridges	Eastland	Hoey
Brooks	Eaton	Holland
Buck	Ellender	Ives
Butler	Ferguson	Jenner
Byrd	Flanders	Johnson, Colo.
Cain	Fulbright	Johnston, S. C.
Capehart	George	Kem
Capper	Green	Kilgore

Knowland	Moore	Sparkman
Langer	Morse	Stewart
Lodge	Murray	Taft
Lucas	Myers	Taylor
McCarran	O'Connor	Thomas, Okla.
McCarthy	O'Daniel	Thomas, Utah
McClellan	O'Mahoney	Thye
McFarland	Overton	Tobey
McGrath	Pepper	Umstead
McKellar	Reed	Vandenberg
McMahon	Revercomb	Watkins
Magnuson	Robertson, Va.	Wherry
Malone	Robertson, Wyo.	Wiley
Martin	Russell	Williams
Maybank	Saltonstall	Wilson
Millikin	Smith	Young

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent.

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. STENNIS] is absent on official business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. KEM. Mr. President, the bill now before us is one of the most important with which any peacetime Congress has been called upon to deal. It is essential that the Congress, as representatives of the American people, have all the available facts before making a decision. It is equally vital that all of the possible ramifications of this proposal be thoroughly examined in the crucible of debate. Let me say, Mr. President, in passing, that I have the greatest admiration and respect for the good will, the patriotism, the industry, the talent, and the skill in debate of the able Senators, headed by the distinguished senior Senator from Michigan, who are urging the enactment into law of the bill now pending.

We are called upon to decide whether this Nation should continue a policy of extending governmental grants and so-called loans to European countries in the hope that a more prosperous and peaceful world will result. We have pursued this policy almost without remission since the end of the First World War, at a tremendous cost to ourselves. It has been estimated, for example, that we have contributed during this period \$40,000,000,000 to one country alone—Great Britain.

Since the end of World War II, the tempo of our gifts has increased. During the period from July 1, 1945, to the present time, the loans, property, credits, advances, relief, and rehabilitation grants and other authorizations to foreign countries by the United States amount to \$24,781,043,144. This sum, Mr. President, is \$187 for every man, woman, and child in the United States, and \$628 for every American family.

It is no secret that our efforts so far to assist foreign countries have fallen far short of their objectives.

Now we have before us for consideration the latest proposal to effectuate a European recovery, the Truman-Marshall plan. This latest venture had its inception in Secretary of State Marshall's

invitation last June 5, when he announced that the United States was ready to participate in a recovery program for Europe on the condition that the European nations prepare a plan to help each other. Britain and France led 16 countries of western Europe in accepting the offer. Russia and her satellites expressed their disapproval of the idea, and refused to participate. The so-called Committee on European Economic Cooperation met in Paris last July to work out a plan and take advantage of the generous offer of Mr. Marshall.

This committee concerned itself primarily with figuring out how much outside aid would be needed to effect a recovery from their ills. They accomplished this by first agreeing on the number of freight cars, trucks, and tools, the tons of wheat, coal, and flour that they would like to have during the next 4 years from America, subtracting the amount they could pay for and sending Uncle Sam a bill for the rest. At first rumors came from the French capital that these countries would request over \$29,000,000,000 in aid during the next 4 years. Even our State Department, not particularly economy minded, was alarmed at the size of this figure. Eventually the 16 countries cut their requests to a figure which they considered "reasonable and realistic," namely, \$19,300,000,000. The Truman administration trimmed this estimate to the "all or nothing" figure of \$17,000,000,000, wrapped it up in a package labeled "bipartisan foreign policy," and sent it to Congress.

The request for appropriations was later changed to \$6,800,000,000 for the first 15 months of the plan, when it was pointed out that the Eightieth Congress could not bind succeeding Congresses in this respect, and that one must be somewhat of an optimist to attempt to predict the status and needs of Europe for even 15 months, let alone 4 years, or to predict our ability during such period to respond to their requests. However, let us not believe that this request for a smaller amount indicates any change in the plan of the administration to spend at least \$17,000,000,000 of the taxpayers' money.

Our Foreign Relations Committee has served this plan to us in a little more palatable form; that is, the request for appropriations has been changed to \$5,300,000,000 for the next 12 months. But, Mr. President, no matter how you slice the Truman-Marshall plan, it is still what has been aptly called "globaloney."

The subject divides itself into two grand divisions: First, the effect on America; and second, the effect in Europe. I shall discuss these questions in that order. My first proposition is: The Truman-Marshall plan will undermine the American economy.

I. THE TRUMAN-MARSHALL PLAN WOULD UNDERMINE THE AMERICAN ECONOMY

A. TRUMAN-MARSHALL PLAN ENTAILS RISK OF A PRICE DEBACLE AT HOME

This much is plain. If we comply with the request for the huge shipments for foreign aid called for by the Truman-Marshall plan, prices here at home will rise probably beyond anything we have seen or contemplated. Any foreign-aid

program and the price level here in America are indissolubly connected. The high cost of giving is a major cause of the high cost of living.

Foreign aid creates a prodigious demand abroad for the same scarce goods for which the enormous purchasing power within the country is bidding. Thus, we have a two-way pressure on domestic prices. Our gifts to foreign countries have led to a demand for exports which in general consist of those products which are in short supply here at home. The administration has been trying to meet this foreign demand. The Truman administration has shipped abroad 5 percent of the total domestic supply of meat and dairy products; it has sent abroad more than one-third of the domestic supply of wheat. And foodstuffs, it should be remembered, are a far greater factor in the inflationary process than heavy goods, because their production cannot be adapted to the fluctuating changes in demand as readily as can the demand for heavy goods. Thus, foodstuffs are more sensitive to inflationary forces when the demand exceeds the supply.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. Does the Senator from Missouri believe that the two announced policies of the administration are consistent? I refer to the stopping of inflation and the budgeting over a 4-year period of \$17,000,000,000, of which the pending bill immediately appropriates \$5,300,000,000 is a part.

Mr. KEM. Mr. President, I think they are absolutely inconsistent. It is clear beyond argument that we cannot have our cake and eat it, too.

Is it any wonder, then, that prices mount rapidly when the administration buys enormous quantities, and that they fall only when the administration threatens to curtail shipments abroad? Secretary of Agriculture Anderson certainly was guilty of no understatement when he contended that it would be easy to show that Government purchases for overseas shipment have affected the grain market.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I am glad to yield.

Mr. MALONE. Does the Senator from Missouri feel that such a large appropriation at the present time would lead to a request for reestablishment of price controls and rationing?

Mr. KEM. I think it is perfectly true that the administration is going to ask for controls. I think the administration is probably right when it contends that if we are to go forward with the plan we shall have to have price ceilings but, Mr. President, I think the administration is dead wrong when it assumes we can have such price controls without drying up the sources of production here at home.

I have just quoted what Secretary of Agriculture Anderson said about the effect of the foreign shipments on the price of wheat. Secretary of Commerce Hariman was equally correct when he stated

before the Senate Foreign Relations Committee:

We must frankly face the fact that the ERP will add to our difficulties in trying to control inflation.

Domestic demand and foreign demand are fighting for our limited supplies of goods. To make matters worse, foreign governments have purchasing commissions over here to buy commodities. They buy on the open market, and since, for the most part, they are using our money they are not too much concerned as to what price they pay.

The American people should be fully informed as to what effect the carrying out of the foreign-aid program advocated by the administration will have on already skyrocketing prices. The administration proposed to curb this inflationary spiral, as has just been suggested, by a return to "police state" methods, to quote the words of the President himself. That is, it proposes to subject the American economic system again to burdensome restrictions, rationing, allocation, and price controls which mean reams upon reams of bureaucratic red tape. The principal reason why American industry has been able to maintain its high rate of production since the end of the war has been the fact that our economy has been largely freed from Government controls. By the same token those countries in which socialistic experiments are being carried on have been forced to turn to the United States for aid. Incentives to work and save have been destroyed in those countries with resulting drops in production.

If we proceed with the Marshall plan, I fear the President will find it necessary to renew the application of price ceilings on commodities which are in short supply.

B. AN UNBALANCED FOREIGN TRADE IS DRAWING AWAY OUR NATURAL RESOURCES

We are told that our gift loans to other countries help to maintain full employment and prosperity at home by enabling us to carry on a lively foreign trade. Mr. Webster defines foreign trade as the "commercial exchange of commodities between different countries." But the one-way funneling of commodities from one country to another can in no way be described as trade. It is simply a quick method for a nation to commit commercial suicide.

This country does not possess an inexhaustible supply of resources. After our plowing up of crops, destruction of livestock, and other such foolish programs, it may be difficult to convince our people at first of this stark fact. Exploitation of our natural resources during the war years, and a series of foreign-aid programs since the war have resulted in a heavy toll in many materials and much of our natural wealth. It has been estimated, for example, that our supply of petroleum will last no more than another 15 years at the present rate of consumption. Already our citizens are feeling the pinch of fuel shortages. This Nation cannot continue to export annually \$10,000,000,000 of our products in excess

of our imports. Scraping the bottom of the barrel is dangerously near.

To sum up, every dollar sent to Europe weakens by that much our own national economy. We are distributing our wealth and resources around the world without the benefit that comes from ordinary foreign trade. Every such expenditure not only retards retirement of our national debt and reduction of the burden of taxation, but causes shortages of scarce goods in our own country.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. On Friday of last week the fact was developed that the figure \$6,800,000,000 had been arrived at for a period of 15 months and the figure \$5,300,000,000 for a period of 12 months, in the same proportion, by adding all the unfavorable trade balances of the 16 Marshall-plan countries from every source, which amounted to \$6,860,000,000 or \$6,880,000,000. They had in that way arrived at that amount so that they could pay the unbalanced accounts of the 16 Marshall-plan countries and continue to trade. Does the Senator believe that this plan has been adopted by the administration as a way to continue world trade by our furnishing the money? In other words, instead of killing little pigs and plowing under cotton, we are expected to furnish other nations the money with which to buy such goods?

Mr. KEM. I understand the administration contemplates the most gigantic dumping operation in all history. Later I shall have more to say with regard to that. I thank the Senator for his contribution.

This process raises prices, promotes inflation, and intensifies our own difficulties. The ultimate result will be inevitably to reduce our own national economy to the level of the countries we want to help and to make us as vulnerable as they are to communism. Instead of setting an example to lead Europe out of her economic and political chaos we may be forced to adopt the same economic planning and controls that we find plaguing Europe today, with such tragic results. The President of the United States is already asking us to do that very thing.

The Truman-Marshall plan is presented to us as a calculated risk. While it may not succeed in accomplishing its objectives in Europe, certainly those who stand to profit by this vast dumping operation face no such odds. For win, lose, or draw in Europe, the Truman artificial prosperity will be prolonged by Government buying at inflated prices. Under its beneficent operation we will be relieved temporarily from any possibility of a glut of farm and industrial products in this country. So long as the Marshall plan is operating there will be no price decline. Let us not fool ourselves about that.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I yield.

Mr. MALONE. One section of the canning industry today complains that there are 20,000,000 cases of tomato juice

in warehouses. The annual consumption in this country is approximately 70,000,000 cases. At this time the industry is greatly worried for fear it will be unable to make contracts with tomato growers in the coming season, but if they are included in this program they will continue normally in business—in artificial business, as the Senator describes it. Is that what the Senator meant?

Mr. KEM. That is it. Practically every Senator in the Chamber has received calls from constituents who want to share in the dumping operation.

I am told that certain farm and industrial organizations hail the Truman-Marshall plan as a boon for their members. But, Mr. President, I am bold enough to say that anyone who supports the Marshall plan for any such reason is living in a fool's paradise. He will find in the cold gray dawn of the morning after that another effort to lift oneself up by one's own bootstraps has gone awry.

There has been a tendency to greatly overestimate the ability of the United States to export large quantities of foodstuffs to other parts of the world, and still retain a sufficient supply for our own people.

In the first place, this country with only 7 percent of the world's population, and which produced only 9 percent of the world's food supply prior to the war, can scarcely hope to fill every hungry mouth in the world with food. The stark facts are that famine, pestilence, and the ravages of war have occurred in the world at intervals since the dawn of recorded history. Famines in India and Ireland and devastation in our own South come readily to mind. If the American taxpayer is undertaking to relieve mankind from these scourges of the human race whenever and wherever they occur, he—John Q. Public—is biting off more than he can chew.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. In other words, does the Senator mean that if we continue to send to Europe, Asia, or any other parts of the world, goods which the people of the 16 European nations have not normally consumed in the past, and if we continue to assist them beyond their normal point of recovery, is there not danger that we may get them accustomed to the things we produce, which they never can produce for themselves and, in addition, that we may become gradually dependent on our own funds for such purchases, so that our own manufacturing industry and even our own agricultural industry may become overbuilt, dependent upon appropriations from our own United States Treasury to buy their surplus goods.

Mr. KEM. Yes. I shall subsequently quote from the London Times in which the editor likens the process to reliance on alcohol or other stimulants.

Then, too, the world is faced with an increasingly serious economic problem arising from the natural increase of population and the limited world availability of certain natural resources. At the present time there are about 2,250,000,-

000 people in the world, and two-thirds of the earth's population, according to Secretary of Agriculture Anderson, suffered from chronic undernourishment even before World War II. It has been estimated that each year an additional 21,000,000 persons will be added to the world's population.

In Europe, for example, where we are attempting to concentrate our humanitarian efforts, it is evident that we are engaged in a hopeless race with increasing population. Within 3 years following the most destructive of all wars, there are 14,000,000 more people in western Europe than before the war. Although millions of Europeans are hungry today, the State Department estimates that the population of Europe will increase by 22,000,000 during the coming 10 years. It has been estimated that the babies in Europe that have been or will be born between the years of 1945 and 1951 will require 308,000,000 additional bushels of wheat alone, which would require 18,200,000 acres of American cropland to produce.

Here at home the American people are becoming poorer and poorer per capita of real wealth of natural resources due to a rapid depletion of our soil, timber, and minerals, while our own population is also rapidly increasing. Since 1940 our own population has increased by 11,000,000.

Mr. President, if Malthus were here I think he would pose this stark, unpleasant question: Is it wise for the American people to underwrite programs of population expansion in Europe that will require greater aid from the United States in the future, at an accelerated tempo?

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. Does the Senator believe that in connection with the increase in population there would also be developed a method of meeting the payments for the additional exports which it would be necessary for us to send abroad for their support, or would we just continue to build up a deficit in this country through continuing the Truman policy of appropriating money each year to make up the deficit.

Mr. KEM. If any such method is to be developed, it is still in the womb of time. There is no indication in the record that it has yet been found.

C. OUR TRADITIONAL CAPITALISTIC ECONOMY IS THREATENED BY TRUMAN-MARSHALL PLAN

My third proposition, Mr. President, is that our traditional capitalistic economy is threatened by the Truman-Marshall plan.

The American free-enterprise system is based on the principle of the accumulation of private capital by those prudent individuals who are able to retain a portion of their earnings as savings. These savings, through the accustomed investment channels, make money available for capital expenditures, for purchases of machinery and tools, for construction of factories and power plants, and so on.

In the past, the middle-income group of this country has constituted the principal source of savings available for in-

vestment in industry. For the most part, individuals in the lower income brackets are unable to do much more than to make ends meet, and are thus unable to contribute to the accumulation of capital. Those in the wealthy group pay their high income taxes and live to a considerable extent on their returns from savings already invested. Thus, those in the great middle-income group are the only real source of risk capital in our economy. It has been to the advantage of our Nation that this is so, for, as our democratic system of government is based on the participation of the people in its processes, so should the people participate in the operation of the economic system. It is essential to the successful and democratic operation of our free-enterprise economy that the lifeblood originate in the activities of the successful business-minded middle-income individuals who comprise the backbone of our country.

The classic example of the method in which our system operates is that of Henry Ford, who began with an ingenious idea for an automobile, plus a few thousand dollars from a young man named Jim Couzens.

Today, however, our traditional capitalistic system faces a danger. Personal taxes per capita by 1947 reached a seasonally adjusted annual rate 683 percent above the average for the years 1935-39. The heavy tax rates combined with a rise in consumer price levels of some 60 percent have so drastically reduced the savings of the middle-income group that there is danger that our prime source of risk capital will be completely closed. The estimated annual savings of the American people in 1947 declined to \$11,100,000,000, which means a drop of \$24,500,000,000 since 1944. There is now little incentive to work and produce more after a certain income level has been reached because most additional earnings are taken away by Government taxes.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. Does the Senator from Missouri mean to say that the announced definite plan and system adopted over the past several years, under which, whenever there is a raise in pay to the workers in this Nation, it is siphoned off in taxes, so say the originators of such policy, to prevent inflation, that results in incomes of men who are capable of making a greater amount of money reaching such a point after a while that the more they make the less they keep, so that they have formed the habit of ceasing productive efforts? Does not the Senator believe that is the kind of policy which eventually stops enterprise, and forces our own government to make government appropriations for industry as they are now doing in the Socialist European governments, which are included in the Marshall plan.

Mr. KEM. I think all the available evidence supports that view, beyond question. For instance, 70 percent of the business executives surveyed in a recent poll by Fortune magazine stated

that it would not be worth their while to work an additional 2 hours a day to double their income.

I heard a very fine physician say recently that he had no incentive to increase his practice, to answer any more calls, or perform any more operations than he was then doing, because of the excessive portion the Government would take of any added increment of income he might make.

There are several results. In the first place, the control of our economy is tending to be concentrated more and more into the hands of the wealthy few. Records of the Bureau of Internal Revenue point out that there is an alarming degree of concentration in the ownership of corporate assets. I have heard the able senior Senator from Wyoming [Mr. O'MAHONEY] frequently refer to that fact. For example, 394 of the largest corporations out of a total of 228,000 own nearly half of all corporate assets. Small businesses are finding themselves shoved more and more into the background, while the large corporations are becoming increasingly important.

In the second place, there is a real danger that there will not be sufficient accumulated savings and invested capital to supply the machinery and tool needs of our industry in the future. We are currently able to maintain a high level of production by utilizing our existing machinery to the limit. However, it has been estimated that over 75 percent of this country's industrial machinery is 8 years old or older. There must soon be replacements and additions if we are to make further economic progress and maintain our present standard of living for our increasing population.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. The announced objective of this policy was the breaking up of the large corporations, or retarding their activities, but it resulted in siphoning off the rises in pay of the smaller wage earners. Does the Senator from Missouri mean to imply that it not only would not reach that announced objective but might even emphasize the very thing sought to be prevented?

Mr. KEM. I do mean that. I mean that the concentration of capital in the hands of the large corporations in this country is proceeding at an accelerated rate. That is established by the evidence beyond any question, in my opinion. And the very policies to which I have been referring are responsible for that.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. WATKINS. Does the Truman-Marshall program the Senator speaks of influence or affect that in any way?

Mr. KEM. I am glad the Senator from Utah asked that question. I intend to deal with it in detail a little later. I will say at this point that it will prevent the normal reduction of the tax rate in the United States which the American people are entitled to have and which the American people expect to receive.

Mr. WATKINS. I understand, then, the Senator's point is that if the plan is adopted, the American people should know that they will continue to pay high taxes, probably even an increase in taxes, in order to continue such a program in operation?

Mr. KEM. Yes. I think they should be told it in so many words by the proponents of the plan.

Mr. WATKINS. Am I to understand also that the program now pending before the Senate is only a part of the foreign relief program?

Mr. KEM. Yes. Even today the newspapers carry the announcement that the President has written a letter to Speaker MARTIN in which he asked for another and additional gift to France, Italy, and Austria.

Mr. WATKINS. What about the sums proposed for China and the occupied countries of Germany and Japan?

Mr. KEM. They are not included in the so-called Truman-Marshall plan, or the bill now pending.

Mr. WATKINS. As I remember, in the report of the Foreign Relations Committee on the bill, there is mentioned a sum in excess of \$9,000,000,000, including the money proposed to be provided for this particular program, which the United States will be called upon to provide this year for other parts of the general program; that is, under the same policy, to provide relief for other nations of the world. In the opinion of the Senator from Missouri, what effect will that have on the economy of our country?

Mr. KEM. I think it will have the effect of putting the nose of the American taxpayer to the grindstone and keeping it there for an indeterminate time. Does that answer the Senator from Utah?

Mr. WATKINS. It seems to me it is pointing in that direction.

If I may make an observation at this point, I think the American people are entitled to know what the whole program is, not to have it brought in here piecemeal. In other words, if we are to consider the problem of what we should do for foreign nations in order to stop communism, and keep their peoples on their feet, we should have the whole program here at once, and then we could determine whether the economy of the United States could stand such an outlay.

Mr. KEM. I should like to ask the Senator from Utah whether in his opinion it is possible that the administration feels that the program must be fed to us in small doses, lest we choke on the whole thing?

Mr. WATKINS. I have an idea that the policy is to give the program to us in small parcels, and we may be willing to take one, and then a little bit later, when another emergency arises, we will take more, and more, and more. It seems to me that the wise thing for the Congress to do is to have the entire program laid before it for Japan, Germany, China, and all the other nations of the world which we are going to help this year, so we can see the entire picture, rather than have the European program put up first, and then have

another one, and yet another one laid before us.

Mr. KEM. I agree entirely with the Senator from Utah. I am glad he brought up that point.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. If I understand the course of the colloquy between the Senator from Missouri and the Senator from Utah, the Senator from Missouri is of the opinion that with the establishment of the precedent of loaning or giving a foreign country an amount representing its unfavorable balance of trade with us in order to clean our shelves of materials that may be surplus here, we may be looking forward, as the distinguished Senator from Georgia [Mr. GEORGE] said on the floor of the Senate a few days ago he anticipated, if the proposed program were continued, to the time when our future common, ordinary budgets, say in 1951, might be forty-six billion or forty-seven billion dollars.

Mr. KEM. I am afraid so, Mr. President, and I am afraid that we are not only committing ourselves to place our own noses to the grindstone, but the noses of our children and our children's children.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. SALTONSTALL. In that connection I would respectfully differ with the distinguished Senator from Missouri in what he says concerning our children and our children's children. Are we not now by extending aid to certain countries, proposing to do something to help them by preventing them from having to go into another war? As I have listened to the discussion by the Senator from Missouri, and the colloquy which has taken place in connection with it, I have concluded that he and those who have taken part in the colloquy have left out one point of view which is plainly evident today, and that is the necessity of our keeping out of another war tomorrow. Does not the distinguished Senator think that the European recovery plan, and the plans which contemplate helping other nations that are suffering great distress as a result of the last war, will help prevent another war, and thereby help our children and our children's children?

Mr. KEM. Mr. President, I think the American people are weighing the plans very carefully in the balance, and I believe that the available evidence indicates that they are finding it wanting for that purpose. I believe that it is perfectly inadequate as a substitute for national defense. I shall have something to say about that later on. If I thought that the evidence indicated that the Truman-Marshall plan was a preventive of war, of course I would be for it, and every other Senator would be willing to pay this price. But, as I shall undertake to show a little later on, I think by involving ourselves in entangling alliances abroad, by creating unstable and uneconomic conditions there, it acts the other way. I think that when we are calculating the risks we ought also to calcu-

late the additional risks of war that will follow from the adoption of the plan.

Mr. WATKINS. Mr. President, will the Senator again yield?

Mr. KEM. I yield.

Mr. WATKINS. Is it not a fact that within the last few days the peoples of Europe we intend to help, through their government leaders, have shown that they are already aware of the fact that this program will not be sufficient? Is it not a fact that they are now proposing a defensive alliance among themselves, and intimating directly and indirectly that the United States ought to be the guarantor of that alliance with armies and navies and aircraft and whatever it takes to conduct a war? Is not that already appearing on the scene, even before the plan can get under way?

Mr. KEM. I think it is. In presenting the plan in the very eloquent and noble speech made by the senior Senator from Michigan, he spoke of the snuffing out of democracy in Czechoslovakia, and he spoke of the imminent danger to poor, brave little Finland, but on inquiry here on the floor the Senator from Michigan admitted that the situation in Czechoslovakia was not brought about by any lack of economic sustenance or by dire, strained economic conditions. The people there had plenty of food. They had plenty of money. They had been already furnished \$300,000,000 by the American people. They had balances in two funds which came from America which they had not drawn down. Yet the infiltration process went on just the same.

Now, Mr. President, in view of that evidence how can we lead ourselves to believe that we are creating, by this wall of dollars, any effective bar to the infiltration of communism?

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. This morning's New York Times carries an Associated Press dispatch which is very interesting. It says:

The new Communist-dominated Czechoslovakian Government has been declared eligible to apply for economic assistance from the \$7,961,000,000 International Monetary Fund—

It was announced yesterday by the Director.

That is right in line with the usual procedure of this administration—both sides of every question with no established policy at all. I was informed only a few moments ago that nearly 60 trade agreements have already been made, or are under discussion between eastern and western European countries. As we know, for the facts were put into the RECORD 4 or 5 days ago, England has concluded a trade treaty with Russia under which she is furnishing manufactured goods from raw materials which we are even now shipping to Europe, and intend to ship there under the Marshall plan. Where is the line of demarcation? Who are we really trying to assist? This is simply a "manufacturing in transit" method of furnishing manufactured and processed material to Russia originating in this country.

Mr. KEM. We seem to be working on both sides of the iron curtain. I con-

fess that when I undertake to analyze the foreign policy of the Truman administration the "knees of my mind" give way.

I should like to say further respecting the very pertinent point raised by the Senator from Massachusetts [Mr. SALTONSTALL], that for my part I have calculated the risk, and I have found it not worth taking.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. SALTONSTALL. Then the Senator from Missouri does say that it is a calculated risk, and that adoption of the plan will not mean the helping of our children's children in the future. If the Senator from Massachusetts takes the opposite point of view it is fair to say that he has calculated the risk the other way.

Mr. KEM. Oh, I am sure that is so.

Mr. SALTONSTALL. And that is the whole issue of the present debate.

Mr. KEM. I am sure that any position the Senator from Massachusetts takes will be fair, and the result of careful, deliberate, and patriotic consideration.

Mr. SALTONSTALL. I did not mean to place the question on a personal basis. What I tried to bring out was that it was a calculated risk, and that, in my humble judgement, it was better to take the risk in the effort to prevent war and build up the economics of the other countries, than not to take it. The Senator from Missouri takes the other point of view.

Mr. KEM. What I am undertaking to do today is to present the considerations which led me to the point of view that the risk was not worth taking. After I have finished, it will be a great pleasure to me to listen to the considerations which lead the Senator from Massachusetts to a contrary view.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. DWORSHAK. The Senator will recall that during World War II the United States made available to Russia approximately \$11,000,000,000 under the lend-lease program, without having apparently won the respect of Russia or creating any good will on the part of Russia toward the United States. After the end of hostilities the United States, under several programs, made available to Russia and her satellite countries approximately \$1,600,000,000. Notwithstanding this financial aid, which is comparable to some extent with the Marshall plan, the puppet states refused to cooperate, and eventually succumbed to the infiltration of communism.

Mr. KEM. I thank the Senator for his contribution. It is very interesting to note that as late as October of last year we were continuing lend-lease shipments to Russia.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Indiana.

Mr. CAPEHART. I presume I should have asked this question yesterday of the able Senator from Michigan [Mr. VANDENBERG]. He is not present in the

Chamber at this time. Possibly the Senator from Missouri can answer the question. Why was not Spain made one of the participating nations? Why is not Spain in this plan?

Mr. KEM. Spain is certainly a part of the economic community of western Europe. Since Spain has been excluded, the inference would be fair that it is for political and not economic reasons.

Mr. CAPEHART. I see the able Senator from New Jersey [Mr. SMITH] in the Chamber. I believe he is a member of the Committee on Foreign Relations. Can he tell us why Spain was not included in the agreement?

Mr. SMITH. Mr. President, I do not think I can tell the Senator why Spain was not included. I do not believe it is a wise policy at this time to inject that controversial question into the debate. We did not select the nations which joined in the agreement. When Secretary Marshall made his now famous Harvard speech, he said that we were interested in an over-all plan for Europe. He included Russia and every other nation. Spain was not left out. It was an over-all suggestion that Europe get together and propose a plan whereby she could help to bring about her own recovery and get back on a self-sustaining basis. Secretary Marshall indicated in that suggestion that if such a plan were promulgated we would be interested in doing what we could to help, within our resources. That is where we stopped.

What happened? The question was considered originally, I believe, by France and England. They invited the other nations to participate. As I recall, they left out Spain. We had nothing to do with that. That was their move. Russia declined to participate. Russia got the satellite countries to decline to participate. The group which did come into the plan consisted of the 16 participating nations about which we are now talking; and subsequently in the development of the plan western Germany, the bizonal area, and the French areas of western Germany were included. That is the way the organization was set up. We had nothing to do with the selection of the countries; but when they got together and made their proposal we at once referred the proposal to our experts.

Mr. CAPEHART. Is it the Senator's opinion that we are to make a separate agreement with Spain to help her?

Mr. SMITH. We have not considered the Spanish situation at all. We have neither accepted nor rejected any proposal in that connection.

Mr. CAPEHART. Mr. President, will the Senator from Missouri further yield?

Mr. KEM. I yield.

Mr. CAPEHART. One of the chief purposes of the Marshall plan, as I gather from the proponents of the bill, from the administration, from General Marshall, and from the able Senator from Michigan, is to help stop communism. It seems to me that Spain has had a great deal of experience in that respect, because she was the one nation in Europe which actually stopped it. She fought the Communists. She has been fighting them for years, and was successful in stopping communism. It seems to me that we might well profit a

little from the experience of Spain and her ability to stop communism.

Spain is much closer to Russia than we are. She does not seem to be much concerned about the communistic threat because she was face to face with it many years ago, and she handled the situation, I presume to her entire satisfaction. I cannot understand why Spain is not a part of the European recovery plan. I think I shall ask the able Senator from Michigan, chairman of the Foreign Relations Committee, just why Spain is not a part of the European bloc.

Mr. SMITH. Mr. President, will the Senator from Missouri yield to me for a little further clarifying answer to this question?

Mr. KEM. I yield.

Mr. SMITH. I should like to read into the RECORD the last paragraph under the heading "The participating countries," on page 13 of the committee report, section 8:

Of all the sovereign state of Europe, Spain was the only one which was not extended an invitation to attend the Paris conference. From an economic point of view Spain might be able to make a contribution to such a program. On the other hand, due to the nature of the Franco regime—

Mr. CAPEHART. What is the nature of the Franco regime, other than having fought communism, which we are asked to spend \$5,000,000,000 of the American taxpayers' money to do today?

Mr. SMITH. I did not quite get the point.

Mr. CAPEHART. What is wrong with the Franco regime, other than the fact that for years it has been fighting communism, which the Congress is now asked to spend \$5,000,000,000 of the American taxpayer's money to fight?

Mr. SMITH. I cannot answer the question in detail. We know that there has been a great deal of controversy over the whole Franco issue, and there has been a difference of opinion in high circles with regard to it. I shall not try to answer that question, because I am unable to do so. However, I should like to read the conclusions of the committee from its report:

On the other hand, due to the nature of the old Franco regime, and due to the resolutions adopted at various international conferences, the CEEC countries at the Paris conference did not believe it appropriate or consistent with the spirit of such resolutions to invite Spain to participate at that time.

Obviously it is because of the possible international complications, due to the facts with which the Senator must be familiar, the United Nations. It was not thought desirable to inject that controversy into the recovery plan.

Whether she eventually takes part in the program will depend upon her own willingness to assume the obligations involved, the willingness of the participating countries to admit her, and the ability of Spain to conclude a satisfactory bilateral agreement with the United States.

That is the report of the committee on the subject. I realize that this is a very controversial issue, but I am trying my best to answer the Senator's question with regard to the disposition of the Spanish problem so far as our committee was concerned.

Mr. President, will the Senator from Missouri yield to me for a few clarifying questions?

Mr. KEM. I am glad to yield.

Mr. SMITH. In the opening of the Senator's remarks he referred to the so-called Truman-Marshall plan.

Mr. KEM. Yes.

Mr. SMITH. Am I to understand that it is his purpose, by that reference, to try to make it appear that this is a Democratic proposal? Am I correct in drawing the conclusion that the Senator does not agree with the policy of the Foreign Relations Committee of the Senate? We have tried to study this question from a bipartisan standpoint. The Senator from Michigan, our chairman, had as much to do with developing the plan as did any Member on the Democratic side. I will admit that when I was abroad last summer I did my best to get facts and figures to see if I could in any way implement or strengthen the plan, and to determine, as a member of the Foreign Relations Committee, whether or not it was a plan which we should adopt.

Therefore, I should like to ask the Senator whether he disapproves of a bipartisan approach to our foreign policy. That is my first question. My next question is whether the Senator from Missouri objects to having this plan considered not only a Truman-Marshall plan, if you will, but also a Vandenberg-Smith-Hickenlooper-Lodge plan—in fact, giving credit to all the other members of the committee. We are Republicans, and we are willing to take responsibility for sponsoring this plan, as well as to make clear that it is also a Democratic move.

As I have said, I object strongly to injecting partisanship into this matter. It should be considered from the standpoint of America, rather than from the standpoint of any political party.

Mr. KEM. Mr. President, I agree with the Senator from New Jersey that partisan politics should stop at the water's edge. But I also agree with him that it is extremely unfortunate that this plan should be presented by Democratic partisans to the American people as the product of the Truman administration.

Just a few days ago the junior Senator from Indiana [Mr. JENNER] referred to an address made in his own State, at Indianapolis, by the junior Senator from Rhode Island [Mr. McGRATH], who also is Chairman of the Democratic National Committee, in which address, according to the Senator from Indiana, the Senator from Rhode Island presented this plan to his hearers as a triumph of the Truman administration.

Mr. President, it is either bipartisan or it is partisan. Certainly it is not partisan when being presented to the American people and bipartisan when being presented to the Republican Members of this body.

Mr. SMITH. Mr. President, I agree entirely with the Senator from Missouri, and I would be the first one to deplore an attempt on either side of the aisle to take credit for a plan that ought to be a bipartisan American plan, and not either a Republican plan or a Democratic plan. I think the Senator from

Missouri is entirely justified in making his criticism of an attempt to present the plan as solely a Democratic plan.

But I inquire of the Senator whether he now is asking us to take an isolationist position and turn our backs entirely on the question of European recovery? If he is not asking us to do that, I should like to know what his position is.

Mr. KEM. Mr. President, if the distinguished Senator from New Jersey will bear with me, I think as my argument develops his questions will be fully answered, insofar as my own position is concerned.

Mr. SMITH. I should like to ask this question, then: Do I correctly understand that the Senator from Missouri in his argument is advocating that we take an isolationist position in regard to the situation in Europe? I get that impression, and I should like to be certain about the matter as the Senator's argument proceeds.

Mr. KEM. Mr. President, at this point I do not wish to take time to answer any "Will you stop beating your wife?" questions. It would take too long to do that.

Mr. SMITH. I regret that the Senator construes my question in that way.

Mr. KEM. I do not wish the Senator from New Jersey to hang me on an isolationist nail or on an internationalist nail. I wish to proceed with my own argument and to develop the points I have in mind.

I wish to be courteous to the Senator from New Jersey and to all other Senators, and I appreciate the careful attention the Senator from New Jersey has been kind enough to give to what I have had to say. If he will bear with me a little further, I think his questions will be fully answered.

Mr. SMITH. In line with the Senator's reference to nails, let me point out there is a saying that when you are not quite sure which way you are going, you hang your hat on a hook. Would that be a legitimate point to make in this connection?

Mr. KEM. If the hook were located between the two nails, perhaps it would be.

Mr. DWORSHAK. Mr. President, will the Senator from Missouri yield to me?

Mr. KEM. I yield.

Mr. DWORSHAK. I am sure the Senator from Missouri and all other Senators are in full accord with the sentiment expressed by the Senator from New Jersey that what we need is an American policy, not either a Democratic or a Republican policy. But is it not appropriate to point out that during the 2½ years since the cessation of hostilities, we have had, not a bipartisan policy, but, in reality, the policies formulated by the Chief Executive with the aid of his assistants in the State Department. Throughout that 2½-year period the Congress of the United States has gone along completely with those policies, although we must confess here—and confessions are made every day by Members of this body—that those foreign policies have not been successful, and that after spending more than \$20,000,000,000 during that 2½-year period in giving aid and encouragement and seeking to build up good will in Europe to supplement and support a so-called bipartisan policy, the fact is

that we have not succeeded, but that today we are facing a more critical and acute situation in Europe and elsewhere throughout the world, not because of the failure of a bipartisan policy, but because of the failure of the Truman policy, the policy which has been outlined by the Democratic administration.

Mr. KEM. I thank the Senator.

Mr. COOPER. Mr. President, will the Senator yield to me?

Mr. KEM. I yield.

Mr. COOPER. I have been interested in the exchange between the Senator from New Jersey and the Senator from Missouri concerning the authorship of this plan, and also the statements made placing blame or credit, as the case may be, for the authorship.

I advance the idea that perhaps this body itself had some part in its authorship. About a year ago, when we were discussing the matter of loans to Greece and Turkey, it was said in this body again and again by members of both parties—and I believe by the Senator from Missouri—that this body would not longer follow the policy or practice of making grants for relief to European countries, and if further aid was to be given it would be only for the economic rehabilitation of Europe.

I have always believed that the seeds of this program were planted in that debate. I believe that the senior Senator from Michigan [Mr. VANDENBERG] said, as did practically every other Senator who spoke upon that measure, that relief grants must be ended.

It was not until after that debate, in which the idea of rehabilitation was advanced, that Mr. Dean Acheson made the first speech upon which this program is based. In a few weeks it was followed by the speech of Mr. Marshall at Harvard.

Without trying to place the authorship of this measure upon any particular person, I assert today that its beginning may well be found in the declarations made in this body itself during the debate upon the Greek-Turkish loans.

Mr. MALONE. Mr. President, will the Senator from Missouri yield to me, to permit me to ask a question of the Senator from New Jersey?

Mr. KEM. I yield.

Mr. MALONE. I should like to ask the Senator from New Jersey exactly what is this bipartisan policy which he so ably espouses? In other words, we are trying to stop communism, according to all the explanations which are made; and this is said to be a considered risk, with \$17,000,000,000 added to the \$24,000,000,000 which we have used for such purposes since the end of the Second World War.

I should like to know just what the Senator from New Jersey would be willing to do; and I should also like to know whether the State Department has ever said what it will do if we do not stop communism in this way. Has it named the nations that we must currently protect for our own ultimate safety, and has it said what it intends to do in the event money does not stop communism? Has the State Department done that, and is the Senator from New Jersey willing to do it?

Mr. SMITH. Mr. President, perhaps we approach the problem from different angles.

The whole purpose of the so-called Marshall plan has been to give our aid to the resistance to the spirit of communism, and also to add our aid to the rehabilitation of the countries which have gotten back on their feet and have had courage again to let the democratic impulses which they would like to express have a chance to get ahead.

In view of the present situation in Europe, with the demoralization, the undernutrition, the balance-of-trade problems, and the other economic problems, those countries cannot guard their lines effectively against the movement which has occurred in Czechoslovakia, for instance, and is threatening to engulf other nations from time to time. It is the idea of giving a person strength when he is sick, of restoring him to health, so that he can express his best self in the kind of philosophy that he wants to see the rest of the world have. It is that theory, at least, on which I have been working. I cannot speak for my colleagues, but I think that is what is motivating us in our belief that this is the right kind of approach, and that this calculated risk, as has been said, is worth taking to see if we cannot save the situation by this route.

Mr. MALONE. Mr. President, will the Senator yield for one more question?

Mr. KEM. I yield.

Mr. MALONE. I presume—I must presume—that we consider the best interests, if not the safety of the United States, to be involved in what we are doing. I have been through two wars. We were backed into each of the two world wars, denying we would fight, and utterly unprepared to fight, even as we are today. Czechoslovakia has been lost, although we supplied that country with a large amount of money. The press indicates this morning that we are ready to loan still more money to Czechoslovakia, after the Communists are in power there. Would it not be much better to keep separate the feeding of hungry people and the rehabilitation of industry, putting the feeding of hungry people on a charity basis and the rehabilitation of industry on a sound business basis, and leave it to the State Department and the President of the United States as the Constitution provides, as President Monroe did in 1823, when the same problem presented itself? Only then it was not called communism, it was called domination of other and weaker nations for trade purposes, which is what some other nations are now doing, including Russia. Our ultimate safety was then threatened by that action, according to President Monroe. The question is now as it was then, what areas—naming the nations—of the world must we currently protect for our own ultimate safety. We have never discussed that all-important question with the American people, through the two world wars and now the Marshall plan.

Mr. SMITH. I think, if I understand the Senator's question, we are certainly in a sense doing that because the Greek-Turkish program was put in that posi-

tion. We implied that we were going to try to hold the fort there. We implied in the Austrian-Italian-French interim aid that we were holding the fort there until we could get a rehabilitation program under way, to the end that those countries might continue to resist. I think in that sense we certainly have indicated certain areas in which we feel special help has to be given. But we did want to get into the picture, not merely the fact that these people were in a sense dependent upon us for protection, but that we desired all Europe to be strengthened, to the end that the various nations might stand on their own feet. That is what the Marshall plan does. That is why I am supporting it with so much eagerness.

Mr. MALONE. To clarify the atmosphere, let me suggest that we have been throwing money throughout the world ever since World War I for the same purpose. In 1939 we stood in the same category with respect to World War II. We are now in the same category with respect to World War III. I think the Senator from New Jersey will admit that.

Mr. SMITH. I do not quite agree with the implications of that statement, because I think we have made the mistake in the past of feeling when we were called on for relief, that, as our hearts were large, we wanted to give relief. It was because we could not go on in that way, giving relief as much as we wanted to, that we said, "It is necessary for you who live in Europe to work out some program whereby you can become self-sustaining again." That is the program with which we are dealing now. It is not a relief program. The two things are quite different. Unless they show progress toward the goals which they are setting up for themselves, we shall cut off this aid, any day. It is because we have got it on a progressive scale, because we have got it on a scale that we can watch from day to day, on a scale that we can watch to see whether it is accomplishing the approach toward self-sufficiency, that we are going into this plan, to strengthen the countries of western Europe, to enable them to withstand the onslaught of communism, which is now spreading into one country after another.

Mr. MALONE. I beg the Senator's pardon for asking him to yield for one more question to my distinguished colleague from New Jersey.

Mr. KEM. I yield.

Mr. MALONE. I submit that, as everyone knows, we are now in worse condition with Greece than we ever were before. Are we quitting or are we going ahead? What shall we do if money does not stop the encroachments of communism? Are we ready to go to war?

Mr. SMITH. It is a very relevant question. That is the question we have got to face. I do not know. I should say we must be prepared to back up what we are trying to do; there is no evidence that we are not. Let me say to the Senator that in the hearings the question was raised: Which is going to cost us more in the long run, to take on this program, plus the military program, involving the figures we have before us,

or to abandon the program entirely, retreat into isolation, and take on a much larger budget in order to protect ourselves from the impending World War III?

Mr. MALONE. Mr. President, I deeply resent the implication of isolationism. When any question is raised of our lack of foreign policy—the propaganda is thrown out and the cry of isolationism or communism is raised.

We need a foreign policy. We talk of a bipartisan policy. We do not even have a foreign policy—it is a hybrid thing—on both sides of every question as the evidence over the years will show.

We now defy the largest nation in the world beyond our borders—utterly unprepared to back up our words—and without at this moment any sensible plan to rebuild our military organization, spearheaded by an air corps to enforce our words.

Do our own words make sense in determining what we will do if we meet with opposition and our contributions do not stop the opposition?

Only the State Department can fix the foreign policy in regard to the areas and nations whose integrity we must currently protect for our own ultimate safety—and over a period of 15 years they have refused to tell the American people and the nations of the world what our policy is to be—we need to reestablish integrity in our own Government.

We have two reports; one, a report from the Congressional Aviation Board, the other, a report from the Truman Aviation Board. The two reports very nearly agree that it will cost \$16,800,000,000 to prepare our Air Corps, to enable us to currently protect any area or nation which we decide is necessary for our ultimate safety. Until we do that or get such a program under way, we are whistling in the dark.

What will we do if this situation continues? Shall we take a stand—naming the areas that we consider is necessary to protect for our own ultimate safety—or shall we continue to expend our substance throughout the world and then back up when our hand is called? And knowing the possible implications of what we are doing shall we continue to whistle in the dark, or adopt a definite program of rebuilding our military organization spearheaded by an Air Corps that can keep any belligerent nation on the ground? The Communists have taken over Czechoslovakia. They will take over Finland. They may take over Italy. What are we prepared to do about it? Are we going to let them believe again that the United States will not fight, so that they may continue to encroach upon the territories of other nations? Are we going to make our position clear? Are we prepared to appropriate another \$17,000,000,000 in order to do that? Are we prepared to announce a definite foreign policy to our people and to the nations of the world? That is all I ask. Tell our own people the truth.

Mr. SMITH. The Senator will probably agree that the cost will be \$17,000,000,000 whether we do it this way or not.

Mr. MALONE. We are not doing anything now that makes sense. We are

not preparing to back our play; and, in fact, few if any know what the play is. No definite policy has even been discussed by the State Department or the President of the United States.

Mr. SMITH. I agree with the Senator that we must be adequately prepared. I have always realized the necessity of America's being strong for any eventuality. I shall always take that position. That still does not to my mind answer the question of whether or not we should take on this program.

Mr. MALONE. Mr. President, the Senator from New Jersey brought up this question himself. He says it is necessary to protect Greece, for our own ultimate safety. He is the only supporter of the legislation who has ever said we would protect Greece. The State Department or the President has never made such a statement. Is the Senator fixing the foreign policy for the administration, and if he is, what would he do in Greece if someone calls our hand there?

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MALONE. I do not have the floor.

The PRESIDING OFFICER (Mr. WATKINS in the chair). Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. KEM. I yield.

Mr. LODGE. I should merely like to say to my able friend from Nevada, I agree with him 100 percent that we ought to be in the strongest possible military posture. I offered an amendment here last year to the appropriation bill to provide funds for a 70-group air force. As I recall, the Senator from Nevada voted with me at that time.

Mr. MALONE. I shall vote with the Senator again, too, if we could fix a foreign policy and get back on that subject—but we have no foreign policy.

Mr. LODGE. I am going to offer it again, unless the committee puts the figure in. I think we have got to get our armed forces up to strength just as quickly and as effectively as possible. I should like to say to my friend, though, that I think something has been accomplished in Greece. It is a slow business, but I believe that the American military mission has got an idea of what can be done as a result of a year's experience there that it did not have before, and I am quite sure that if we had done nothing we should be much worse off than we are today.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Washington.

Mr. CAIN. With the Senator's permission, I should like to address an inquiry to the very distinguished Senator from New Jersey, in the hope that it may be of some help to my thinking and to the thinking of others.

Mr. KEM. Very well.

Mr. CAIN. The Senator has spoken very feelingly and in my opinion quite properly about the need for a bipartisan or an American foreign policy. I take it that with reference to a part of that bipartisan or American foreign policy it is being developed on the floor of the Senate during the days of this debate, but it is only a part of that foreign policy.

I happen to be only one of many Senators who are most sympathetic with the problems of the world in which we live. We are going to go even further than logic indicates we ought to go in supporting this program.

But we are not being exactly fair to the American people, from my point of view, because we are not able to be accurate with reference to an adequate answer to their questions. When we get through we can tell them all there is to be known about the Marshall plan, but we cannot tell them what will happen if the Marshall plan should fail.

In a colloquy on the floor of the Senate recently between the distinguished senior Senator from Michigan [Mr. VANDENBERG] and the equally distinguished Senator from Minnesota [Mr. BALL], the senior Senator from Michigan could not answer the question propounded as to what the administration had in mind with reference to that portion of our foreign policy which is to be imposed if that which we are trying to do here should fail. I do not know how we can obtain answers to the questions the American people are asking, but I think it is highly proper that we raise on the floor of the Senate such questions to be answered by the Senators who are members of the Foreign Relations Committee. We must look to them for advice and guidance as to what we are to say to the American people with reference to the line we intend to lay down beyond which communism may not go.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LODGE. It is perfectly possible to lay down a line beyond which we would not tolerate military aggression, but it is not possible to lay down a line regarding the right of a people voluntarily to adopt a political document which they do not like. We cannot lay down such a line.

Mr. CAIN. I agree with the Senator as to that portion of my remarks. If the Senator will permit me to come back to the point with respect to which I hope the Senator from New Jersey will help some of us, namely, the creation of a bipartisan foreign policy, it cannot be a complete policy unless the administration is in agreement with the Congress on more portions of our foreign policy than the so-called Marshall plan. There is a genuine feeling, deep down within many of us, that we cannot get any knowledge as to where we are likely to go in the future in terms of military security. Let me say to the Senator from New Jersey that I shall support the program, but I am frightened about it. I have no conviction regarding it except on the basis of hope, because the United Nations, which presumably was created to keep war from devastating the universe in the future as it has in the past, has not successfully operated. There have been resolutions before the Foreign Relations Committee of the Senate in recent months intended to express the wish and the will of the Senate and to direct the President to take steps within the United Nations to strengthen its collective security provisions. Those steps have not been taken. So, however hopefully we support the

Marshall plan, there is great cause to be frightened because we possess no knowledge concerning how the free nations of the world in military concert with each other will stand together or protect each other in case of trouble or war.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LODGE. I should like to point out to the Senator from Washington that since the "snatch" was put on Czechoslovakia, five nations of western Europe have gotten together and they appear to have arrived at a military understanding, which certainly is a very dramatic forward step when compared with the failure of European nations to get together in the past. I hope and believe the Senator from Washington regards that as an encouraging development, because I think it is encouraging.

Mr. CAIN. I read of that development with the greatest possible interest, but it is being done, as I understand, by nations which have removed themselves from the United Nations. What some of us are looking for is the exercise of greater strength and leadership by the American Government within the United Nations.

Mr. LODGE. I think article 51 of the United Nations Charter permits and contemplates the creation of regional agreements. I do not think the agreement of which I am speaking is in any way a violation of the spirit of the United Nations. On the contrary, I think it is probably an enhancement of it.

Mr. CAIN. I did not mean to be critical of it in that sense; but the United States was not a participant, so far as I know, in the knowledge of what was going on in Europe before it actually took place.

Mr. LODGE. I think the United States had a very good idea.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. I want to make myself entirely clear once and for all. I am only 1 of 96 Members of the Senate. I deeply resent any implication that anyone who insists on discussing this subject and breaking it down so that it will make some sense is either a Communist or an isolationist.

What we should like to do is to go on from the point of feeding the hungry people, if there are still hungry people. This Congress is ready to discuss further appropriations for that purpose to the extent that our own country can withstand the impact without further inflation. With their people fed, and our foreign policy established, then we are ready to discuss the rehabilitation of their industrial plants on a business basis, which has already been presented to the Senate.

There are 18,000,000 persons in the United States today who have been in one or both of the world wars. Yet, there are those who say that we cannot discuss the matter of international policy with the American people; that we must lead them along as was done in 1914 and in 1939, when it was known that we were going to war, but denied by our leaders.

I think we should forthwith discuss the pressing questions of foreign policy with our experienced men—the leaders of the armed services, the Committees on Armed Services in both Houses, and with the chairman of the Joint Committee on Atomic Energy—and let the world know where we stand and what our policy really is. The sum of \$16,900,000,000 now recommended for an adequate Air Corps 4-year program, recommended by our own Congressional Air Corps Board and concurred in by the President's Air Corps Board, could be adopted forthwith and leave enough money to meet the demand for the rehabilitation of European industrial plants on a business basis. What this bill provides, and what we intend to do—and it will develop on the floor of the Senate after it is in effect—is to have our Government refrain from giving European governments money with which to nationalize existing industrial plants and to construct new plants which will be government-owned.

As a matter of fact it is well known that they have driven more money underground in their own countries by their nationalization and socialization of property plans than is involved in the Marshall plan. It is well known that they have stopped private investors of other countries, including our own, from investing in Europe because they will not safeguard such capital. Spain has sent a representative to America to negotiate a loan. Spain respects the integrity of investments there and wishes to borrow money to rehabilitate her industry. That procedure makes sense to me; and if the 16 Marshall-plan countries would turn honest and again respect the integrity of private investments, in the same manner as we protect the investments of the nationals of such countries, then they would not need the Marshall or any other plan.

The question has been raised here as to why Spain is not included in the Marshall plan. Spain protects the integrity of private investments, and as a result does not need money to be presented to her Government as a gift. It proves our point that the Marshall-plan countries' own actions make necessary gifts of money from our own Government.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from New Jersey.

Mr. SMITH. Mr. President, I regret if I gave offense by my question to the Senator from Missouri in regard to isolation. All I meant was whether he was advocating withdrawing entirely from the European scene.

Mr. MALONE. Tons of propaganda go out to that effect every day, and the Senator has mentioned it three times, implying anyone wanting to make some sense out of our foreign-policy procedure is either a Communist or an isolationist. It is preposterous and mischievous, and is not calculated to improve our world position or protect our own ultimate safety.

Mr. KEM. Mr. President, I shall merely postpone my answer to the question. I should like to say to the Senator from New Jersey that I shall deal with it fully later on in the remarks I have to make.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Idaho.

Mr. DWORSHAK. While we are discussing the question of isolationism I should like to address an inquiry to my friend from New Jersey and ask him who it was last year who isolated poor little Italy. There were only 10 Members of the Senate who voted against ratification of the treaty with Italy, which isolated Italy by withdrawing American troops and by forcing Italy to adopt restrictions whereby its military forces became so small in number that Italy became more vulnerable to the expansion and the threats of communism. Who was guilty of isolationism when this body ratified the Italian peace treaty? I ask the Senator from New Jersey that question.

Mr. SMITH. I think it is a very fair question, and I admit that I voted for ratification of the Italian treaty. I also admit that I may have made a mistake in so doing. I never hesitate to admit it if I think there is anything questionable that I did in the past. I do it with absolute sincerity. I am glad the Senator asked the question, and I am very glad to make that statement.

Mr. DWORSHAK. I certainly wish to apologize if anything I said seemed to impugn the motives of the Senator from New Jersey, for that was far from my mind. But in view of the fact that we persistently discuss this so-called approach of isolationism, I am sure the Senator from New Jersey will agree with me that if isolationism has ever been exemplified on the floor of the Senate in the past year or two, it was on the occasion when this body did in fact isolate Italy. Is not that true?

Mr. SMITH. I will not go that far, although that might have been the effect. But I can say for myself that the moment I voted to ratify the treaty with Italy, I had no intention whatever of isolating Italy. I was doing only what I thought was in the best interests of the Italian people and of peace in Europe.

Mr. DWORSHAK. I know, of course, the Senator was sincere, but the result has been an element of isolationism, so far as my opinion is concerned.

Mr. SMITH. We must realize that there are changes in conditions every day. In propounding my question to the Senator from Missouri, all I was trying to bring out was whether he thought we should withdraw from Europe, or had some alternative which he would develop in his address. That was the only purpose of my question.

Mr. WATKINS. Mr. President—
The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from Missouri yield to the Senator from Utah?

Mr. KEM. I yield.

Mr. WATKINS. I should like to ask the Senator from Missouri whether he regards the policy we had in China, when we sent Marshall there, to get the Nationalists and the Communists together, as a bipartisan policy.

Mr. KEM. I have become very much confused by the various labels placed

on this policy. Apparently when it is sent to the Senate for approval, and the administration is dangling for Republican votes, it is presented as a bipartisan policy. When the Chairman of the Democratic National Committee goes to Indiana and speaks to a Nation-wide audience of voters, it becomes the Truman policy. Its chameleon-like character is very confusing.

Mr. WATKINS. Will the Senator yield for a further question?

Mr. KEM. I yield.

Mr. WATKINS. Was the Potsdam agreement the result of a bipartisan policy on the part of the United States?

Mr. KEM. As a Republican I should not like to feel I had any responsibility for the Potsdam agreement.

Mr. WATKINS. Is the policy of reparations with respect to the dismantling of necessary plants in Germany, which we are now required to help rebuild, a bipartisan policy?

Mr. KEM. The Senator from Missouri would like to be excused from any responsibility for that portion of the program also.

Mr. WATKINS. Would the Senator say that the ratification of the treaty with Italy, which rendered Italy practically defenseless, was also the result of a bipartisan policy?

Mr. KEM. The recollection of the Senator from Missouri is that he voted for the ratification of the treaty with Italy because it was brought to the Senate with the approval of the Senate Committee on Foreign Relations. Perhaps the Senator feels now he made a mistake in doing so. I should like to say to the Senator from Utah, however, that I voted against the Greek-Turkish so-called Truman doctrine, and never from the day that vote was cast have I had any cause to regret it.

Mr. WATKINS. I should like to ask the Senator another question. Were the decisions made at Yalta the result of a bipartisan policy, decisions which gave Russia a free hand in Poland, in Manchuria, and in certain parts of the east, gave her the Kurile Islands, and gave her certain other free territory or spheres of influence in the Balkans—were they the result of a bipartisan policy?

Mr. KEM. I seem to recall reading in the memoirs of Justice Byrnes, who was then the Secretary of State, that even he was not permitted to be present at the time the important agreements of the Yalta Conference were reached. If the then President of the United States was not consulting even with the members of his own Cabinet, particularly the member charged with the peculiar responsibility of handling our foreign policy, hardly can it be said that members of the Republican Party have any responsibility for the very unfortunate decisions reached on that lamented occasion.

Mr. WATKINS. Let me make an observation, if the Senator will yield further—

Mr. KEM. I yield.

Mr. WATKINS. Most of the troubles we have today grow out of those so-called policies adopted years ago. Even the necessity, as our friends allege it is,

for the so-called Marshall plan grows out of mistakes and blunders one after the other in the course of history during the latter part of the war and since the war. In my judgment, none of the policies were bipartisan policies. So when it is said that our foreign policy has been bipartisan, I hope we will be accurate and say that only on certain occasions is there any right to make to the world the assertion that these policies were bipartisan. As one Republican, I disclaim any bipartisanship in the policies I have mentioned to the Senator from Missouri.

Mr. COOPER. Mr. President, will the Senator from Missouri yield?

Mr. KEM. In just a moment. I should like to check out on these policies. Speaking as an American, and not as a partisan, I hope I will be believed when I say that Potsdam and Yalta are two of the blackest pages in American history.

I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I do not desire to interrupt the Senator's very interesting and erudite discussion, but I am interested in his inquiry into the bases upon which the European recovery program rests and the discussion that he has provoked.

I do not believe that we can justify or condemn this program merely because of some name it bears or because of some action which has occurred in the past. It seems to me that it is more appropriate to determine whether or not the program is in conformity with what we understand to be the traditional and fundamental elements of American foreign policy.

For myself, I suggest that, despite the fact that the European recovery program has been termed by some an innovation, or a new aspect of our foreign policy, it might well be considered that it rests upon three fundamental and traditional principles of American foreign policy.

The first, I believe, is the mere act of providing aid for the needy peoples of other countries. We have done this traditionally and consistently throughout the history of this Nation. I recognize that there must be limitations upon this practice, but I can think of no group which deserves aid more than those nations which shared in our war sacrifice.

The second is that referred to so often as the principle of self-determination. I have not liked the statement that is made again and again that this policy is directed merely to saying to some nation, "You cannot have communism." I think it would be better grounded if we say that we will help the 16 participating nations have the free opportunity to deny communism and that we will assist them in establishing an economic condition which would enable them to make a free choice for themselves. We have faith that given a free choice they will not choose communism.

If we apply the principle of self-determination, we can distinguish between actions taken at Yalta and Tehran with which we do not agree and the action proposed to be taken under the pending bill. I think we would all agree that certain decisions made at Yalta, Tehran,

and Potsdam violated the principle of self-determination in their moral if not political abandonment of weak nations and are repugnant to us because they were not in conformity with the traditions of this country. I call to your memory that the distinguished senior Senator from Michigan [Mr. VANDENBERG], in action at San Francisco in the framing of the Charter of the United Nations and in speeches he has made, has emphasized the great principles of self-determination and of justice. He has said again and again that our foreign policy must be based upon principles in which the United States believes.

Finally, I would say that the program now presented rests upon the most important element of our foreign policy, namely, security. If we consider that present conditions in Europe endanger or will lead to the endangering of this country and its security, then certainly it is consistent to take the course of this program in the interest of our security.

I suggest to the very able Senator from Missouri, therefore, that in my opinion the program presented in the measure we consider does rest upon very strong fundamental principles of American foreign policy.

Mr. KEM. Mr. President, I will say to the Senator from Kentucky that if he can reconcile the views he has just expressed with the views expressed by the senior Senator from Michigan when presenting the program I shall be surprised. If this is a program for stopping communism it certainly is not a program for the recognition of the principle of self-determination. It cannot be both. If it is not a program for stopping communism how can it be a program for preventing World War III, as was suggested by the senior Senator from Massachusetts?

Mr. President, in developing my argument I had referred to the fact that the price level at home is indissolubly connected with these establishments abroad; that the high cost of giving is an important element in the high cost of living. Then I was continuing to present the proposition that our traditional capitalistic economy is threatened by the Truman-Marshall plan. The President himself, in his state of the Union message, recognized this need when he said that—

At least \$50,000,000,000 should be invested by industry to improve and expand production facilities over the next few years.

You may wonder, Mr. President, what all this has to do with the Truman-Marshall plan. It has this to do with it: If this country is to expend \$17,000,000,000 for the recovery of western Europe during the next 4 years, taxes as a result must be kept higher than would otherwise be necessary, and savings available for capital investment will be correspondingly reduced. Furthermore, vast quantities of farm and industrial machinery and other capital goods would be given to the 16 Marshall-plan countries, further weakening our capacity to produce. Ex-President Herbert Hoover, commenting on this situation, said:

The greatest danger to all civilization lies in the possibility that the United States will impair its economy by drains which cripple

its own productivity. Unless this one remaining Gibraltar of economic strength is maintained, chaos will be inevitable.

Beginning with the New Deal system of discouraging savings, soaking the rich, and spending ourselves into prosperity, this Nation for the last 15 years has been following a policy of "eating our seed corn." The Truman-Marshall plan is simply an extension of these policies on an international scale. Will it lead us to the ultimate downfall of our present economy?

The United States would do well to study the experience of Great Britain. British economists generally agree that the reasons for the economic downfall of their country have been primarily (1) that British industrialists failed to plow back enough of their profits into plant expansion and modernization, and (2) that the confiscatory income-tax policy Britain has followed since World War I drained away the sources of new capital.

America simply cannot afford to postpone her own capital development in order to finance Europe's present socialistic practices and policies for another 4 years. I voted, Mr. President, for the interim-aid bill last December. I cannot go along with this vast program for internal improvement in 16 countries of western Europe.

If we postpone our own capital development American industrial progress will go down and out and we will join the poverty-stricken nations of Europe on the road to socialism and industrial chaos. But there will not then be a benevolent America to which we can appeal for aid.

D. THE WELFARE OF THE PEOPLE SHOULD BE OUR FIRST CONCERN

Mr. President, it is sometimes helpful to get back to bedrock principles, and from there to take our bearings. There is written on the great seal of the State of Missouri the quotation, "Salus Populi suprema lex esto"—let the welfare of the people be the supreme law. It is hardly necessary to refer in this presence to the basic principle that the welfare of our own people—that is, the welfare of the people of the United States, and not the people of any foreign land across the sea—should be the first concern of the Congress of the United States. The emotional interest exhibited in some quarters today in favor of distributing among the peoples of foreign lands the wealth accumulated in this country by many generations of thrifty and frugal-minded people appears to be one of those strange emotional manias, or moral epidemics, which have excited the minds of men from time to time at various periods in the world's history. There is an interesting book on this subject in the Library of Congress. It is written, strangely enough, by an Englishman, L. C. Mackey. It is entitled, "Extraordinary Popular Delusions and the Madness of Crowds." The author says:

In reading the history of nations, we find that, like individuals, they have their whims and their peculiarities; their seasons of excitement and recklessness, when they care not what they do. We find that whole communities suddenly fix their minds upon one object, and go mad in its pursuit; that millions of people become simultaneously impressed with one delusion, and run after it,

till their attention is caught by some new folly more captivating than the first (preface, p. xix).

Every age has its peculiar folly; some scheme, project, or phantasy into which it plunges, spurred on either by the love of gain, the necessity of excitement, or the mere force of limitation. Failing in these, it has some madness, to which it is goaded by political or religious causes, or both combined. Every one of these causes influenced the Crusades, and conspired to render them the most extraordinary instance upon record of the extent to which popular enthusiasm can be carried (p. 354).

If two or three persons can only be found to take the lead in any absurdity, however great, there is sure to be plenty of imitators. Like sheep in a field, if one clears the stile, the rest will follow (p. 613).

This interesting book, originally published in 1841, was reprinted in America in the year 1932 and published by L. C. Page & Co., of Boston. For this American edition a special preface was written by a distinguished American, who recently appeared as a witness before the Senate Foreign Relations Committee, the Honorable Bernard M. Baruch. In reading Mr. Baruch's testimony before the Senate Foreign Relations Committee, one cannot help wondering whether, in testifying in 1948, he forgot what he had written in 1932. In the latter year, in the preface to the book, Mr. Baruch wrote:

All economic movements, by their very nature, are motivated by crowd psychology. Graphs and business ratios are, of course, indispensable in our groping efforts to find dependable rules to guide us in our present world of alarms. Yet I never see a brilliant economic thesis expounding as though they were geometrical theorems, the mathematics of price movements, that I do not recall Schiller's dictum: "Anyone taken as an individual is tolerably sensible and reasonable—as a member of a crowd, he at once becomes a blockhead," or Napoleon's maxim about military masses: "In war the moral is to the physical as 3 to 1." Without due recognition of crowd thinking (which often seems crowd madness) our theories of economics leave much to be desired. It is a force wholly impalpable—perhaps little amenable to analysis and less to guidance—and yet, knowledge of it is necessary to right judgments on passing events.

The migration of some types of birds; the incredible mass performance of the whole species of ocean eels; the prehistoric tribal human eruptions from central Asia; the Crusades; the mediaeval dance crazes; or, getting closer to economics, the Mississippi and South Sea Bubbles; Tulip Craze; and (are we too close to add?) the Florida boom and the 1929 market madness in America and its sequences in 1930 and 1931—all these are phenomena of mass action under impulses and controls which no science has explored. They have power unexpectedly to affect any static condition or so-called normal trend. For that reason, they have place in the considerations of thoughtful students of world economic conditions.

Although there be no scientific cure, yet, as in all primitive, unknown (and therefore diabolic) spells, there may be potent incantations. I have always thought that if, in the lamentable era of the new economics, culminating in 1929, even in the very presence of dizzily spiraling prices, we had all continuously repeated "two and two still make four," much of the evil might have been averted. Similarly, even in the general moment of gloom in which this fore-

word is written, when many begin to wonder if declines will never halt, the appropriate abracadabra may be, "They always did" (preface, p. xiv).

So, Mr. President, Mr. Baruch has put on warning to keep in mind that two and two always make four.

It may be worth noting that what is perhaps the strangest and most foolish of all these exhibitions of social phenomena, the Children's Crusade of the Middle Ages, was conducted under the guidance of the highest authorities of the church, and with the approval of what would otherwise be regarded as the wisest minds of Christendom.

Now, Mr. President, let us look calmly and dispassionately, bearing in mind that two and two make four, at some of the probable effects of the Marshall plan, not on the people of Europe, but on certain classes and groups of our own people.

1. FARMERS

During the recent war years American farmers were urged to produce more and more as their contribution to the war effort. With an acute shortage of labor and machinery handicapping them, our farm men and women did a remarkable job of feeding our factory workers here at home and our soldiers and allies abroad. After the shooting war was over, this country continued to supply large amounts of foodstuffs to the rest of the world, and the farmer was urged to keep production high.

One of the effects of this high-production policy has been the placing of a tremendous burden on our soil. It has been estimated that if such a policy were continued for the next 5 years, from ten to twelve million acres of soil would be threatened with permanent loss of fertility. Too much has already been taken from the soil and too little returned to it. The bottom of America's food-basket is growing thin. Despite this condition, vast amounts of fertilizer would be given to European countries under the Truman-Marshall plan to build up their land while our farmers here at home are often unable to get fertilizer at all.

A. M. Pritchett, of Pacific, Mo., has put it this way:

One of the major problems facing our country today is high prices, and the only thing that can bring them down is more production, and we farmers cannot increase production with poor land.

Both our Government and our farmers have long struggled with the problem of soil erosion. Erosion has already ruined, or badly damaged, 282,000,000 acres of our land, or approximately the total combined acreage of the six States of Missouri, Kansas, Iowa, Nebraska, Minnesota, and Illinois, and 770,000,000 acres more of our land has eroded to some extent. Expressing the same idea another way, one-fifth of the original tillable land of the United States has been ruined and one-third of that remaining has been badly damaged. Further, it is estimated that 500,000 acres are being allowed to go to ruin each year. Ninety percent of the farm land subject to erosion is still without adequate protection.

In fact, despite relatively high farm incomes, at least some farmers are finding it more profitable to move to metropolitan areas and seek employment there. Since 1940, 2,500,000 families have left the farm areas of the United States. For instance, in Missouri, since 1940 there has been a definite migration of farm people, producers on the land, to the cities from 95 rural counties out of a total of 114 counties. My native county, Macon County, Mo., suffered a loss of 24 percent of its population during the past 7 years. This experience was by no means unique. Maries County in central Missouri showed a decrease in population of 28 percent of its residents in the same 7-year period since 1940. Most central and northern Missouri agricultural counties dropped in population. Knox County had a loss of 18 percent; Gentry County, 22 percent; Daviess County, 22 percent; Reynolds County in the Ozarks, 20 percent; Worth County, 21 percent.

I invite the attention of any Members of Congress who are interested in American fertilizer for the valleys of the Yangtze, the Danube, the Oder, the Rhine, or the Thames, to these figures. The good earth of America seems to be yearning for food as well as the good earth of China.

The most important factor in this movement has been the progressive decline in the fertility of the soil remaining for cultivation.

The need for a comprehensive and well-planned flood-control program in the Missouri Valley region was accentuated by the disastrous floods last spring, with resulting smaller grain crops than would otherwise have been harvested. Several flood-control plans have been advocated by some as a desirable method of solving this problem. One thing all the plans have in common. They all will cost a great deal of money. We should be, we must be, impressed with the fact that there are problems here at home pressing for our attention. They require immediate attention if we are to remain strong and continue as the bulwark of democracy. The United States, as the last barrier in the path of totalitarianism, cannot afford to weaken herself by huge additional grants of foreign aid to the point where we will be as vulnerable to communism as those we are seeking to aid.

Of particular interest to farmers is the fact there are still 1,517,000 miles of dirt roads in the United States. The job of pulling this country out of the mud has only begun. Most farmers, at one time or another, have had the experience of pleading and arguing with their local county courts or boards of commissioners in order to have a little gravel applied to their roads.

If, instead of pouring \$24,000,000,000 into "operation rat hole" since the end of the war, we had applied it to a solution of these problems confronting our farmers, we could have limed, fertilized, and terraced every acre of good farm land in the United States, paid for the Pick-Sloan Mississippi Valley flood-control plan, and still would have had ample funds to gravel every dirt road in the United States and build

7,000 miles of two-laned concrete highways.

If, instead of throwing a good \$17,000,000,000 away on the Truman-Marshall plan, we applied it to these problems, we still could make all the improvements in our soil I have just described, and still gravel every mile of dirt road in the country.

Mr. THYE. Mr. President, I wonder whether the Senator from Missouri will yield at this point?

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from Missouri yield to the Senator from Minnesota?

Mr. KEM. I yield.

Mr. THYE. I have followed the Senator's discussion and argument very carefully and very closely. When he speaks of \$17,000,000,000 as the possible cost in connection with the recovery program and the rehabilitation of the European countries, I cannot help but think first in terms of the devastation which followed in the wake of war, and of the disheartened people and of the broken and chaotic economic conditions which must exist in those nations. I can only look back in my own memory to 1918, when I was in Europe in the First World War; and that gives me something of a bird's-eye view of what the devastation of World War II must have been in those countries, as well as in the morale of their people.

When we speak in terms of the money necessary for recovery and rehabilitation—and today in connection with this particular act we are speaking of \$5,300,000,000; and Senators also refer to the possibility, in view of the present situation, of a further \$17,000,000,000—would not it be a great deal better if we were to appropriate today the necessary funds to try to encourage the rebirth of the people of those 16 countries, in order that they might have the heart and courage to resist the constant threat of the encroachment upon them of the communistic philosophy or ideology of another nation? If we could thus resist, through the efforts of the peoples of those countries, the encroachment of the so-called communistic philosophy, it might be a great deal cheaper to do that rather than to fight all the countries of Europe completely under the domination of a communistic philosophy of government. In that event all the resources and energies of those peoples would be combined in the effort to build a military machine to resist, which the United States would have to spend billions upon billions of dollars, as they came at us with mechanically controlled missiles of destruction, such as we know there is a possibility of, in connection with the atomic bomb, to say nothing about the planes which today can travel faster than sound itself.

What would the Senator and I and our children and grandchildren be subjected to if we were to permit the countries of Europe and their peoples to be placed under that communistic philosophy?

So I cannot help but ask which would be better: Either to try to encourage the people of the 16 nations to preserve their

freedom, or to let them become a part of the economy of Russia, and then find the United States compelled at a later time to fight Russia?

Mr. KEM. Mr. President, I am glad the Senator has asked that question. He and I have the same objective in regard to the United States of America. However, apparently he thinks the Marshall plan is the best way to proceed in an attempt to attain the objective. Apparently he is more concerned with economic conditions abroad than he is with economic conditions in the United States. However, I think our first consideration should be conditions here at home. As Washington and Lincoln have told us, I think that if we are strong at home, we shall not be attacked from abroad.

Mr. THYE. Mr. President, I wonder whether the Senator from Missouri will yield for a further brief comment.

Mr. KEM. Mr. President, I shall be glad to yield for a brief question. I prefer not to yield at this point in order to permit the Senator to present an extensive exposition of his views.

Mr. THYE. Mr. President, would the Senator care to yield in order to permit me to make a brief comment?

Mr. KEM. I prefer to yield for a question only, if the Senator does not mind.

Mr. THYE. My question will have to be framed in this manner: I have noticed that when in our own country we suffer devastation from floods, forest fires, or hail storms, the people of neighboring States and communities immediately take steps to assist in the recovery of the community which has thus been afflicted. We have found that to be highly profitable.

Mr. KEM. Mr. President, let me ask the Senator what his question is.

Mr. THYE. I am afraid I have had to broaden my question somewhat.

Mr. KEM. Mr. President, I prefer not to yield at this point.

Mr. THYE. Mr. President, will the Senator permit me to conclude stating my thought?

Mr. KEM. I am glad to yield for a question, if the Senator has a question.

Mr. THYE. Recovery in the European countries will eventually be to the Senator's benefit and my benefit and the benefit of our country; because we cannot help but do business with some other countries—

Mr. KEM. Mr. President, is the Senator asking me that, as a question?

Mr. THYE. I could ask the Senator to answer that question.

Mr. KEM. Is that the Senator's question?

Mr. THYE. I shall ask this question: What would the Senator do today with 500,000,000 bushels of surplus wheat if there was no European market for it?

Mr. KEM. Mr. President, I expect to deal with that question.

I consider the Marshall plan the most gigantic dumping scheme in all history. I think I have already said that if any American producer chooses to think we can in the end gain any economic advantage for the United States by giving away our goods all over the world, he is welcome to that view. I hold the view—and I have expounded it at considerable length—that that is unsound economics,

unsound politics, unsound Americanism.

Mr. CAPEHART. Mr. President, will the Senator yield to me?

Mr. KEM. I yield to the Senator from Indiana.

Mr. CAPEHART. I should like to ask the able Senator a question. Perhaps he can enlighten me regarding it. I am not certain when communism became a threat to the present administration. The Russians were our allies during the war. When did General Marshall and President Truman and all our leadership decide that communism is a threat? I remember when, as a Senator on this floor, one was almost considered a traitor if he said anything against communism. I remember when Russia was a great nation, supposedly, in the view of the administration, and the Russians were a part and parcel of the United Nations, and they wanted to help establish the United Nations in a world of peace, and they were considered to be fine, upright, great people; and many Americans went to Russia, and later, upon their return to this country, wrote books praising the Russians.

When did they become the threat which the able Senator from Minnesota mentioned a moment ago, and which other Senators have mentioned from time to time on the floor of the Senate? Did any one thing happen to change the minds of those who are responsible for this so-called bipartisan policy? If so, when did it happen?

So far as I am concerned, they were always a threat.

Mr. KEM. Mr. President, that is a very difficult thing to determine. As I understand, Mr. Roosevelt was soliciting their cooperation at Yalta. Mr. Truman made some very remarkable concessions to them at Potsdam. It must have been sometime after those two points in history that the change occurred. Just when it occurred, I am unable to say.

Mr. CAPEHART. Mr. President, let me say that I have always been opposed to them; but much of our leadership and many of our people have been opposed to them only in the last few months. It would help my thinking on this whole subject if someone would tell me what happened, and when it happened, to cause those who were supposedly sympathetic, not with communism, but with what Russia as a nation was trying to do, to change their minds.

Mr. KEM. Mr. President, that is a very interesting and very pertinent point. But my opportunities for observation in the councils of administration have not been sufficient to enable me to answer the question.

Mr. JENNER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Does the Senator from Missouri yield to the Senator from Indiana?

Mr. KEM. I yield.

Mr. JENNER. Pursuing that line of thought a little further, is it not a fact that the very man for whom ERP is named was sent to China to try to convince General Chiang Kai-shek to take Communists into his government, just before General Marshall came back and

laid the egg that became the Marshall plan?

Mr. KEM. Perhaps so. I do not suppose that even the most ardent proponents of the Marshall plan would say that that celebrated mission to China was a great success.

Mr. JENNER. Mr. President, will the Senator yield for another question?

Mr. KEM. I am glad to yield.

Mr. JENNER. The Senator reads the history books. Do they not say that the man after whom ERP is named has been either Chief of Staff or Secretary of State through all the misadventures of our foreign policy, including the conferences at Tehran, Yalta, and Potsdam, and all the meetings of the foreign ministers since the meetings began?

Mr. KEM. Certainly he has been an active participant in the councils of the administration, insofar as there were any councils.

Mr. JENNER. That satisfies me.

2. SCHOOLS AND SCHOOL TEACHERS

Mr. KEM. Mr. President, I am not discussing any group of foreign citizens. The next subject to which I invite the attention of the Senate relates to the schools and the school teachers of America.

Another problem confronting this country today and which during the years ahead will become increasingly serious, is the critical condition of our public-school system. Our children's educations are in jeopardy as a result of shortages in teachers, classrooms, and equipment.

During recent years, 350,000 instructors left the public schools to take up positions in other more lucrative fields of employment. These were in addition to those teachers who ordinarily leave for various causes. In order to replace those leaving, schools often were forced to accept individuals with less than the standard training required and who held only emergency teacher's certificates. But still the shortage existed. It became necessary to eliminate 50,000 teaching positions, placing additional burdens of instruction on the available instructors, and to drastically curtail curricula.

Today, despite limited improvements in some areas, there are still 102,000 instructors in our public schools holding only emergency certificates. These individuals certainly should be replaced by teachers possessing at least minimum qualifications for such responsible positions.

The National Education Association has estimated that at least 50,000 American children are being deprived of schooling this year as a direct result of the teacher shortage, while at least 2,000,000 more are receiving substandard, inadequate instruction. Instructors today have a year's less training on the average than teachers in 1939. The situation is particularly acute on the rural elementary level since intense competition for good teachers has left the schools in the poorer rural areas with the left-overs, and often with no instructors at all.

In coming years, this problem will loom even larger as the war babies reach

school age. The last 7 years has seen the birth of 5,000,000 babies over and above the prewar rate. It is readily apparent that unless the capacity of our grade schools is increased soon, millions of our children will receive inadequate educations, if any at all. Already, kindergartens are turning away applicants by the thousands. Enrollments in the elementary schools alone have already increased by 500,000 since the 1946-47 school year. In all, we must prepare for some 33,000,000 kindergarten, elementary, and high-school students in 1950. The capacity of our present system is 28,000,000.

Benjamin Fine, of the New York Times, has estimated that 500,000 additional well-trained teachers will be needed within the next 5 years to insure adequate instruction for our children.

Knowledge of future requirements in the way of teachers is one thing. Finding capable individuals to fill the positions is another. The fact of the matter is we do not know just where well-trained instructors may be found to fill present and future requirements. Twenty-five years ago, 22 percent of all college students were in teachers' colleges or normal schools. Today about 7 percent are training to be teachers. Men enter the teaching profession today only as a last resort. At the present time, only 15 percent of the public-school teachers are men. Educational authorities assert that there should be practically an even balance between male and female instructors.

What are the reasons behind this mass desertion of the teachers' profession and the disinclination of our young people to prepare for teaching careers? One of the principal factors is the remuneration that an instructor can expect to receive. This year, the average salary of a public-school teacher in the United States was \$2,550 or about \$49 per week. This represents a substantial gain over the average salary of \$1,924 or \$37 per week of 2 years ago, but inflation has largely nullified the gains. What is left after income taxes of a teacher's average salary is worth only \$1,438 in 1935-39 dollars, which is approximately the average salary of that time. Now it can hardly be expected that a career offering such financial prospects would appeal to our more capable students.

Mr. LUCAS. Mr. President, will the Senator yield at that point for a question?

The PRESIDING OFFICER (Mr. WATKINS in the chair). Does the Senator from Missouri yield to the Senator from Illinois?

Mr. KEM. I am glad to yield to the Senator from Illinois.

Mr. LUCAS. The able Senator from Missouri mentioned the income tax that teachers are required to pay. The Senator appeared before the Committee on Finance and made a very strong argument in favor of certain income-tax exemptions for teachers. However, in looking for the amendment, the committee found that none had been submitted by the Senator. I was wondering whether or not he forgot about it, or whether he intended to offer an

amendment before the committee, or whether he expected to offer the amendment on the floor.

Mr. KEM. I may say to the Senator from Illinois that the amendment, together with the earned-income amendment which I presented to the Senator's committee at the same time, was requested by me from the legislative counsel. They were somewhat delayed in its preparation, but I received the amendments 2 or 3 days ago. They are now on my desk. They have been copied, and I have in mind filing copies with the committee and sending copies to each of the able members of the Senate Finance Committee. I appreciate very much the Senator's reference to the amendment and his interest in it.

Mr. LUCAS. I merely desired to obtain information on the subject, because the Committee on Finance recalled very well the statement that the Senator made before us. When we began to look for amendments to carry out the suggestions made by the Senator, we found nothing had been filed with the committee. That is the reason I made the inquiry.

Mr. KEM. The amendment has been prepared. If the Senator desires to have it this afternoon, if he will call my office it will be sent to his office.

Mr. LUCAS. No; I do not care to have it this afternoon, but I was interested in it. The Senator spent considerable time before our committee, explaining why he thought teachers should have certain income-tax exemptions. It was a very forceful argument. I was merely wondering whether or not he had forgotten it. Apparently he has not.

Mr. KEM. I appreciated the courteous consideration given me by the Finance Committee. I shall forward the amendment to them. I regret the delay.

As I was saying, in addition to the shortage of instructors, our school buildings and equipment are in dire need of repair, replacement, and expansion, and school buildings are overcrowded and inadequately equipped. There is a deplorable lack of textbooks.

It has been estimated that \$5,000,000,000 needs to be spent immediately to put our educational plant in good condition.

In my home State of Missouri, of which I have more knowledge than of any other State, the estimated average salary of public-school instructors is \$2,000 annually, or \$38 per week. Of the 23,400 public-school instructors, 2,300 still hold emergency teachers' certificates. One thousand additional teachers are vitally needed. To provide adequate buildings and equipment would require an expenditure of \$50,000,000.

If the Senate will pardon me for referring to conditions in my own State, I should like to invite attention to what has been written regarding the conditions in a particular district in a county not far from my home.

As a concrete example, in school district No. 71, Clay County, Mo., 212 pupils are attending school in a dilapidated frame building built 26 years ago to accommodate less than 100 pupils, and which has been condemned by the State board of health and the fire department.

There are no recreational or athletic facilities available.

Residents of the district have written me a statement from which I should like to quote one sentence:

It seems inconceivable that we should expend billions of dollars in attempting to better the conditions of the rest of the world while our own children are denied decent facilities for attaining an education.

What does all this mean to the ones affected most—the more than 25,000,000 children in our public schools? It means, first, that we are letting them down. They are not being given the decent educational experience commensurate with the demands of present-day society.

Further, it is recognized that our public schools form the base of our democratic way of life. The American voters of the future are growing up with inadequate knowledge of American political, social, and economic ideals and institutions. The public schools have been termed the "great leveling force in our democracy." Today many parents, aware of the poor quality of instruction offered in our public schools, are sending Junior and Mary to private institutions.

Finally great inequality in educational opportunity exists within our own country. Boys and girls in rural areas do not have the opportunity to learn what children in other sections do. This discrimination against many of our people is contrary to our professed democratic ideals.

This country has already contributed to foreign countries since the end of the war the sum of \$24,781,043,144, which amounts to a sum of \$27,300 for every classroom teacher, principal, and supervisor in our public, elementary, and secondary schools. It is proposed that we give an additional \$19,258 per instructor under the Marshall plan. If we applied to the rehabilitation of our own public-school system the \$17,000,000,000 called for under the Marshall plan, we could put our schools in decent condition and at the same time the average salary of our instructors could be increased from the present \$2,550 annually to nearly \$4,000 for the next 10 years.

3. CHILDREN

While we are speaking about schools I should like to say something regarding a group which has always been the first concern of Americans, namely, our children.

The American people have been exposed to barrages of propaganda concerning the ill-fed, poorly clothed, unhealthy children abroad. It seems pertinent to point out that many of our own children are in dire need of attention. All surveys point to the need for better food for the children of the United States. This condition has existed for no short period. General Hershey, wartime director of the Selective Service System, estimated that 40 percent to 60 percent of the 5,000,000 selective-service rejects were, in part, due to malnutrition.

The 21,000,000 babies born during the war period—5,000,000 more than were estimated for that period—have placed grossly increased demands upon our schools, housing facilities, playgrounds, and health, medical and welfare services.

More children's food and clothing must be provided.

Children's bureaus tell us that 20,000,000 of our children have dental defects; 4,000,000 have physical defects; 1,000,000 have hearing trouble; and thousands have serious illnesses.

The health picture in rural areas is particularly discouraging. Dr. G. F. Moench, of Hillsdale, Mich., child health expert, in a recent address before the National Conference on Rural Health, described the rural health situation as sadly dismal. Pointing out that the future security of the Nation depended upon healthy, educated, trained, and emotionally stable children, Dr. Moench said there are "40,000,000 people in the United States, mostly rural, who do not even have a local health department; and many communities do not have physicians, nurses, hospitals, or laboratories or X-ray services."

Furthermore, it must be kept in mind that many of our war babies were forced to spend the first few years of their lives around Army camps. Their fathers went overseas and not a few failed to return. Their mothers oftentimes had to work. All of these factors led to early emotional upsets which will in many cases require special treatment to cure. Thus, if a future generation is not to be stunted physically and mentally, action needs to be taken, and now, before we give away additional large sums of our wealth to foreign countries, with doubtful results.

Before we give away additional large sums of our wealth to foreign countries as a calculated risk, would it not be better first to study the home front and see what must be done to insure that our Nation, as individuals, shall be strong and healthy and equipped to meet whatever the future may hold for them?

4. AGED AND NEEDY PERSONS

Mr. President, the next group of persons in this country to which I wish to invite attention is the group of aged and needy persons.

Today there are more than 2,195,806 recipients of old-age assistance in this country. While the United States has sent abroad, since the end of the war, more than \$24,000,000,000 in gifts to alleviate suffering there, little attention has been given to the sad plight of our aged here at home. We should not forget that these people of advanced years are those same individuals who made heavy investments in raising children.

It is shameful, but true, that our old people are being neglected today. Many live in abject poverty. In a period of inflated living costs, many of these old citizens must huddle in shambles of houses and eke out an existence on such starchy foods as rice and macaroni, because they cannot afford anything else. Oscar R. Ewing, Administrator of the Federal Security Agency, recently stated:

Due to the decline in purchasing power, people on welfare in many States are suffering from slow starvation.

Thousands of our aged who are unable to provide for themselves are crowded into mental institutions where they are not fit or necessary patients, since

they are merely childish and incapable of their own direction. Costly mental hospitalization is thus wasted. The conditions in many of our almshouses are a disgrace to a nation, which some say, must give away its surplus wealth to foreign countries to retain prosperity. It has been facetiously suggested that our old people move to foreign countries to share in old-age securities and disability benefits made available there by funds from the United States Treasury.

This situation may be expected to become more acute as the years go by. Each year those over 65 years old form a larger part of our population. Modern medical science has extended the life expectancies of our people. In 1945 there were 9,920,000 people over 65 years of age. By 1970 it is estimated the number will be 16,000,000. These neglected members of our society are often forced to turn in desperation to political demagogues for solace. But while some of them would welcome such a plan as was advanced by Dr. Townsend, calling for \$200 a month for all over 60, and some lured away by promise of ham and eggs once a week, most of them would be content with \$75 a month.

Let us examine the extent of the assistance given to these people at present: At the end of 1946, old-age assistance payments for the United States—an over-all average—was \$32.15 a month per recipient. This figure includes both Federal and State aid, but it should be remembered this is an average figure. Many get around \$10 to \$15 a month in some States, and are expected to live on such amounts.

The United States Federal Government in 1946 paid to each of its 3,140,819 old-age pensioners, dependent children, and the blind, an average of \$12.75 a month. The British Government, by comparison, spends nearly \$33 a month per needy person on relief. I repeat those figures. The United States Government's payment to needy persons is \$12.55 a month. The British Government payments to needy persons is \$33 a month. Our gifts to Great Britain in recent years have been approximately \$1,500,000,000 per annum. Approximately one-third of the money of the American taxpayers to go out under the Marshall plan will go to England. For how long will the people of the United States be willing to give billions of hard-earned American dollars, earned under our system of free enterprise, to the British Socialist Government so that it can pay larger benefits to the old people there than we are paying to our old people?

5. PUBLIC WORKS

I now wish to say something about public works in our own country. The Marshall plan is a scheme for aiding 16 governments in western Europe. Let us look at the plans for public improvements in our own country.

It was recently estimated that State and local units of government alone have a backlog of \$75,000,000,000 needed public works demanding attention within the next few years. That does not include Federal public works. It refers to

State and local units. For instance, it is estimated that \$43,000,000,000 needs to be spent on highways alone. It has been revealed by official surveys that approximately one-half of the highways of this country will have to be rebuilt within the next 10 years. During the war highway construction and repair work was held to a minimum in deference to the all-out war effort. Since the end of the war, road-improvement programs in many cases have not been undertaken because of shortages and high cost of materials. There has been considerable deterioration in the condition of our highway system while at the same time traffic has been increasing. The President in a recent message to Congress pointed out that there are over three million more vehicles on the road now in the United States than before the war. The existing highway system is rapidly becoming inadequate to handle this ever-increasing traffic load. One of the results of this crowded condition of our antiquated highways has been a sharp rise in the number of deaths and injuries from automobile accidents. It must also be kept in mind that a modern highway system constitutes a vital part of our national defense. Particularly, is this true in these days of modern warfare with the possibility of an air-borne invasion at virtually any point in the country.

It is somewhat of a coincidence that the \$43,000,000,000 needed to bring our highway system to date is equal to the \$24,000,000,000, which has gone down the drain since the end of the war, plus the \$19,000,000,000 requested by the 16 Marshall plan countries.

Other public-work projects calling for the attention of our States and cities include a \$10,000,000,000 program for schools to accommodate the war- and postwar-baby crop; \$7,000,000,000 for waterworks and sewerage systems; \$6,000,000,000 for hospitals, which are desperately needed in many areas; and \$1,500,000,000 for public-service plants and recreation programs.

Let me say so that I will not be misunderstood, that I am not advocating for a moment that all these things be done by the Federal Government. I think most of them should be undertaken on a local level. But, of course, when the people at home spend their money in the payment of taxes to be sent to 16 countries in western Europe, they have not the money for improvements at home.

6. PUBLIC EMPLOYEES

The last group to whom I wish to refer is the deserving group of public employees. In the present period of rapidly rising costs of living the individuals who suffer the greatest hardships are those with fixed incomes. Particularly is this the case with our Federal employees, who must depend for pay increases on legislative action by Congress.

At the present time many of our 1,992,000 Federal employees are finding themselves in serious financial difficulties as a result of the squeeze of high prices. I have received hundreds of letters from Government workers during the past few weeks—and I dare say every other Sen-

ator has received many such communications—informing me that they cannot meet their bills as a result of the decrease in the purchasing power of their pay checks.

According to figures compiled by the Bureau of Labor Statistics, the consumer price index was 69 percent higher at the end of 1947 than in 1939, while the average annual salary of Federal employees had increased by only 33.5 percent. In private industry, however, the wage earnings rose to a peak as high as 112 percent above the August 1939 level.

Perhaps of all the Federal employees the 463,582 postal workers, with an average annual gross income of \$2,708, have been hit the hardest by inflation. It has been stated, and rightly so, I believe, that the postal group, by and large, is one of the most loyal and conscientious groups of men and women in the world. Certainly they are entitled to a decent standard of living in return for the fine, efficient job they are doing. The wages of this group have lagged somewhat behind those of the other Federal workers and far behind those in private industry. As an example of the hardships wrought by these conditions, many of our letter carriers, who often walk as many as 16 miles a day on their routes, have had to seek additional part-time employment at night in order to balance their family budgets.

There is no disagreement that this problem must be solved if the efficiency and morale of the Federal civil service is not to be destroyed. This Nation has learned by experience, however, that wage increases only add fuel to the fires of inflation, with no lasting benefits to the recipients. A more satisfactory solution would be to eliminate the factors responsible for the inflated condition of our economy, chief among which is the tremendous surplus of exports over imports attributable to our give-away foreign policy.

There is one more group, Mr. President, in our own United States to whose situation I want briefly to refer; that is the holders of the public debt.

7. HOLDERS OF THE PUBLIC DEBT

At the present time the Federal Government has a national debt of over \$250,000,000,000, or two hundred and fifty thousand million dollars. The interest payment alone amounts to \$5,000,000,000 annually, which is in itself a tidy sum and a highly inflationary factor in our economy.

The United States Government has a most solemn obligation to protect this huge debt held by the citizens and financial institutions of our country. As a consequence, we should make every effort to reduce this threat to our economic stability at the earliest possible moment. It is only common sense to say that, now, in an inflationary period, while income taxes are high, is the time to tackle this Goliath. Further extravagant expenditures for foreign relief at this time would only serve further to weaken our financial structure by rendering a substantial reduction impossible.

The last general election at which Members of this body were chosen oc-

curred in the year 1946. The party which was then in the minority and is now in the majority in this body presented itself to the electorate as standing upon a platform of strict economy in all governmental affairs. People of the country went to the polls and indicated in no uncertain terms their approval of this policy. And now we have the Truman-Marshall plan.

Already people are heard to say, "If you can authorize so much money to be spent in foreign countries, why can we not have this proposal in which I myself am so much interested right here at home?" We cannot have at one and the same time economy and frugality at home and profligacy and extravagance abroad. If we open the sluice gates of public spending abroad, who among us will undertake to keep them closed at home?

II. THE TRUMAN-MARSHALL PLAN WILL BE NO MORE SUCCESSFUL THAN OUR PREVIOUS ADVENTURES IN FOREIGN RELIEF

I have been discussing the effect of the bill on America. I now turn to the effect of the bill on 16 countries of western Europe. My second proposition is: The Truman-Marshall plan will be no more successful than our previous adventures in foreign relief.

A. FOREIGN AID SINCE THE WAR HAS BEEN INEFFECTIVE

I think we all can agree upon that point.

The most recent figures available, compiled by the legislative reference service of the Library of Congress at my request, show that the loans, property credits, advances, relief and rehabilitation grants, and other authorizations to foreign countries since July 1, 1945, now amount to \$24,781,043,144. This is the generous contribution of the American people to effectuate world recovery. Its giving has placed a tremendous strain on our own economy. It has weakened us to an extent yet unknown as a result of the draining away of our products and resources without the compensating returns of normal foreign trade. Abroad, the sad truth is that despite this vast expenditure of America's food, raw materials, and capital goods, the countries we have been seeking to aid are as badly off as they were 2½ years ago.

Even before the end of World War II the first of a number of calculated plans to solve the economic problems of Europe made its appearance. This was in 1945, when the Bretton Woods plan was sold to Congress and the American people by propaganda strikingly similar to that now being employed by the proponents of the Truman-Marshall plan. We were told that if the program setting up the International Bank and the International Monetary Fund for Reconstruction and Development were adopted, the economic ills of Europe would be cured and loans to other countries, particularly Great Britain, would be unnecessary. This program, which has cost us \$6,000,000,000, of course, has succeeded in doing no such thing.

Congress had scarcely approved the Bretton Woods proposal when the second plan for foreign aid was advanced by the State Department—the ill-fated British

loan. This proposal, too, was accompanied by a widespread publicity campaign—the technical term is, I believe, "propaganda"—stressing the argument that the revival of Britain would help all of the countries of the world, including the United States, and that it was to our own best interests to grant the loan. When questions were raised concerning the high cost of the venture, the familiar answer—and it has become more familiar day by day—was given by the then Secretary of the Treasury that the British loan, after all, was equal only to what we spent in 15 days on the war effort. The Secretary also said:

This credit is an investment, not an expenditure. In view of what is at stake, a healthy Britain and a healthy world trade, I do not believe we can afford not to make the loan.

However, as we all know, matters did not turn out that way. Despite the fact that the \$3,750,000,000 credit was supposed to last the British until 1950, in a little more than 1 year practically all of the loan had been exhausted, with England still far from economic self-sufficiency. In fact, she claims she is on the verge of economic collapse if she does not receive additional help immediately.

Mr. President, I wish time permitted a discussion of what economic collapse is, and when it occurs.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I yield.

Mr. MALONE. I suppose the Senator from Missouri is familiar with the record that England now is 115 percent recovered industrially as compared with the 1937 industrial index?

Mr. KEM. And yet I would say to my distinguished friend from Nevada I understand from some quarters that she is threatened with economic collapse.

Mr. MALONE. If the Senator will yield further, I wish to say that in my discussion with Sir Stafford Cripps he was very careful to tell me that the money was not needed so badly for England alone, but it was needed to build up the colonies, particularly in Africa, where transportation systems and new industries should be built up and established. I suggested that if private investments could be safeguarded, perhaps our own private investors in this country and from other countries would do the job, but he violently objected to that. What is my colleague's suggestion in that regard?

Mr. KEM. I am curious to know whether Sir Stafford Cripps mentioned in his conversation with the Senator from Nevada the impending economic collapse.

Mr. MALONE. On the contrary, he said that they did not need the money badly in England itself, but that it was needed to build up the colonies, so that there would be more income. He also stated that they would own the industries, using the money which our Government was expected to furnish their

Government, shutting out private investors completely.

I invite my distinguished colleague's attention to the further fact that Lord Beaverbrook's paper, which I placed in the RECORD on Friday, March 5, states that the British should not accept further loans and should not have accepted the one they did get in 1946 of \$3,750,000,000.

Mr. KEM. As I understand, roughly a third of the proposed allocation under the Marshall plan is to go to Great Britain. I wonder if my friend from Nevada came back from his trip to England with the idea that, in view of our present problems at home, we might safely forego the allocation of a third of this gigantic sum to our British friends at this time.

Mr. MALONE. I will say to my distinguished colleague from Missouri that it is my very definite opinion that any appropriation we make of a substantial nature beyond the expense of operating the Government each year, without increasing our production, will almost immediately be reflected in inflation, so that the prices of our goods will go up almost immediately unless we put our finger on the snout of the teakettle as the President suggested, and hold the steam in for a while through controls; but, of course, it will be building up pressure just the same and very likely result in a dangerous explosion later.

The Senator from Missouri refers to this plan as the Marshall-Truman plan or the Truman-Marshall plan. I think there is one other name that ought to be mentioned. It should be called the Bevin-Marshall-Truman plan. It came from Mr. Bevin initially. He asked us for an additional loan a year ago, an additional \$5,000,000,000 I am informed, but it was not judged that this body would go for it because of the \$3,750,000,000 which had just been appropriated for England and, from the standpoint of their statement of needs at the time, largely dissipated, in that they did not do many of the things they said they would do. So the rest of Europe had to be added to make the plan sound logical and to build up the usual emergency complex.

Mr. KEM. I seem to recall that nine cities claimed to be the birthplace of Homer. I am not a prophet or the son of a prophet, but I venture the suggestion that before many years have gone by there will not be many who will claim the authorship of the Truman-Marshall plan.

Mr. President, I was discussing a rather unpleasant aspect of this problem, namely, our experience with foreign aid to date. There are other channels through which we have been pouring the dollars of the American taxpayer abroad.

Let us look for a moment at the ill-fated United Nations Relief and Rehabilitation Administration which served as another pipe line through which this country poured abroad large amounts of its wealth and resources from November 9, 1943, until termination of the program at the end of 1946. This plan began as a vast cooperative program whereby 44 nations agreed to work together and share in the cost of feeding and reha-

bilitating the world. At its inception the plan was hailed as the key to the readiness of the world for balanced and peaceful living. The London Times described its aim as nothing less than the full restoration of a healthy economic life in the liberated countries of the world.

However, within a period of two short years, UNRRA was a thing rejected, scorned, and unsung. This country had contributed \$2,700,000,000, or nearly 75 percent of the total cost of the program, with at least half of our aid going to countries now behind the Russian iron curtain. Corrupt officials of governments receiving our aid made the most of their opportunity to profiteer, and large quantities of foodstuffs made their way into the black market.

The situation in Yugoslavia was perhaps the most notorious. Marshal Tito used the \$400,000,000 worth of UNRRA aid to Yugoslavia primarily for the purpose of building up an army of 600,000 soldiers, plus a large and efficient secret police, with the purpose of maintaining a government closely patterned after that of Soviet Russia. The UNRRA director of publicity in Yugoslavia declared at one time that the UNRRA had been used as an instrument of ill-will against the United States. I seem to recall that at the time it was being presented to the Congress it was described as a great instrument of good will. At one time the state of affairs reached such a ridiculous point that at the same moment ships were loading in New York harbor with supplies for Yugoslavia, Tito was shooting down American airplanes.

Time does not permit an elaboration of this wasteful, misdirected plan, but suffice it to say that it constituted a precedent of failure for even more expensive plans to follow.

Nor is this all. Other projects involving vast sums of money have been pushed through Congress under high pressure since VJ-day as part of the spending philosophy which seems to have caught the imagination of many of our people. The idea seems to be that no matter what the problem, it can be solved if only enough of the American taxpayer's money is appropriated, with or without consideration, limitation, or proper administration.

The Export-Import Bank has disposed of \$2,588,807,679 since the end of the war. Postwar lend-lease has cost us \$1,220,000,000; Treasury Department loans, \$3,750,000,000; lend-lease fiscal operation, \$1,468,771,191; Army and Navy relief, \$2,200,000,000; lend-lease grants, \$1,220,000,000—all since VE-day.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. HAWKES. I have just entered the Chamber. I was wondering if the Senator had totaled these various items.

Mr. KEM. Yes. According to figures prepared at my request by the Legislative Reference Service of the Library of Congress, our total grants to foreign countries since VE-day amount to \$24,700,000,000.

Mr. HAWKES. Can the Senator tell us what we got for that sum?

Mr. KEM. That would involve a trip into a fairyland of speculation which I hardly feel equal to undertaking.

Mr. HAWKES. Does the Senator feel that there is any chance of getting back any substantial amount of that vast sum? I ask that question because the American people are uninformed on this subject as most of us are. When we say that a thing costs so much, the American people often think that we are going to get it back, or that we are going to get something for it.

The point I am trying to make is this: Are we going to get anything for it, or is there any chance that any substantial part of it will come back into the Treasury of the United States?

Mr. KEM. Mr. President, as was Patrick Henry, I can only be guided by the lamp of experience. So far as our experience goes, no country in the world, except Finland, has shown any interest at all in paying back any part of the loans we have made to them.

I cannot help but recall the Balfour mission to Washington, when the settlement was made of the First World War debt to the United States, and documents were drawn, with every formality known to the Anglo-American system of law, indicating a promise to pay on the part of the British Government to the United States Government. But we do not hear anything about that these days. I suppose it has been barred by the statute of limitations.

Mr. HAWKES. The Senator from Missouri knows that after one has an affliction long enough he is likely to become used to it. So, in this case, one is likely to forget that there is any sane relationship between lending and paying back.

Mr. KEM. I can only say to the Senator that recent polls taken in my State indicate that the people of Missouri, at any rate, are becoming extremely allergic to the operation.

Mr. HAWKES. I may say to the Senator from Missouri that my experience in the last 2 weeks with all the people to whom I have talked in New Jersey—and I am not referring to rich people who pay the taxes, but I am referring to the taxicab drivers and the elevator operators and what Lincoln called the common man—is that they are thoroughly disgusted with the whole program, when they know anything about it, or when it is explained to them, and when they understand that it may lead to the destruction of the United States.

Mr. KEM. I thank the Senator for his observation, so aptly put.

Mr. President, I think the American people are realizing that the Truman-Marshall plan must be paid for by the head of every American family and by every American housewife in her own pantry.

Mr. HAWKES. Mr. President, will the Senator yield further for a moment?

Mr. KEM. I am glad to yield.

Mr. HAWKES. I can say to the Senator that I feel we owe a duty to the people of the United States to have them properly informed before we, as their board of directors, vote their money

away. I wish to say to the Senator from Missouri that, in my opinion, if we had 4 months more—and that is no time at all in dealing with a subject of this magnitude, which runs into billions of dollars and involves the whole safety and future of the United States—if we had 4 months more, and if we would go forth and talk with the taxpayers and the everyday common citizen, we would find that from 75 percent to 80 percent of the people of the United States are opposed to this plan. Yet it is going to pass. Why? Because of an organized propaganda the like of which I have never seen before. Propaganda is said to be the greatest enemy to freemen on earth.

Mr. KEM. Mr. President, was the Senator from New Jersey in the Chamber when I likened it to the various emotional manias that have swept over the earth from time to time, such as the crusades, the Mississippi bubble, in France, or the South Sea bubble, the tulip craze, the Florida boom, and the stock-market crash of 1929?

Mr. HAWKES. No. But I should like to say to the Senator from Missouri, who I know follows through thoroughly in whatever he does, that I am sure he has covered the point very well.

Mr. MALONE. Mr. President, will the Senator yield to me?

Mr. KEM. I yield.

Mr. MALONE. I wonder whether the Senator is familiar with the fact that not only, as the Senator from New Jersey has outlined, is the greatest propaganda machine in the world at work on this scheme, with tons of propaganda going out everyday, but many prominent persons in the United States identified closely with the State Department and other bureaus—I had a list but have misplaced it—showing that during the last 15 years, have been or are now on the pay roll of these foreign countries, at large salaries, ranging from \$10,000 to \$20,000 a year and more, for the purpose of assisting in this grandiose scheme to propagandize this country and the Congress of the United States for the passage of this act, in the interests of the Marshall-plan countries by whom they are employed.

Mr. KEM. I say to the Senator from Nevada that I received a very interesting letter from a most intelligent and responsible citizen of my own State, the other day. He made a rather surprising statement. He said that in his own experience he had not encountered anyone who understood the Marshall plan, who was not against it. I mention that for whatever it may be worth.

Mr. HAWKES. Mr. President, will the Senator yield further for a moment?

Mr. KEM. I am glad to yield.

Mr. HAWKES. Was the Senator from Missouri in the Chamber the other day when I called attention to the fact that a poll of 6,000 farmers, extending over 17 States of the United States, showed that 52 percent of them had never heard about the European-recovery plan and did not know anything about it; and 48 percent of them, who had heard of it, did not understand it well enough to express an opinion regarding it?

Mr. KEM. Mr. President, I see in the Chamber at the present time the Honorable MAX SCHWABE, a Representative in Congress from my own State of Missouri. Representative SCHWABE recently sent to his constituents in the Second Congressional District of Missouri a questionnaire, which was distributed very widely. He asked them, first, whether they favored the Marshall plan. My understanding is that they indicated, by about 3 to 1, that they did not.

He then asked them, If the Marshall plan is accompanied by price ceilings here at home, do you favor it? They indicated "No" by about 6 to 1.

Those figures are approximate, but I think they are reasonably correct.

Mr. President, in discussing the adventures we have had in pouring out our money abroad, I have mentioned only a few of the larger items. Two conclusions are inescapable; first, no one can fairly say we have been niggardly or parsimonious in attempting to meet the perils and to solve the problems confronting us after the war; second, notwithstanding our generous gifts, we have not succeeded in reaching our objectives. Further reckless distribution of our dollars around the world will be no more successful in regenerating the waning ambitions, and reviving the worn-out institutions of the Old World—or of China or of other far reaches of the earth.

Our efforts thus far to rehabilitate western Europe have failed. Despite the magnitude of our aid, many of these countries are still in a state of economic collapse. Europe is disorganized and abject. The situation became so desperate for France, Italy, and Austria last winter that the President deemed a special session of Congress necessary to vote so-called stopgap aid of \$540,000,000 to tide these countries over the winter. Even now we are confronted with cries of "hurry, hurry" on the Truman-Marshall plan. Only this very morning we read in the newspapers that the President has sent to Speaker MARTIN a letter in which request is made for another grant of emergency aid to France, Italy, and Austria, in the sum of \$55,000,000. Apparently the present occupant of the White House is a student—though not a very apt one—of the crisis technique of his predecessor.

Mr. MALONE. Mr. President, will the Senator yield to me at this point?

Mr. KEM. I yield.

Mr. MALONE. I understood the Senator to say that this new appropriation would be for further assistance to Italy. If that is a fact, I should like to say that when the Italian treaty was before the Senate, in the remarks which I made at that time I included a break-down showing how many Italians would have to labor for 7 years without compensation to manufacture and process the raw materials coming from Russia and the satellite countries, and then return them to Russia and such satellite countries, in order to increase the value of those raw materials in the amount of the reparations in money which they, the Russians, are entitled to receive under that treaty. I called it the "slave labor" treaty. Everybody is calling it that now. The

fact of the matter is that almost 200,000 Italians must work 7 years without pay in order to perform the work. I called attention to the fact that there is only one nation in the world able to feed them, and that is the United States. We can and are feeding them. Is that about what the Senator meant?

Mr. KEM. Yes; that is exactly what I said, and one cannot but wonder, Mr. President, whether we are fattening another calf for the Russian bear to take over. We are wondering if the expediency of economic assistance is going to be any more successful in Italy than it was in Czechoslovakia.

Mr. President, the lesson of our experience certainly is that all the dollars in the world cannot of themselves cure the economic ills of the 16 Marshall-plan countries. Whether they solve their basic economic problems depends not on the amount of our aid but upon the actions of their own governments. These nations at the present time are carrying out vast socialistic experiments which have been unsuccessful every time and everywhere they have been tried. They show no indications of working now in Europe. Trade restrictions, unbalanced budgets, rationing, priorities, allocation of materials, and overvaluation of currencies, all are hindering recovery. These socialistic devices interfere with the natural course of production and commerce, rendering futile any help on our part. Any further aid we send will also go down the drain unless these countries discard their nationalization schemes.

Until European countries permit their currencies to seek their true value as expressed in terms of goods and services, hoarding and black markets will continue to thrive, the demand for our sound dollars will remain unabated, and production and trade will remain stifled. France, who recently took steps to correct the distortion in the relationship between the franc and our dollar, did so against the most strenuous opposition of the ruling authorities in Great Britain, who has consistently refused to allow the pound sterling to seek its true level in world currency interrelationships.

The Economist, an outstanding British magazine, recently had this to say concerning the situation in Britain:

Continual borrowing can have the same effect as continual drinking. The borrower's sense of reality, like the drunkard's, tends to fade. Britain has already had the American loan and the Canadian loan and will get the South African loan.

They referred to them as loans.

All have been necessary but all have helped to mask from government and people alike the country's true economic straits. A standard of living has been maintained; reserves have been eaten up, expenditures undertaken on a scale which is quite out of accord with Britain's true economic position. And what guaranty is there that the Marshall plan may not be used in the same way? The only proper, the only long-sighted, the only courageous course would be for Britain to pursue now the policy it would pursue if the Marshall plan were reduced to a third and to use the surplus thus created to build up reserves, modernize industry, develop economic integration in western Europe, and undertake now the program of hard living and hard

working in which, in the long run, salvation alone will lie.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. I may say to my distinguished colleague that I recently returned from Canada, having spent 1 day in Toronto. I addressed a meeting of the National Mining and Prospectors Association. There were about 1,000 people present. They were very frank as a nation. As a matter of fact, editorials are now appearing in the papers regarding the policy of Canada over the last 2 or 3 years since the end of World War II that of loaning money to European and other nations, to enable them to buy Canadian products. It is very frankly admitted by leaders in Canada now that that is why the loans were made. Some of the editorials go so far as to say that even if the money were not collected, it would not cost the farmers too much, that the loss would be spread over the entire taxpaying population. The Canadians now question seriously how long they can pursue that program. They confess they are about at the end of the rope, and that they must soon cease to loan money to finance purchases of their own products, even though the money were to come back to Canada immediately for that purpose. The policy is now being seriously questioned on a basis of the real danger to their economic system. I submit that we are fast reaching the same position.

Mr. KEM. I am glad to have that contribution by the Senator from Nevada. It reminds one that the chairman of the Finance Committee, the Senator from Colorado [Mr. MILLIKIN] told the Senate a few months ago that our Canadian friends had had, I think, two reductions in income taxes since our present rates were established.

Mr. MALONE. If the Senator would yield further—

Mr. KEM. I yield.

Mr. MALONE. I should like to call the attention of my distinguished colleague to the fact that Canada had also recently borrowed \$300,000,000 from the Export-Import Bank of Washington.

Mr. KEM. We seem to be the source from which all blessings come.

The people of this country are becoming quite impatient at the report that they are asked to send free of charge coal produced under our free enterprise system and 5- or 6-day workweek to countries, where under a socialist government, the miners are working as little as 3 days a week. England's socialist government has been able to survive only because the American taxpayer has given his hard-earned money to pay current operating expenses. It is irony, indeed, that the American taxpayer is called upon to finance a foreign government opposed to the traditional American system of free enterprise and private initiative.

Most economic experts regard Germany as the No. 1 problem to be dealt with in the rehabilitation of Europe, and that a self-supporting Germany is the key to European recovery. The dismemberment of this country into Rus-

sian and Allied zones and the policies pursued by the Allied occupation forces have caused economic paralysis in that country, whose economy is closely tied in with the economies of all other European nations.

In the Allied zones, the occupation authorities have reduced and demoralized production by the adherence to the socialistic level-of-industry plan, quite similar to the notorious Morgenthau plan, which was intended to reduce the German people to a bare subsistence level, largely on an agricultural basis. As is the case with all such economic plans—controls, allocations, rationing, and bureaucratic red tape have produced negative results and production is pitifully low.

Furthermore, we continue to worsen the situation by dismantling industrial plants in western Germany for distribution to our allies as reparations. I am not speaking of war plants. I mean those plants which could be turning out the goods which instead the American taxpayer is being asked to furnish. It is proposed under the Truman-Marshall plan that we contribute \$1,005,000,000 in additional subsidies during the first 15 months to western Germany. This does not include \$800,000,000 requested for purposes of feeding the German civilian population. The United States is being called upon to furnish what has been termed reverse-reparations, or products which would ordinarily be produced by the plants now being dismantled.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. Mr. President, I assume that my distinguished colleague is familiar with the situation in Germany. I was in the Ruhr district last fall, as well as in Berlin and the Frankfurt area. The coal and steel normally produced in Germany before the war contributed largely to the industrial production in the surrounding area and nations. They were producing barely sufficient coal for their own use in their restricted industries. They were held below 4,000,000 tons of steel annually when their pre-World War II production was approximately 24,000,000 tons. This Nation is now sending between 6,000,000 and 8,000,000 tons of steel to Europe annually. As a matter of fact, the steel plants which I saw there and from the technical report verifying my own observation, many of the plants were not destroyed or seriously impaired during the war. Some of them could be put into production by merely sweeping out and production can be raised to 11,000,000 tons annual production within 7 or 8 months. If they could produce 7,000,000 tons annually, then we could keep our own steel at home, and the Germans could pay a good part of their board bill of \$1,000,000,000 annually.

This administration is now crowding our own steel people to increase their production, which requires 2 to 4 years and requires much of the needed steel for such construction, and then when we level off and production catches up with current requirements we may be seri-

ously overbuilt, unless we are in World War III.

Mr. KEM. That is what I understand the situation to be. I should like to ask the Senator from Nevada if he observed on his trip through Germany that plants were being torn down and shipped to Russia. We are now being asked to replace and rehabilitate the German industrial machine with money of the American taxpayers. Is that correct?

Mr. MALONE. That is exactly correct. As a specific instance, there were an additional 700 plants on the reparations list, placed there just before I arrived in Germany, late in October of last year. It was represented in this country that their production was not necessary at once for German recovery and that before it would be necessary they could produce sufficient steel and other products to replace the plants. But what we failed to note was that the materials for the repairs and replacements of the existing plants were largely manufactured by plants on the reparations list, German plants. And that American-produced repairs and replacements cannot be used in the German plants. As an example, I went into one mine and examined the cutting, conveying, and transportation machinery. The steel shaker conveyors running on the dip of the 3-foot vein conveyed the coal to the web conveyors, which in turn brought it to the automatic loaders, where the thirty-five 3½-ton steel cars automatically moved up, then the train moved to the shaft, and thence to the surface. It was a wet mine; so, lying there at the face in the water, I said the set-up seemed efficient to me, why do you not install more coal cutters. They said we would like to do that but the only factory in Germany making the cutters is on the reparations list.

We are talking about rehabilitating Germany and are doing nothing about it. As a matter of fact, it is well known in Europe and in this country that many years ago a very prominent Englishman said facetiously—but it was not facetious when analyzed—that if German consumption could be kept up to par without any production Europe would be perfect. As a matter of fact, we are getting only lip service from France and England in the recovery of Germany.

Mr. KEM. I thank the Senator for his contribution.

One of the avowed objectives of the Truman-Marshall plan is to stop the advance of communism and halt the further encroachment of Russia upon her western European neighbors. If that is not a fair statement of the objectives of the Truman-Marshall plan presented by the senior Senator from Michigan, I should like to have him correct me. I invite the attention of the senior Senator from Michigan, Mr. President.

Mr. VANDENBERG. The Senator has my attention.

Mr. KEM. Was my statement a fair statement of the objectives of the Truman-Marshall plan?

Mr. VANDENBERG. I am sorry, but I did not hear the Senator's statement.

Mr. KEM. The statement was that one of the avowed objectives of the Tru-

man-Marshall plan is to stop the advance of communism and halt the further encroachment of Russia upon her western European neighbors.

Mr. VANDENBERG. I would say that might be the end result of the objective, which is to create self-help and the self-sufficient capacity of independent peoples to remain independent.

Mr. KEM. I thank the Senator.

One of the ultimate effects of this program would be, instead, to rehabilitate the Soviet Union and her satellites and enable her to increase her already huge war potential.

The Paris Conference report admits that a substantial and steady resumption of eastern Europe trade is assumed—that is, a flow of manufactured goods such as tools, tractors, industrial machines, and the like, from the industrial sections of western Europe to eastern Europe, now behind the iron curtain. The report assumes that such an interchange of commodities will be established. It is to be recalled that Great Britain recently signed a trade agreement with the Soviet Union, a part of which contemplates the shipping to Russia of steel products ranging from forks and spoons to locomotives.

Under the Truman-Marshall plan, Britain would receive from the United States vast amounts of raw steel which she intends to fabricate into finished products for export.

This country would therefore be funneling vital steel and iron products through Great Britain directly into the paws of the Russian bear. The Marshall plan countries would constitute, as the Senator from Nevada pointed out, merely a stop in transit.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. I should like to call the Senate's attention to a list of materials contained in what purports to be a treaty between the Netherlands and Bulgaria, the latter being one of the satellite nations. In that list, which I shall not read, there is included a large amount of rubber which comes from the East Indies. We are at this moment furnishing money to bring back the Indonesians under the control of the Netherlands so that they may be held at \$2.50 to \$5 a month wages, and to sell the rubber and strategic materials and minerals to Russia and the satellite nations which we are helping them to again control. There are other products on the list, including chemicals and products which are very difficult to buy in this country.

Mr. KEM. I thank the Senator.

It is no answer to say that English-manufactured forks and spoons made from American steel do not constitute implements of war. I think that was suggested recently by the Senator from Massachusetts. For every item made of iron and steel that finds its way into the Soviet Union releases just that much Russian-produced raw steel which would have been used to manufacture that item, and their raw steel is thereby made available for the tanks, planes, and guns

which Russia, from all reports, is so feverishly accumulating.

THE TRUMAN-MARSHALL PLAN WILL NOT STOP COMMUNISM

The administration has placed a great deal of emphasis on its argument that adoption of the Truman-Marshall plan is necessary to halt the spread of communism in Europe and to prevent, as the Senator from Minnesota [Mr. BALL] argued awhile ago, the occurrence of World War III. Either adopt this program, we are told, or arm to the teeth. Secretary of Defense James V. Forrestal in his testimony before the Senate Foreign Relations Committee said: "Our own objective in the present recovery program for Europe is the prevention of war." Secretary of the Army Royall declared: "Without such effort the Army budget and the Army itself should be increased."

But this argument can only serve to lull the American people into a false sense of security if this program be adopted. We cannot hope to stop the westward march of communism, either by infiltration or by force of arms, by our wall of dollars. Not one of the eastern European nations now existing as Russian satellites was enveloped in the Soviet orbit because of hunger, unemployment, or inflation. They were taken over by the Russian tactics of political infiltration which eventually result in control of the police, neutralization of the army, and seizure of key ports within the government. These methods are particularly effective because of the nearby pressure of the Red army.

Poor little Czechoslovakia, the latest to be enveloped by the iron curtain, was not suffering from economic instability or other unstable economic conditions. She had received approximately \$300,000,000 in aid since the war's end, \$300,000,000 of the American taxpayers' money, and at the time of the catastrophe had balances in our cotton fund and in other funds which she had not found it necessary or advisable to draw down.

It is naively assumed that additional loan-gifts would stop communism in countries where there is a powerful Community Party, as in France particularly, even though the present Government may be friendly toward us. However much we intend that our aid will be used to stop communism, that will not do the job. While we may be temporarily successful in bolstering up the present governments in power—some of them socialistic—whether or not France or Italy or any other country goes communistic has been, and will continue to be, dependent primarily on the wishes of the people in those countries. I think that is what the Senator from Kentucky had in mind when he spoke of the principle of self-determination. I believe he will agree with me when I say that whether these countries will go communistic will depend on the wishes of the people of the countries. The aggressiveness and persistence of those disseminating the revolutionary ideas of communism should warn us against expecting such an easy victory.

But even assuming that the Communists are thwarted in their strategy of

boring from within at a tremendous cost to ourselves, western Europe would still be faced with the threat of Russian armed aggression. It is generally agreed that Marshal Stalin can march through Europe any time he desires. With early adoption of the Marshall plan by the Congress in prospect, I have not noticed that the administration, including Secretary Forrestal and Secretary Royall, has decreased in any degree the propaganda for universal military training. I challenge any one of them to say to the American people that the Marshall plan is an adequate substitute for national defense, in whole or in part.

Mr. WHERRY. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield to the Senator from Nebraska.

Mr. WHERRY. I ask the Senator if he read the press report this morning relative to the action of the committee which has developed a new American preparedness program at Key West.

Mr. KEM. Yes; I read it hurriedly. I think the Senate would be interested in hearing it, if the Senator has it.

Mr. WHERRY. I have the release here. It came as quite a surprise to me. This is by a reporter for the Washington Post, and appears in this morning's paper. I read:

A new American-preparedness program is expected to come out of an extraordinary meeting of the high command now under way at the Key West (Fla.) Naval Base.

In announcing the conference late yesterday, officials termed it "historic" and forecast that the top commanders will return next week with the first over-all strategic defense plan in United States history.

Based on this general blueprint, a comprehensive program for the security of the United States under present-world conditions will be drafted and presented to Congress next month, a high source revealed.

Defense officials agree with Secretary of State George C. Marshall that the world situation is "very, very serious," and declare that an extensive program to put our armed forces in shape to meet an emergency is mandatory.

The release proceeds, and states that Congress will be receptive.

The point the distinguished Senator from Missouri is making is that, regardless of the arguments advanced by the proponents of the bill, namely, that the economic program will stop communism, yet there has been no let-down by the agencies of the Military Establishment, but they indicate we should proceed at a terrific rate to arm ourselves to avoid the threat that is attempted to be stopped by the economic program. Am I correct?

Mr. KEM. I think the Senator is exactly correct, that there has been no let-down in the propaganda emanating from the administration to that end.

Mr. WHERRY. And that in the final analysis the only way we will stop communism is to use the force Mr. Stalin understands. Is that correct?

Mr. KEM. That is correct.

Mr. BALDWIN and Mr. LODGE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. KEM. I yield first to the Senator from Connecticut, and then I will yield to the Senator from Massachusetts.

Mr. BALDWIN. I should like to make clear at this point, when we are discussing military preparedness, that while I intend to support the plan proposed and vote for the bill, I am under no illusion that it guarantees a complete and adequate defense, though I firmly believe it holds an everlasting hope that warrants our investment in it. I firmly believe it has great possibilities in being a step toward peace, but I do not believe, and have never said, that it would be a guaranty.

I am also in favor of adequate military preparedness. I think that in Congress we are going to be called upon to make substantial appropriations for an Air Force, and I intend to support that.

I would not refer to the plan of European recovery as a halfway measure. It is not a halfway measure. But I think it is going to require more than the European recovery program to guarantee to us our security. I think that one of the absolutely essential steps in working out this guaranty is the adoption of the particular program we are considering.

I repeat, Mr. President, it is no substitute, and is not offered as a substitute, for adequate military preparedness on the part of the United States. We must have that too.

Mr. KEM. I take it that no Senator should vote for it with that idea in mind.

I yield to the Senator from Massachusetts.

Mr. LODGE. Mr. President, I wonder if the Senator from Nebraska will give me his attention. I heard him read the clipping from a newspaper announcing that the representatives of the Army, Navy, and Air Force had agreed on a preparedness program. I understood the Senator from Nebraska to speak critically of them for having done so.

Mr. WHERRY. Mr. President, I did not say anything critical about it. I said that the economic program the distinguished Senator from Missouri was discussing had not stopped communism, that the only way to stop it was in the way suggested, by force, and that the Naval Establishment had made plans, and extensive plans, and was going to require large appropriations by the Congress, to actually stop communism in the way it must be stopped.

I am not critical. In fact, I think that if conditions are as bad as they are said to be, we should tell the American people the truth. If conditions are as bad as they are reported, then we had better put our house in order instead of going into a 4-year program that does not guarantee any more than the program we have had for the past 3 years, which I call a bankrupt foreign policy.

Mr. LODGE. Of course we have had a bankrupt foreign policy, there is no question about it, and I do not think anyone here questions it. What surprises me is to hear the Senator from Nebraska using strong words and rattling the saber when he knows very well we are not ready to do anything.

Mr. WHERRY. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. WHERRY. Will not the Senator from Massachusetts smile a little?

Mr. LODGE. Yes; I smile whenever I look at the Senator from Nebraska. [Laughter.]

Mr. WHERRY. I hope that remark is not made disrespectfully.

Mr. LODGE. Not at all; I say that in a friendly spirit, because the Senator from Nebraska is indeed good-humored, and I think it is a good thing to conduct these debates in good humor.

Mr. WHERRY. I am not rattling any saber, but I am cosponsor of an amendment with the Senator from Minnesota [Mr. BALL] to bypass the veto, so I am not making a demagogic statement.

The foreign policy is being changed almost overnight, and it is admitted it is being changed. If it is being changed, the Congress should reflect on this venture we are asked to go into, because if it will not serve the purpose to better advantage than the economic rehabilitation we have made by the Morgenthau plan, and by the appeasement policies we have followed with Russia, then the time is here when we had better put our house in order. My feeling is—

Mr. BALDWIN. Mr. President, will the Senator from Missouri yield at that point?

Mr. WHERRY. Mr. President, let me finish my observation please. My feeling is that at least on the part of the military that is the situation, and the point the Senator from Missouri was making was that there had been no letdown; that all the advice that could be had from the military and top-flight officials was that we should increase and not decrease the military appropriations to meet this threat; that the threat has not been stopped, and I think it is very doubtful if it can be stopped by the economic program favored by the Senator from Massachusetts.

Mr. LODGE. Does not the Senator from Nebraska think it is better to spend American dollars than it is to spend the young manhood of America?

Mr. WHERRY. Yes, certainly I do. I do not want war any more than the Senator from Massachusetts does. Let me ask the Senator. What is the difference between bypassing the veto, as provided in the amendment I speak about, or the situation in which we find ourselves in Greece to-day? We will not be any more extended. What will happen in Greece if there should be an overt act on the part of Russia? Are we to have a Dunkirk in Greece?

Mr. LODGE. There are no American troops in Greece.

Mr. WHERRY. Are we going to evacuate our troops from Greece or Austria if an overt act on the part of Russia should take place in either country, with our token army of 1,100, or are we prepared to do the very thing the Senator is attempting to accomplish under an economic recovery act, which we may have to do in a military way, or else have to back out of those two countries? We have not actually stopped communism in Poland, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, or Finland, Commu-

nism has been stopped because of a token army we have in Austria, and it has been stopped because of the military aid we have given Greece. Am I correct?

Mr. LODGE. There is no "United States Army in Greece."

Mr. WHERRY. We are administering the policy in Greece, and the moment Russia walks in we will be in the same situation we would be in if we bypassed the veto and set up a group of free nations of the world.

Mr. LODGE. I disagree with the Senator. There are no American troops in Greece. Permit me to make this observation—

Mr. WHERRY. I said we had given them military aid. We are training their troops. We are appropriating money for military defenses in Greece, and we are doing the same thing in Turkey.

The PRESIDING OFFICER. Let the Chair call the attention of Senators—

Mr. LODGE. Does the Senator object to that?

Mr. WHERRY. No.

Mr. LODGE. Does not the Senator think it desirable to have as many friends as we can?

Mr. WHERRY. I am not objecting to that. The Senator and I are apparently in complete agreement. But I say that the proposition in the amendment that we have offered is not a bit different than the extension we have already made in Greece. The very same thing will happen in Austria. We have a token army there. If there should be an overt act on the part of Russia, we would have to move out.

Mr. LODGE. Is it not true—

The PRESIDING OFFICER. One minute. The Chair admonishes Senators—

Mr. LODGE. Is it not true that our policy in Greece and Turkey is an American policy, which we determined upon ourselves, whereas under the Senator's amendment the control of American foreign policy will be put into the hands of foreign countries?

Mr. WHERRY. No, because under the amendment the question as to what shall be done in case of aggression will be decided by America, so far as America is concerned. It is nothing more than the extension of the Monroe Doctrine to another area. Let us be frank about the matter. If we do not want to go that far, let us admit that what we want to do is to continue a bankrupt foreign policy for another 2 years. If we want to do that, let us tell the American people so. Let us tell them how serious the situation is. It does not seem to me that it makes any difference if we get four or five other nations to come in and back up this policy than it is to have our troops in Austria or Greece, and if an overt act on the part of Russia should take place, be obliged to back out of those countries. I do not want our country to get into war any more than does the Senator from Massachusetts.

Mr. LODGE. I know we both can agree that we want peace, but the Senator, from what he said, leads me to the conclusion that he is not willing to spend

American dollars, but he is willing to spend American manpower.

Mr. WHERRY. No, of course not. I do not know how anyone can put such interpretation on what I have said.

Mr. LODGE. That is the conclusion I am led to by what the Senator has said.

Mr. WHERRY. I will place my own interpretation on what I have said.

Mr. LODGE. Mr. President, I should like to have the record of what the Senator said read.

The PRESIDING OFFICER. Permit the Chair to make a few observations. The Senator from Missouri [Mr. KEM] has the floor.

Mr. WHERRY. Yes; that is true.

The PRESIDING OFFICER. The Chair cautions the occupants of the galleries against making any demonstrations. Demonstrations are not in order. The galleries will be cleared unless order is maintained in them.

Mr. WILSON. Mr. President, will the Senator yield to me?

Mr. KEM. I yield to the Senator from Iowa.

Mr. WILSON. I heard the statement made by the Senator from Massachusetts that we do not have any troops in Greece. We do have troops in Greece.

Mr. LODGE. Will the Senator give me the names of the units?

Mr. WILSON. I will produce them for the Senator. And up in the front lines are generals who have been leading the attack.

Mr. LODGE. We have an American military mission of officers in Greece, but we have no troops.

Mr. WILSON. Very well. I assume— if the Senator will further yield—

Mr. KEM. I yield.

Mr. WILSON. That the difference the Senator makes between troops and missions is that out of the kindness of its heart our Government is sending our soldiers up front, and it is said they are not troops because they had their arms taken away from them.

Mr. LODGE. No. I beg the Senator's pardon. There are no American soldiers up front in Greece. There are some American army officers who are there in the American mission in Athens, just the way an American officer is a military attaché in some foreign capital, and he goes up there as an observer. That is an entirely different thing from having regularly constituted troops units. There are no troops in Greece, I can assure the Senator from Iowa about that.

Mr. WILSON. If the Senator from Missouri will yield again to me, I may say to the Senator from Massachusetts that as a member of the Armed Services Committee I have reason to know that not only do we have troops up in front, unarmed, but the number is being increased, and there is now pending before the Armed Services Committee of the Senate a bill, already passed by the House, asking the Congress to authorize the President of the United States to send troops to any foreign country if it asks for them. I am against that.

Mr. LODGE. Let me say to the Senator—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. KEM. I yield.

Mr. LODGE. If the Senator says there is such a bill before the Armed Services Committee, of course, I believe him completely, because I know from service with him that he is accurate in statements he makes about matters of that kind. But insofar as troops in Greece at the present time are concerned, I am positive there are no American troops there now. I was there myself last summer, and I have recently checked the situation. There is an American mission of Regular Army officers there, but there are no troops in the accepted sense of the word.

Mr. WILSON. Will the Senator from Missouri again yield?

Mr. KEM. I yield.

Mr. WILSON. I am not saying there are battalions; I am not saying there are regiments; I am saying that in the front line of Greece there are officers who have been leading—and I am not saying wrongfully—the Grecian soldiers. I will say to the Senator again, if the Senator from Missouri will permit, that the bill to which I referred has already passed the House of Representatives, and is now over here—a bill which would permit the President upon request from any government, to send troops to any country to supervise elections, or otherwise, and then there is added "and so forth." I do not know what that means.

I do not know what that means. I am not saying that it is wrong, but I am saying that we ought to know the facts, and should be told the facts.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. Let me say in answer to the Senator from Massachusetts that all that we have ever asked, as the Senator from Nebraska says, is a little integrity in government, and that the people be told where we are headed. I think the Senator from Massachusetts knows where we are headed, and I think I do. I think we are in the same position today as we were in 1916, when we reelected a President on the slogan that "he kept us out of war", when we were in war at that moment. I think we are at the point where we were in 1940, when we reelected a President of the United States who said that he would never send troops to Europe. At the moment he uttered those words, he knew that we were going to send them.

Today we are in the same position. All I have ever asked on the floor of the United States Senate is that we get a little integrity back into government, and say frankly to the people "what are the areas and nations in the world today—in Asia, the South Seas, the Middle East, and Europe"—now covered by the Marshall plan; must we currently protect for our own ultimate safety? That is all I ask. We should tell the American people and the world the truth, for two reasons—first, to let any nation in the world which contemplates aggressive action know that it will have to fight us giving them a chance to change their minds; and, second, to tell the 18,000,000 boys and girls who have been in one or both wars, as well as their fathers and mothers, and the younger people com-

ing along, who will have to do the fighting what they may expect, so that they may demand of the Congress, if we have not the guts to get the defense program started without such action—that they want something to fight with this time—and that they do not want to hold the line for 18 months with their bare hands this time while we are getting the proper material to them.

We backed into two wars—denying that we would fight and unprepared to fight. Let us try it once letting the world and our own people know what we intend to do.

Unfortunately two men believed us during the past 30 years when we said we would not fight—the Kaiser and Hitler—and upon investigation they thought we could not fight—so we had to—few people believe that these two men would have gone to war—if we had been prepared and had announced our policy.

Mr. KEM. Mr. President, I was very much interested in the observations of the Senator from Massachusetts about the Truman foreign policy. My recollection is that since I have been a Member of this body the Senator from Massachusetts has voted for each of the constituent elements of the Truman foreign policy as they have been presented here for consideration. Apparently he is dissatisfied with the whole, but likes the component parts. He does not like what he has had, but he wants some more.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LODGE. I have great regard for the ability of the distinguished Senator from Missouri. However, I believe that I can state my position better than he can.

I have absolutely no responsibility for the lack of preparedness for peace which was shown at the conclusion of hostilities. I have no responsibility whatever for the decisions made at Yalta and Potsdam. I have responsibility only for a few measures which have been unanimously reported from the Committee on Foreign Relations, and have passed the Senate by large majorities, since January 1947. I refer to the Greek- and Turkish-aid bills, the interim-aid bill, and this bill. I believe that the Greek- and Turkish-aid bills have justified themselves in large measure. The interim-aid bill has justified itself; and I believe that this proposal justifies itself. But the fact that I have supported those measures does not by the wildest stretch of the imagination make me a party to the tragic lack of foresight and the appalling miscalculations which were made at the end of hostilities, and which account for much of what is going on today.

Mr. KEM. Mr. President, I would not undertake to speak for the able and eloquent Senator from Massachusetts as to his own views. I merely comment on his position as expressed here today. I thought when he said it, and I think now, that he is in the position of a father who speaks unkindly of his own issue.

Furthermore, Mr. President, we cannot hope to battle communism by encouraging the development of socialism, as we have done and would be doing with our

aid since the war's end. France, England, and Italy, which together would receive over \$10,000,000,000 of the \$17,000,000,000 under the program, all have socialistic governments.

Mr. President, it has been said here that there is a distinction between communism and socialism—that communism uses the methods of a police state, which socialism eschews. I am perfectly willing to grant that, Mr. President; but socialism and communism are at least blood cousins. They have the same common ideology. They are both based on the manifesto of Karl Marx and Frederick Engels. Both believe that the government should own and operate the means of production. Both disclaim a free enterprise. To both, an economic system such as ours, where private initiative is allowed full play, is anathema.

My next proposition is that western Europe cannot attain the production goals called for in the Truman-Marshall plan.

The general objective established by the 16 nations at the Paris Conference was to recover sufficiently by 1952 to be able to balance imports with exports, and to establish a standard of living for their people above prewar levels. To do this, they set for themselves so-called production targets, by which they hoped to raise their levels of production considerably above those of 1939. Steel production, for example, would be increased approximately 20 percent above prewar levels under this program—of course, at the expense of the American taxpayer, and perhaps the American producer. The Harriman Committee report stated that western European production must expand well beyond prewar levels. This increase, it is said, is necessitated by reduced foreign investments, higher prices of imports and increased population.

It was simple enough for those countries to decide what and how much they want to produce and export during the next 4 years, and to send the United States a bill for their estimated deficits, but to say that it is economically possible for their production goals to be achieved is an entirely different matter. Thus far, there has been far too little information on this important phase of the Truman-Marshall plan.

One of the essential ingredients which would have to be present in order for western Europe to increase its production to the desired levels is an adequate supply of skilled labor. According to a recent survey conducted by McGraw-Hill, the Truman-Marshall plan countries do not have a sufficient labor supply to carry out their ardently optimistic program. Whereas in the United States the available labor force has grown by 8,000,000 workers since 1939, the labor force in Europe is no larger than prewar, due to comparatively heavy war losses. This country, by providing work for 6,000,000 of its unemployed in addition to the 8,000,000 newcomers, now has a total of 14,000,000 more workers in industry, commerce, and agriculture than it had in 1939. Western European countries in general have comparatively fewer workers in these categories—France, for example, 4 percent fewer than prewar.

Socialistic governments with their accompanying plans and nationalized industries have called for greatly increased numbers of government employees, further reducing the available labor supply. Then, too, as we noticed in commenting on the coal situation, shorter hours of work have served to lower production per worker.

In short, the over-all productive effort of the Truman-Marshall plan countries is limited by a serious labor situation, with little hope of improving. This factor makes it highly unlikely that the goals these countries have set for themselves can be attained.

Another factor bearing on the question of whether western Europe can attain the production goals set up under the Truman-Marshall plan is the matter of capital expansion. The 16 recipient countries have recognized the need for a greatly increased capital plant if they are to be able to turn out the amount of goods called for by this program. It would seem in this respect that Europe has bitten off more than she can chew. It is pointed out that, beginning with a crippled capital plant, the recipient countries have scheduled nearly 20 percent of their output to go into capital goods, which is 3 percent more than the United States, with its intact plant, is currently devoting to capital expansion. This 20 percent, of course, is in addition to the capital goods this country is called on to supply under the program. It has been pointed out that it is hardly possible for these nations to convert any such percentage of current production into plant expansion, and still meet export goals and the demand for foodstuffs and raw materials at home. The Harri-man committee report stated that it seems unlikely that European nations can prudently afford to sustain capital formation on as large a scale as they have planned.

Thus, in view of the manpower shortage and the overoptimistic capital-development plans, it seems highly unlikely that western Europe would be able to meet the production schedules she has set for herself. There is yet another factor which must be considered: Assuming that the 16 recipient countries are able to increase production sufficiently to meet the requirements of the plan, will there be world markets for the contemplated exports? In order for her exports to balance her imports by 1952, it is necessary for western Europe to expand her export volume far above prewar levels, due to reduced foreign investments, higher prices of imports, and increased population.

Great Britain, for example, hopes to export 75 percent more goods than before the war, primarily tools, machinery, and other such manufactured products. France, Holland, Belgium, and Italy must increase their exports of similar products.

Here in the United States it has been estimated that to maintain full employment, our total export volume must be about three times that of prewar years, and in the same general lines as those of western Europe.

Since, together, western Europe and the United States took only one-third of

the world's exports of goods before the war, it is obvious that other markets must absorb the bulk of these contemplated exports.

However, eastern Europe, which normally would be willing to exchange her agricultural products for industrial goods of the west, is behind the iron curtain, and any trade takes place only at the direction of the master of the Kremlin. Due to the strife and impoverishment in Asia and the Far East, that potential market is not likely to offer a market of any size in the near future. Latin America, it is true, is buying more, but at the same time is attempting to expand her industrial plants.

Hence, there seems little possibility that western Europe, even if she is able to produce according to schedule, can find markets for the industrial products she will have to offer.

Mr. President, my next point is that our approach to the problem of foreign relief has been faulty. The entire effort to effectuate economic recovery in Europe by intergovernmental loans is faulty both from political and economic viewpoints.

Loans between governments serve to create friction and ill will on the part of both borrower and lender. The borrower objects that the loan is insufficient or that the terms are humiliating, while the creditor nation is angry when the loan is not repaid.

The experience of the United States in this respect in the past is fairly typical. We are all too familiar with the cries of "Uncle Shylock" after the First World War. More recently Great Britain resented what she termed the onerous terms attached to the \$3,750,000,000 loan, which was also referred to in the British press as a "disastrous bargain." In view of the fact that this sum was squandered in one-third of the period it was supposed to last, certainly it would seem that we should have had more to say concerning its disposition.

Then, too, it is almost impossible to dispel doubts as to the underlying motives of the creditor nation. Many Europeans still are not convinced that Uncle Sam with his Truman-Marshall plan is not about to go on a wild spree of "dollar imperialism." The Russians have made good use of this particular point in their propaganda campaigns against this country. So long as we adhere to this system of large-scale loans—you may call them that if you wish to—and grants between governments, we cannot hope to win the gratitude and friendship of the countries we are trying to help.

Even in the case of purely humanitarian shipments of food, our policy of turning our donations over to the governments, instead of directly to the people we are trying to protect from hunger and cold, has often had undesired results. These governments, in turn, sell these products to their people, who have had to pay high prices in terms of their own currencies for our gifts. Certainly a Frenchman who has just paid most of his week's earnings in francs for a small amount of food cannot be expected to have his heart swell with gratitude for the United States, even though we did

give that same food to the French Government. Then, too, part of our shipments inevitably are swallowed up by the black markets, and fail to reach the mouths of hungry people.

In addition to the fact that past loans and grants by the United States to other governments have served to create ill will toward our own Government and people, the very character of such fiscal devices prevents their achieving the desired economic improvements within the debtor countries.

If the creditor nation attempts to impose conditions on its loans and grants to insure that they will be used to the best advantage, it immediately encounters protests from the borrowing country that its national sovereignty is being violated. The United States has been confronted with this problem frequently. Only recently in attempting to work out an agreement with France under the interim-aid program, great difficulty was encountered in phrasing the language of the agreement so that it would conform to the provisions of the act and still not constitute what France considered an infringement on its national sovereignty.

The Truman-Marshall plan is conditioned on a program of self-help by the borrowing governments. But these 16 nations have given no indication that they intend to discard the socialistic practices which have nullified our aid thus far, and which will as surely continue to paralyze economic recovery in these countries. The Truman-Marshall plan would only defeat its own end by encouraging the ill-conceived policies which are at present at the root of western Europe's economic troubles.

However, Mr. President—and I invite the attention of the Senator from New Jersey to what I am about to say—I do not believe that this Nation should isolate itself from the problems of the world and bury its head in the sand. We should extend what aid we can spare to the nationals of those European nations who are interested in maintaining and promoting the free enterprise system to which we are committed.

In formulating a program of assistance to them, we would be wise to keep in mind those principles which have made America great and strong and under which the goods and commodities which our European friends ardently desire have been produced, and, thank God, are being produced today. Our vast achievements and incomparable standard of living are due primarily to the individual decisions and efforts of millions of private citizens in our free-enterprise system. Free enterprise is no claptrap phrase; it is a principle which has worked to produce the greatest advance in the material condition of man in history, right here in the United States.

Mr. SMITH. I thank the Senator for stating his position. I want to compliment him on his presentation of his side of the case today. He has made a very important contribution to the discussion.

Mr. KEM. I thank the Senator very much.

We must keep in mind that one of the most important contributions America

can make to the future welfare, peace, and economic recovery of the world is to put her own affairs in order here at home, particularly by giving full free play to those economic instruments which have enabled us to attain the position we occupy today as a world leader. If this country weakens herself too much in her efforts to aid others, the last barrier in the world to communistic aggression will have fallen. Thomas P. Hogan, of Marshall, Mo., has written me:

Self-preservation is the first law of nature. Charity? Yes; if we can afford it. No; if we can't.

As a capitalist nation believing in the principle of free enterprise, we should apply that principle to developing a program of assistance to western Europe.

In the first place, we should place the requests for food from abroad in a separate category entirely. I am sure that America is willing to give these people food to keep them from starving until they can raise or pay for their food requirements. Food we should send as an outright gift, going forward with the compliments of the donors, although we should take all necessary steps to insure that it reaches the mouths of the hungry, and that it is not swallowed up by profiteers in the black markets. This purely relief program should be handled either by one of our civilian humanitarian agencies, such as the Red Cross, or by a separate and distinct Government agency set up for that purpose, dealing directly with private channels of distribution. Of course, it should be ascertained before any shipments are made that the need abroad actually exists, and that the sending of any particular items will not create scarcities here at home.

The remainder of the program, the rehabilitation phase, should be handled on a strictly business basis, and administered by businessmen who know how to get results with our dollars they spend.

Europe will need certain essential raw materials such as cotton to stimulate her industrial production and to eventually become self-supporting. Such quantities and types of these materials that we can safely spare we should make available to her on the basis of commercial loans, not gifts.

In regard to capital requirements, such as new machinery for industry, we should give these countries access to our money markets for loans that are sound enough to be financed. If the past record of the borrower justifies such a loan, with a reasonable chance that it will be repaid, there should be no difficulty in finding available private capital.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield to the Senator from Nevada.

Mr. MALONE. Having fed the hungry people of Europe, and being ready to continue to discuss further feeding of such hungry people on a charity basis, without any return—then only the State Department and the President of the United States can determine and announce a definite foreign policy.

Mr. KEM. Exactly.

Mr. MALONE. Does the Senator from Missouri understand that the major

countries, such as England, France, and others, have definitely adopted a socialization and nationalization plan of industry and of government ownership, and that no money can be invested in those countries by private investors by citizens of this or any other country, or any part of such investment taken out of the country? Does the Senator from Missouri understand that?

Mr. KEM. I understand that, and I am glad the Senator raised the point. Of course we should expect to find the rate on a loan to a concern in the British steel industry lower, if the threat to nationalization were removed, than at present, when the Socialists plan to take over the British steel industry at no distant future date, depending, I may say to the Senator from Nevada, upon when they get further money from America.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I yield.

Mr. MALONE. Sir Stafford Cripps, in our conversation, informed me rather belligerently, I thought, although I had not said anything about the subject until he mentioned it, that England intended to nationalize the steel industry as rapidly as possible. The coal industry had already been nationalized. I personally know men in this country, one man in particular, who started to construct a stainless steel plant in England prior to the war, who would like to become financially interested in European industrial plants and take the business risk, but they cannot take the risk of nationalization of their investment. The same man who initiated the work on the stainless steel plant has announced that he would complete the plant if there were any way of doing it on a business basis, and if there were any way of getting any return whatever for the money, but since the nationalization plan has been announced, no money can be secured on that basis. In other words, the local money has been stopped from going into industry, and they have stopped private investments from this country, definitely. Their own nationals have nearly as much money invested in this country as the amount which is now being asked for under the legislation, yet our Government is asked to give money obtained from its own taxpayers to their government to expand and construct industrial plants and to be owned by their own government free of debt.

Mr. KEM. I thank the Senator for the contribution.

Of course, we should expect to find the rate on a loan to a concern in the British steel industry lower if the threat to nationalization were removed than at present when the Socialists plan to take over the British steel industry at no far distant date—assuming, of course, that the Socialist government of Britain is able to get more money from the United States.

CONCLUSION

Mr. President, I have spoken too long. My only excuse is the gravity of the subject which we are considering. There is none more awful this side of the grave.

A few weeks ago, a time-honored custom was observed in the Senate. Wash-

ington's Farewell Address was read in this Chamber. As the voice of the Senator from Connecticut who read the address rang through the Chamber, I could not help but ask myself: Is there a Senator who believes that the European recovery bill—then pending before the Senate committee—is consistent with the precepts or the spirit of the farewell testament of the Father of his Country?

Perhaps I have not kept up with those who would make America over. Perhaps I am lagging behind in the atomic age. Perhaps I do not fully appreciate the significance of the one world in which we live.

But, Mr. President, in what I conceive to be the spirit of that great document, Washington's Farewell Address, may I urge three policies for the thoughtful consideration of the Senate and my fellow Americans:

First. Let us stop meddling in the internal governmental affairs of Europe, Asia, and Africa.

Second. Let us drive the Communists and fellow travelers from all employment under the Government of the United States, and make it as difficult as possible for them to return to any such employment.

Third. While we still have strong resources, let us spend as much as may be needed to build a national defense so strong that neither Russia nor any other aggressor nation will dare attack us.

Mr. President, I shall vote against the pending bill.

Mr. TAFT obtained the floor.

Mr. BALL. Mr. President, will the Senator yield for the purpose of suggesting the absence of a quorum?

Mr. TAFT. I yield.

Mr. BALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hawkes	Murray
Baldwin	Hayden	Myers
Ball	Hickenlooper	O'Connor
Barkley	Hill	O'Daniel
Brewster	Hoey	O'Mahoney
Bricker	Holland	Overton
Bridges	Ives	Pepper
Brooks	Jenner	Reed
Buck	Johnson, Colo.	Revercomb
Butler	Johnston, S. C.	Robertson, Va.
Byrd	Kem	Robertson, Wyo.
Cain	Kilgore	Russell
Capehart	Knowland	Saltonstall
Capper	Langer	Smith
Chavez	Lodge	Sparkman
Connally	Lucas	Stewart
Cooper	McCarran	Taft
Cordon	McCarthy	Taylor
Downey	McClellan	Thomas, Okla.
Dworschak	McFarland	Thomas, Utah
Eastland	McGrath	Thye
Eaton	McKellar	Tobey
Ellender	McMahon	Umstead
Ferguson	Magnuson	Vandenberg
Flanders	Malone	Watkins
Fulbright	Martin	Wherry
George	Maybank	Wiley
Green	Millikin	Williams
Gurney	Moore	Wilson
Hatch	Morse	Young

The PRESIDING OFFICER. 90 Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, I send to the desk an amendment which I offer, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 25, lines 15 and 16, it is proposed to strike out "\$5,300,000,000" and insert in lieu thereof "\$4,000,000,000."

Mr. TAFT. Mr. President, in connection with my amendment to reduce the first-year authorization from \$5,300,000,000, I intend to discuss the general theory of the European-recovery program and the proper basis on which that program ought to be conducted.

I can hardly add anything to the very elaborate and excellent discussions which have already taken place, but I do wish to present my point of view on some problems in connection with the program, and on the general theory, and particularly, on which the program is based.

In summary, I am in favor of giving aid to the countries of western Europe, but only for specific programs clearly necessary for subsistence, or clearly helpful in increasing their production, especially for export. I am strongly opposed to committing ourselves to any over-all global plan to make up some theoretical deficiency in exports and to making any moral commitment beyond amount authorized for the first year.

I am in favor of extending further aid to the countries of western Europe beyond the demands of charity only because of the effect our aid may have in the battle against communism.

We Americans have always believed in charity for all. Our missionary enterprises and our philanthropies have reached into every continent. For more than a century American standards of health and well-being have been spread abroad by church effort, by welfare and relief groups, and by the Government on occasion. American help penetrated all of Europe after World War I, and I myself was secretary of the American Relief Administration, which dispensed sums large for those days, both in providing foodstuffs to governments and charity to their peoples. That aid was completed within 2 years from the end of the war, but after that American aid went into Communist Russia in the days of Lenin, feeding the masses whom the Bolshevik leaders had liberated from depression to starvation. American aid was rushed to Tokyo on a large scale after the disastrous earthquake of 1923. The word "American" has come to mean help throughout the world. But that help, given out of our generosity and because of it was a very different matter from the proposal now before us. Such aid did not purport to solve the long-range economic problems of these other nations. It was never in a volume which materially affected the permanent economy of other nations or constituted a strain on our own. But aid on any such scale as is now proposed, imposing serious taxation on our own people, and creating scarcity and high prices and economic unrest at home, is an entirely different kind of aid from the help we have heretofore extended.

We have also from time to time financed, for the most part through private capital, various sound economic projects in foreign countries or projects which were supposed to be sound. Our Government itself, through the Export-

Import Bank, has sometimes furnished assistance, but always for projects which showed an excellent chance of full repayment. That was an entirely different program from the one we are considering. In this case the sums advanced admittedly will not be repaid in any considerable degree.

This program, therefore, becomes a question of foreign policy, and foreign policy only. It can be justified only if it is for our own ultimate benefit, for the benefit of our own people, either as an economic program, or as a political program.

In my opinion, the program is completely without economic justification. On the other hand, I think it is justified by the world battle against communism. As an economic proposition, I doubt if any of the sums advanced will ever be repaid. Our experience with loans from one government to another is that in times of stress repayment is completely forgotten, and there is no way in which the loans can be collected. If the advances were in a smaller sum, there might be some chance of collection, and there may be some chance of collection on a few limited projects. But all the chances are in favor of a complete repudiation, even if there are promises to repay. These countries today have a huge trade deficiency with the United States and other countries. We will be lucky if they can ever be built up to pay for current expenses from this country by imports into this country. Certainly, there will never be a balance to enable them to pay back past obligations.

It is said that we will promote foreign trade which, in the end, will be beneficial to us. If the American taxpayer pays out \$17,000,000,000, it will certainly take a hundred years of improved trade to repay that cost in increased benefits to the American people.

From an economic standpoint, it is difficult to see why we should finance projects in foreign countries for the expansion of their productive facilities when we refuse to use taxpayers' money for that purpose in the United States. Economic recovery in western Europe must depend principally on the people themselves, on their willingness to work, and on sound Government policy. Only their own own Government can balance their budget, maintain a stable currency, and create the incentive to produce and to export.

I quote here, as I wish to quote a number of times, from the distinguished former Senator from Wisconsin, Mr. La Follette, who was the most active member, I think, of the so-called Harri-man committee. He said:

A second major conclusion of the committee relates to this question. It is that only the Europeans can save Europe.

Note that—"only the Europeans can save Europe."

Nothing the United States can do will be effective unless the Europeans do much more.

I wish, Mr. Chairman, I could underline that statement, because there is no conclusion of the President's Committee on Foreign Aid upon which it was more emphatic and more in agreement.

Plainly, the burden of increasing production will fall almost wholly on them. The

volume of assistance recommended by the committee would amount to only about 6 percent of the national incomes of the receiving nations in the first year. As the volume of assistance declines and European production grows, it will be a diminishing proportion.

Secretary Marshall himself points out in his statement before the committee:

Only the Europeans themselves can finally solve their problem.

I think we tend to overestimate the importance of American dollars and the effect such dollars can have. Even with this full-scale plan, as pointed out by former Senator La Follette, we only meet 6 percent of the goods and services which they need and most of which they supply themselves. And yet that 6 percent may be very important, particularly in speeding up the recovery which otherwise might be delayed by serious bottlenecks and difficulties of providing particular types of goods necessary for their continued recovery at a rapid rate. I believe very strongly that a too-lavish distribution of American dollars will do more harm than good.

The threat of uncertain but potentially limitless American aid could deter all efforts of European businessmen, labor unions, and Government officials to rebuild on the basis of their own efforts. Why should they labor painfully to reconstruct this factory or that factory if a whole new factory may be given them, scot free from the United States, at some future date. In order even to be helpful to these countries, the aid must be most carefully distributed to projects which will clearly be helpful to increased production. This principle we must insist upon. I think the program cannot possibly be justified unless it is confined to that type of project, a project which we see when we undertake it and when our Administrator authorizes it will actually result in increased production in these particular countries.

There are undoubtedly many activities where only our assistance can remove the bottlenecks and prime the pump with the raw materials and machinery. But the aid must be carefully administered if it is to do economic good, even to Europe.

Certainly, there can be no economic justification whatever for our buying wheat in Canada and the Argentine and giving it to Great Britain or France. There is even less justification for buying coffee from Brazil and giving it away in Europe, because it certainly has no food value. We are, however, during the first year, spending \$82,000,000 of American money to buy coffee in Brazil to give to European nations. It would take fantastic New Deal economics to justify this extraordinary proposal which takes about \$2,000,000,000 of American taxpayers' money during the next 12 months. The only possible argument is the old New Deal theory that Government spending is a good thing in itself. Whatever can be said for spending in times of depression, such spending at times like this, even in the views of the wildest school of economics, can only increase inflation. There certainly can be no economic justification for such a procedure as we contemplate

in buying more than \$2,000,000,000 worth of goods the first year from Canada, the Argentine, Brazil, and other countries in America, in order that we may give away the goods thus acquired to the western European countries.

Furthermore, from an economic standpoint, the proposed program is a serious interference with our own economic stability and can well do more harm than all the economic benefit conceivable for many years to come. It imposes about \$6,000,000,000 of taxes on our people which reduces their standard of living, either by taking away their income or increasing the prices which they have to pay. The free distribution of American dollars over the world is one of the main causes of inflation which we have suffered during the past year and which may not yet be checked.

In the year 1947 we exported in goods, services, and invisible items \$19,400,000,000 against imports of \$8,000,000,000. In other words, we took \$11,400,000,000 worth of goods and savings out of this country without any corresponding production or imports. That created shortages which, in my opinion, were chiefly responsible for the inflation which began, or which was resumed, we may say, in May 1947. It seemed last year that prices had about stabilized themselves, but after the tremendous exports of the second quarter they started steadily upward again. Roughly speaking, the committee bill contemplates an increase in exports to western Europe of approximately one and one-half billion dollars, including invisible items, over the exports to Europe in the year 1947. The Department of Commerce estimates that exports to the rest of the world will fall off some two and two-tenths billion dollars, and that the export surplus will, therefore, be only ten and one-half billion dollars, as compared to eleven and four-tenths in 1947. The tremendous surplus in 1947 was due almost entirely to the freedom with which we distributed dollars throughout the world. Many of these dollars were accumulated during the war from lend-lease and many other military expenditures. These dollars have been liquidated, but under the committee plan, more than \$2,000,000,000 will be made available to Argentina and Canada to compete in this country with our own citizens for goods which may be in short supply. Other dollars are made available through the Export-Import Bank, surplus property, credits, ship-sale credits, UNRRA, post-UNRRA relief, and the British, Greek, and Turkish loans. In addition to this, dollars have been distributed by the International Fund and also by the International Bank.

It is generally admitted that after the World War we overloaned our money to foreign countries. When, in 1929, these loans stopped because it became apparent that they could not be repaid, our export trade and all the employment based upon it collapsed and added to the intensity of the depression. Now we are repeating the same principles with the taxpayer's money instead of the money of private citizens. Sooner or later this huge export trade must decrease, and unless it is very carefully handled, such

decrease may be a substantial contributor to a new depression. The free credit which we are granting and have been granting to all parts of the world is creating a false prosperity which cannot be permanently maintained.

Mr. President, I see no economic justification for the program. I see many reasons why it may be seriously harmful to us, or at least require us to sacrifice. If it is well and carefully administered, I do not believe that the amount of harm it may do, in reasonably limited amount, can balance the political advantage of the plan; but certainly if it is badly administered, the harm that can be done under the plan will probably be much greater than any political advantage we could obtain.

If we are looking merely to economic advantage, our assistance should be confined to projects which clearly will repay the advance, and that would be a very small sum indeed. After all, these countries have had nearly 3 years in which to recover from the war, and in many of them there was no considerable war destruction anyway. Their difficulties are to some extent of their own creation, and outside aid will not solve them unless they fully cooperate themselves.

As Senator La Follette said to the committee, the Harriman committee was convinced that the inability of the European nations at this time to pay their own way grows more largely out of economic and social disorganization than out of wartime destruction, or even out of adverse external economic circumstances such as the high price of imports and the loss of foreign investments.

However, I should like to vote for a program of economic aid in a reasonable amount, under the excellent system of administration proposed by the Committee on Foreign Relations. I believe that the justification for the aid rests on the extraordinary condition which exists in the world today and the desire, in order to meet that condition, that we build up the strength of western Europe, even in spite of the heavy cost to ourselves and the very considerable economic danger.

Today we are engaged in a battle of ideologies, a battle of freedom against communism, a battle of the philosophy of justice and equality and liberty against the philosophy of a totalitarian state ruthlessly directing by force the existence of every man within its power. Communism is a religion. It has the crusading strength of a new religion. It fights by methods which are difficult for free people to meet—in fact, we are still extremely uncertain how to fight the kind of battle which is now being waged. The Communists are experts in the field of propaganda. Their philosophy appeals to many who are dissatisfied with existing conditions. They evidently feel that they can make progress by interfering with production through strikes and discontent.

I think from their viewpoint they agree that if we can in some way restore the economic strength of Europe, that will be a weapon against this kind of communistic attack, which, after all, is not in any sense, I think, a military attack.

I think it is unfortunate that we have adopted the term "cold war," because, after all, a "cold" war is not a war. It is a war of ideologies. It is a war of philosophies. It is a war to take over the souls and minds of people by those with sufficient strength and force in their own communities to enable them to rise to power and direct the kind of life which shall exist in those communities.

In the propaganda field we are trying to set up a propaganda machine to compete with that of the Russians. Personally, I do not think propaganda from foreign countries is very effective one way or the other unless it is accompanied by direct infiltration into all kinds of organizations. That is the kind of thing at which the Communists are expert. It is apparently the kind of thing which we have no means of duplicating by infiltration of our own philosophy.

Undoubtedly, however, by their own admission, if we can create a condition in these countries under which production is increased, together with the standard of living, conditions will be much less favorable for Communist success. In the long run, I think these countries would be better off if they brought about their recovery through their own efforts with a little outside aid, but it might take 10 years to do the job, and it is possible that it could be done in 2 years with our help.

I have pointed out all the pitfalls that may exist and the possibility that the plan may completely fail, but if it is well administered and if we have the cooperation of the governments of these countries, we can improve conditions more quickly. We may lose every cent we put up, but it seems to me there is a chance that it will aid the battle against communism. The stakes are so large that I believe we can afford to take that chance.

I think it should be pointed out, however, that this program is not aimed at opposing any communistic military attack. The effect of this program is not going to be material, certainly for a year. We shall not see the effect of it for some time. I do not see how it could prevent a Communist coup such as took place in Czechoslovakia, under similar conditions. That event would have occurred even if we had adopted this plan a month ago. It may be a year or 2 years before the plan really affects materially the economic condition of these countries.

It may be that the adoption of the program will increase the morale of those who are fighting communism. Therefore, if we are going to adopt this program, I think it ought to be done quickly, to get the effect at once. In the long run, I do not put much stock in the argument about building morale, particularly if every shot in the arm costs \$6,000,000,000. It has a temporary effect, but the moral effect wears off quickly, and may be balanced by disappointment when the aid does not come fast enough. If we are going to do it, let us get the advantage of the morale at a time when we need it. Let us pass the bill as quickly as possible. But I do not believe, as a

long-term proposition, that the sole argument of morale is very effective.

Mr. President, I wish to point out again that this is not a war measure. If we face war we had better devote all our attention to military aid, because the effect of this aid will hardly be felt in improving conditions before war comes. Personally I do not believe in the war theory, although, of course, I do not have the information which is available to the President and the Secretary of State.

I do not quite understand the statements made yesterday by Secretary Marshall and President Truman. They almost imply that they believe that we do face a war question; and then they seem to use the concern which is aroused to urge the passage of this particular program. I do not believe that the two are connected. If there is such a condition, that seems to me to be rather an argument for military force, because if a war is to come, any money given in this program will be to a large extent wasted if war comes within a short period of time.

I believe that the tone of the President's statement that his confidence in ultimate world peace has been shaken is unfortunate. Certainly it is no argument for the passage of this bill.

If he has the information on which that statement can be based, we should be told what the information is. If not, it seems to me we should proceed on the theory that war is not in prospect. It is on that theory that I am supporting the present bill.

Mr. MALONE. Mr. President, will the Senator yield to me?

Mr. TAFT. I yield.

Mr. MALONE. Then, if I correctly understand the distinguished Senator's argument, it is that if it should develop that we are on the verge of a war or in danger of a war, and this Congress should be asked for an appropriation of \$16,800,000,000 for an Air Corps—such as has been recommended by our own congressional air board—then we should drop the Marshall plan.

Mr. TAFT. No; I do not think that is the necessary conclusion at all. I think we should have a very strong armed force, regardless. In the present world, I think we should have a force—an air force, in particular—sufficiently strong so that no country can successfully attack the United States; and that is so whether there is any immediate threat of war or whether there is not any immediate threat of war.

Personally, if there were an immediate threat, if the Russian troops were advancing, I do not think I would go ahead with this particular program, if that is what the Senator means.

Mr. MALONE. That is really the question, and we should know what we are prepared to do in such an eventuality.

Mr. TAFT. But let me say that I myself know of no particular indication of Russian intention to undertake military aggression beyond the sphere of influence which was originally assigned to the Russians. The situation in Czechoslovakia is indeed a tragic one; but Russian influence has been predominant in Czechoslovakia since the end of the war.

The Communists have merely consolidated their position in Czechoslovakia; but there has been no military advance, there has been no military aggression, since the end of the war.

The situation today is merely a logical development of our own foreign policy and of the agreements made at Yalta and at Potsdam. We could have occupied Czechoslovakia. The troops of General Patton were at the doors of Prague. We could have occupied all of western Germany. We could have taken over Berlin. But we chose to withdraw because of the terms of the agreement made at Yalta. The oppression of freedom in eastern Europe is the direct result of this policy of our own Government. I do not see that today we can correctly conclude that anything which has been done increases the probability of a military war, and I am quite willing to proceed with this program and any other program on the theory that we do not face such a war.

Of course we want adequate defense. We want adequate defense even if there is only one chance in a thousand of a war. But because there is such a remote chance, I do not think we can therefore suddenly put our whole country on a war basis, and give up the assumption on which our whole daily programs in the Senate and in the United States are based.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. MALONE. I am just a little confused by the Senator's position. If we are threatened with a war, and if it is recommended that we must go ahead, a definite rearmament program including the building of such an air corps—then what is the Senator's position? Again, are we going to lend \$17,000,000,000 provided by this legislation to prevent what was promised to Russia at Yalta and other conferences by our own Government officials?

Mr. TAFT. In the first place, we are not loaning \$17,000,000,000, so far as I am concerned. I am proposing that we loan \$4,000,000,000; and that, plus the cost of the German program, will be about \$5,000,000,000 altogether. There will be no \$17,000,000,000, so far as I am concerned. I do not regard this measure as a moral commitment for any more than we propose to spend for the first year.

Mr. MALONE. Then cannot we correctly conclude that the purpose of the plan now under discussion is to prevent Russia from taking over the area which was promised her by our own Government officials?

Mr. TAFT. We are doing this to assist free governments throughout the world at the most critical point, namely, at the point of contact with the ideology of communism.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. TAFT. I would be delighted to do so.

Mr. MALONE. Are we proposing, then, to spend money now, under this plan, in order to prevent what our own Government leaders proposed to let Russia do—in other words, to take over

those countries? Is it not time that we know what our foreign policy really is?

Mr. TAFT. No; we are doing it to strengthen the economy of western Germany and of the other countries on this side of the iron curtain. This plan has nothing to do with the countries beyond the iron curtain, because so far as this plan is concerned, I see nothing we can do, I see no step we can take in this connection with respect to them.

Mr. MALONE. It is said that in a few weeks the Communists may take over Italy. Of course, if they did, as the Senator has said, we would stop this proposed program so far as Italy was concerned. But where is the line where the aggression must stop in the interest of our ultimate safety?

Mr. TAFT. I think our program must be based on trying to assist free governments against the advance of the Communist ideology throughout the world. I think it should be done in China and wherever else it can be done. Perhaps it can be done by military aid within the country itself, as in the case of China or Greece.

But that is the only policy I think we can pursue.

Senators have spoken of propaganda which we have already authorized. One of the things we can do is to make this attempt to strengthen economically the countries which still maintain a government presumably, at least, of the form of our Government.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. MALONE. I am entirely confused as to the policies we seem to be building up. So I would ask the Senator again if he would approve the trade treaties, which have been made and are being made by the nations included in the Marshall plan, to process and manufacture goods from the raw materials which we are to furnish them under the Marshall plan and send such products to the countries behind the iron curtain, the very raw materials which we have furnished them and have promised to continue to furnish them under the Marshall plan—in other words, just a manufacture-in-transit convoy from the United States to Russia and her satellite countries.

Mr. TAFT. No; I would not favor that. I think our Administrator has the power, under this bill, substantially to prevent that—although perhaps not all of it. A certain amount of exchange of certain kinds of goods probably is a good thing.

But I think the Administrator will have the power to restrain that. I must admit that the successful accomplishment of the purpose of the plan depends largely on the ability of the man who runs it; and there lies my doubt about the whole proposal—in short, whether we shall obtain that kind of man.

Mr. KEM. Mr. President, will the Senator yield to me?

Mr. TAFT. I yield.

Mr. KEM. I ask the Senator from Ohio whether the report of the CEEC conference in Paris discloses that the very genius of the whole plan is the

free interchange of commodities between the countries of western Europe and the countries of eastern Europe, both those in front of and those behind the iron curtain.

I should also like to ask whether it is currently reported that the present Socialist Government of England is negotiating with Russia a trade treaty which contemplates the shipment of large quantities of steel from England to Russia.

Mr. TAFT. Frankly, I do not know. I should say that if that develops, I would cut off aid to Britain. If it brings steel to Russia, I myself certainly would favor elimination of the aid to the country that furnished that steel, so far as I am concerned.

But there are many other things that might be permitted to go, which probably would assist both countries.

Perhaps gradually it may redeem some of the countries now behind the iron curtain, if their economic condition is improved.

Mr. KEM. Does the Senator from Ohio understand that it is the present policy of the British Government to negotiate a trade treaty with Russia?

Mr. TAFT. I have been told that. I do not know the details. But I think if they want to get the aid under this bill, they had better be very careful about what they undertake to ship to Russia. That would be my advice to them, if they asked for my advice.

Mr. MALONE. Mr. President, will the Senator yield to me?

Mr. TAFT. I yield to the Senator from Nevada, although I hope I may finish this statement rather soon.

Mr. MALONE. The thing that amazes me is that after it is well known—after the facts are known—that such materials are actually finding their way to Russia and her satellite countries that we even consider voting for such a plan.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. TAFT. Yes; I yield to the Senator from Idaho.

Mr. TAYLOR. It is my understanding that, as the Senator from Ohio has stated, there is no immediate danger of military aggression on the part of the Russians. Is it his opinion that political developments in this country, with waning political fortunes, could influence the question of whether there will be war with Russia or not?

Mr. TAFT. The Senator states his question with so many implications that I think I should prefer not to answer it. I do not think I would add anything.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from New Jersey.

Mr. HAWKES. The Senator from Ohio said that, so far as he was concerned, he felt there was no moral obligation to go further than \$4,000,000,000, with the amendment.

Mr. TAFT. If the amendment is not adopted, \$5,300,000,000.

Mr. HAWKES. What I want to ask is, Does the Senator feel there is any obligation to go further than \$5,300,000,000,

if the bill, without his amendment, is passed?

Mr. TAFT. I see no such moral obligation. I would not hesitate next year, if I thought the program ought not to continue, to refuse further advances. I think it would be difficult, I may say—and that will appear in my prepared statement, later—having run through the first 12 months, to stop off-hand. I mean there would be certain things in process, and I have no doubt they would involve certain additional expenses in the second year, even if it were decided to stop the program. But I see no moral obligation to continue the program any time Congress wishes to stop it.

Mr. HAWKES. I wish I could have the same feeling. I wonder if the senior Senator from Michigan entertains that feeling.

Mr. VANDENBERG. Mr. President, I do not think I care to interrupt the Senator from Ohio to discuss that question at the moment. I discussed it I think at great length in the course of my initial presentation, and I shall be glad to discuss it again later. But I do not care to interrupt the Senator from Ohio on the subject.

If I must say anything at all, I say, in a sentence or two, that I think we have made it perfectly plain in the bill that every Congress has a right to make its own decision on its own conscience in respect to what its obligation is under the bill. So far as the Senator from Michigan is concerned, he would feel that he confronted an obligation under the bill to continue, if the terms set up in the bill were fully met by the beneficiary countries, and if the requirements which we have set down as the price of the continuity of our aid were being constantly met. Under those circumstances I most certainly would consider that I owed as much to my partners in the enterprise, in behalf of freedom, as they owe to me.

Mr. TAFT. I may say, Mr. President, I wholly disagree with the Senator from Michigan. I think there is no such obligation. If I vote for the bill it will be with the understanding that there is no such obligation, that there is no contract with the recipient countries, that they are not our partners. We are simply undertaking to extend our aid to them to enable them to build up their own economy and get themselves on a self-supporting basis. They have agreed to help; yes—fine. That is to their own advantage. They have not agreed so far as I know to do anything to our advantage except it be also to their own advantage. So far as I am concerned, the bill is like any other authorization bill. It authorizes an expenditure for 4 years if the Congress in the second, the third, and the fourth year should decide that it wants to make the expenditure. If Congress does not want to make the expenditure, it is not obligated in any way to do so, morally or legally.

Mr. VANDENBERG. Mr. President, is not that what I said?

Mr. TAFT. I do not think I so understood the Senator from Michigan; no. The Senator seemed to think that if the

program were making headway, if the foreign nations had cooperated, we would then be morally obligated to continue for 4 years. That is what I understood the Senator to say.

Mr. VANDENBERG. What the Senator from Michigan was undertaking to say—

Mr. TAFT. He thought he was morally bound.

Mr. VANDENBERG. I was speaking for myself in respect to my attitude toward the bill. I thought I said plainly in the preface to my brief observation that the bill is written on the theory that every Congress is a free agent to act for itself under its determination of what has happened, and the extent of the progress which has been made as a result of the bilateral and multilateral contracts which have been made and the progress in the direction of the common joint goal toward which we are aiming. I should think the Senator from Ohio would join me among the very first, because of his noted integrity. If he found that at the end of a year those with whom we were cooperating in the enterprise had done everything that we contemplated and hoped for, and that the program was well under way toward the final goals toward which we aim, I should think he would be one of the first to say that it is not only a privilege but a golden opportunity to exercise that freedom of judgment which would recommend a continuation of the plan. If there is any obligation involved, it is the obligation which the individual legislator may feel in respect to a plan which is built upon mutual cooperation. Mutual cooperation, so far as the Senator from Michigan is concerned, is a two-way street.

Mr. TAFT. Mr. President, I do not know that the Senator and I disagree so widely. If the conditions a year from now should be the same as they are now, if the recipient nations had cooperated and the program had proceeded, I should probably vote at that time exactly as I shall vote today.

Mr. VANDENBERG. Certainly.

Mr. TAFT. My point is that I do not recognize any obligation to do so, that the circumstances a year from now are certain to be different in many respects; that there is no consideration given, so to speak, which morally binds us to continue for the second and third and fourth years. That is the statement of my position. Surely, conditions being the same next year, I should be in favor of doing the same thing next year, because the battle against communism is going to continue, I think. But I do not want to recognize now any obligation, and I do not think a mere authorization bill recognizes any such obligation. We can repeal the bill, or we can refuse to appropriate under the bill, whichever we wish.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from New Jersey.

Mr. HAWKES. I desire to thank the Senator from Ohio, and then to leave with him the thought that if there is a

difference of opinion within this Chamber, when we are debating the subject and have been considering it for weeks, why cannot that same difference of opinion be in the minds of the people who are going to receive the billions of dollars? Who has the last say on whether we have defaulted morally if we decide not to go ahead after the first year? Who is going to decide whether they and we have fulfilled their and our obligations?

Mr. TAFT. My experience with the Senate leads me to conclude that the Senate is going to decide next year as it wishes to decide. The question of whether it is an obligation or not, I suppose, is an interesting question for discussion; I think it should be discussed, but I believe the Senator from Michigan and I agree that so far as the action of the Senate next year is concerned, the Senate will do what it pleases and what it thinks is for the best interests of the United States at that time.

Mr. HAWKES. Mr. President, I understood the Senator from Michigan to say that if the recipient countries fulfilled their part of the bargain he would feel a moral obligation to go through with this program to the end. That is the point I want to bring out. There is going to be a terrible misunderstanding in this world if we do not go through with it, and if we cannot prove on the record that they have defaulted on their part of the agreement. That is the point I want to make.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Nebraska.

Mr. WHERRY. Mr. President, I am very much interested in the statement of the Senator from Ohio. As I understand it, there is no moral obligation. As the Senator has said, the authorization can be considered annually, and each Congress or session of Congress can decide what it wants to do. What is the difference, then, between that position and authorizing and appropriating each year? What is the difference, if any, in the Senator's position, according to which we go through on a supposedly 4-year program with the understanding that each year the authorization has to be determined, the appropriation has to be determined? Why can we not do it 1 year at a time, and accomplish the same purpose?

Mr. TAFT. We could do it 1 year at a time. It would mean that we should have to pass an authorization bill every year instead of for all 4 years.

Mr. WHERRY. Why not make it 1 year?

Mr. TAFT. I recognize that the program will probably last for 2 or 3 or 4 years. I see no great objection to passing an authorization bill at this time to cover the program. I was discussing only the question of whether we had any moral obligation in connection with it.

Mr. President, as it is a program against Communist political aggression, we must work on the assumption of continued peace if we wish to justify the program.

I favor the extension of aid to European countries to the extent which appears to be absolutely necessary and effective to maintain a reasonable subsistence for the people of the 16 nations and to enable them to increase their own production of goods on a self-supporting basis. If we proceed on that theory, does the pending bill conform to it, or does it commit us to something beyond the justification of reason?

In the first place, I believe that the Foreign Relations Committee, under the leadership of the distinguished Senator from Michigan, has done a most effective job in cutting down and improving the State Department plan. It removed the \$17,000,000,000 figure from the bill, thus eliminating any implication of a commitment for that amount or for any amount during the last 3 of the 4 years during which aid is authorized if approved by the administration and by Congress. Furthermore, by cutting down the period from 15 months to 1 year, the commitment implied at this time is reduced by a billion and a half dollars. While the Appropriations Committee can properly reduce the amount for the time being, I am afraid there is a moral commitment implied up to the amount named, but I can see no moral commitment beyond that amount. I suppose that the momentum of the plan will necessarily carry it on into the second year at some additional expense. A magnificent job was done by the committee in destroying the State Department plan to have this money administered under its direction. I agree with the general feeling of Congress that the State Department has no consideration whatever for the American taxpayer or the American economy. The State Department seems to share the foreign view that this country is an inexhaustible reservoir of money and commodities. Sometimes I think it shares the view that we owe these European countries an annual present.

The committee has set up an independent administration with a man of Cabinet rank at the head. He will be on an equal basis with the Secretary of State and the Secretary of Commerce in presenting his policies to the President, who will have the final decision. As far as the form of organization can control the administration, this plan will do it. I hope that the President will appoint a man to act in accordance with the theory of that plan. He should be a hard-boiled administrator, examining every project and approving only those which promise definite benefits in Europe and not too serious an effect on our own supplies. But we in Congress cannot control the administration of this plan. We cannot refuse to confirm a man of standing, even though he has the State Department philosophy. We cannot prevent the President from overruling the administrator in favor of the Secretary of State. My interest in the amount of the gift arises largely because I think a limitation in the amount is the best way to assure a careful administration, covering only those projects which are clearly beneficial and forced to pass by the projects of doubtful value.

Much has been said about restraints. I have not found that restraints in bills are very effective. I do not believe our hold on the administration of this plan will be effective. That is why I think we need to give the administrator of the plan sufficient money so that he may be forced to conduct the plan in an economic way rather than along the lines of what seems to me to be a global plan proposed by the State Department.

Mr. President, what exactly is the proposal which is before us? We are asked to authorize the sum of \$5,300,000,000 for a period of 12 months. In addition to this we are asked to appropriate \$670,000,000 to provide food and other essential commodities for the civilian population of Germany. This sum has always been heretofore included in estimates of the CEEC and of the Harriman committee. I am not sure, but I am somewhat inclined to think that the amount for Germany will be greater than \$670,000,000. I know that in the Harriman report, both on page 9 and page 85, it is stated that the cost of the German occupation, outside of the direct cost of the necessary troops and personnel, will soon be running at the rate of \$1,000,000,000 a year. However, I shall accept for the present the statement that the sum is \$670,000,000. That is what the Army says it will cost for the two zones.

In addition to that financing, we are asked to advance \$275,000,000, so that the total financing requested for western Europe is at least \$6,245,000,000 for the next 12 months.

The proposal in my amendment is to reduce this amount by \$1,300,000,000, so that the total financing out of United States funds will be approximately \$5,000,000,000.

The figures submitted by the CEEC, as revised by the Harriman committee, and as revised by the State Department, are all based on the theory of an economic plan for western Europe. All the 16 countries in western Europe and western Germany were invited to submit a list of imports which they thought were necessary and exports which they expect to make. The exports were subtracted from the imports, and we were handed a bill for the difference. The figures have been somewhat revised by limiting the demands which the State Department thought excessive or impossible to fulfill. But the theory remains the same. We are to make up the difference. They decide what the export difference is and they ask us to make up the difference between their exports and imports.

I think this calculation is almost an impossible one to make. I do not believe that anyone can make that kind of a calculation. I do not think it can be made for a year, much less for 4 years.

Mr. Richard Bissell, who was the head of the staff of the Harriman committee, said:

I think the only way the answer can be summed up is by saying that I am happy about this only in the limited sense that I think it is about as good a job of appraisal as could be done in the time. I was not happy about having to do it in that little

time, and, although this is the kind of appraisal that has to be, probably, the basis for whatever decision this Government comes to, I hope this is not the basis upon which operating decisions and actual transfers are made.

It is an impossible task. There is no list of commodities which are going to each country, so far as I can discover, in all the volumes which have been presented to us. Mr. Bissell further said:

But I think when you came to add it together the holes would be nearly as numerous and nearly as large 2 months from now, and you would be driven to the conclusion that, as to advance planning, there is just about so far you can go and no farther, and you do not really get beyond that until a particular government says that in a particular steel mill they want a particular item of equipment to produce goods to a certain specification that they are going to use to build ships or locomotives, and they can tell you what companies are going to buy it, and you have a man on the spot who will go around and ask some questions. We, of course, had nothing faintly approaching that.

I think the whole theory of the so-called balance of trade between exports and imports is an impossible calculation to make. Incidentally, on that theory the British seem to have provided themselves with approximately \$2,000,000,000 out of the \$6,000,000,000 to make up their supposed export deficiency. That means at the rate of 40,000,000 pounds a month. That is about the rate at which they are going now. They hope very much to make it less. Considering the fact that the purpose of the plan is to defeat communism and considering that Great Britain is producing at full supply, it seems to me that the \$2,000,000,000 which is earmarked for England is certainly subject to more question than that which goes to the other countries.

If we do what is proposed, we have to decide how much food the French will eat, how many calories they will eat, how many calories the British will eat. That is something we should not have to do. If they want more wheat, they should come to us and we might well say, "All right, we have 200,000,000 bushels extra, and we will furnish you with the wheat." But we should not have to determine how much the British have to eat and how much food they ought to have. I think they should determine that. Yet this program requires that we determine the standard of living and the number of calories in each country in Europe that participates in the plan, if that is the basis on which we are to proceed.

Mr. ELLENDER. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield to the Senator from Louisiana.

Mr. ELLENDER. While the Senator is discussing the method used in determining the amount to be allocated to each country, I wonder if he would tell us how he came to select the figure \$4,000,000,000 and how it will be distributed?

Mr. TAFT. I shall come to that a little later. I would rather handle that subject as I had prepared to do. No special sanctity attaches to the \$4,000,000,000 figure, any more than to the \$5,000,000,000 figure. I am only trying to show that the calculation was based on an unsound method.

Mr. ELLENDER. I desired to ascertain the method by which the distinguished Senator arrived at the figure \$4,000,000,000.

Mr. TAFT. I will suggest the method by which I reached that figure before I conclude.

How can we guess what the production in these countries will be, or what their exports will be, dependent as those things are on their own government policies? It depends on whether they encourage production or whether they have a tax system which encourages increased production. It depends on whether they balance their budget. It depends on whether they stabilize their currency. It depends on all kinds of conditions which we cannot determine in advance.

It is completely a matter of guess, so far as I can see, when we try to make an economic plan for a country ahead of time. We could not do it for our own country during the war, although we tried to, and we were infinitely remote from the actual result in every case. Yet that is the basis for the calculation in this case, that is the basis for the entire sum which has been mentioned in all the different plans.

I have here a great deal of material as to what the exports are. Yet when we analyze it we find a tremendous field in which other exports are not described in any way.

Mr. McCloy, the President of the International Bank, testified, as appears on page 1004 of the hearings:

The items covered by the reports of the technical committees established by the CEEC represent about 60 percent of all the imports. They alone have been subjected to a close scrutiny.

The other 40 percent have not been subjected to close scrutiny, so far as I can discover. When we examine the illustrative composition of imports of the various countries set out on pages 118 to 129 of the hearings, we find that after listing everything which could be considered important, other exports total anywhere from 30 to 50 percent of the totals. In short, the figures are a guess, and cannot be checked.

The only use of the so-called balance-of-payments theory I can think of is that it gives us a kind of an idea of the magnitude of the problem. We get some idea of what the size of this undertaking is. But so far as providing an exact figure of justification is concerned, I do not think anyone can find any such justification in the record.

The CEEC countries included capital reconstruction. The whole theory of including capital improvements is questioned by the Harriman committee. On page 6 of the report the committee says:

It cannot be too strongly stated that the process of investment and capital formation imposes severe strain on the country undertaking it. Such a task introduces money income into the economy. * * * The process is highly inflationary. To the degree that capital goods are sent to Europe from the United States, it is true, the strain is transferred from European economies to our own. Nevertheless, the secondary effects of large capital programs should not be overlooked. Some of the European countries have attempted to exceed this rate. It seems

unlikely that European nations can prudently afford to sustain capital formation on as large a scale as they have planned.

Senator La Follette said:

The need especially for industrial items and capital equipment should be most carefully examined. Development projects that are not directly related to the building up of an export balance should not receive encouragement or a dime of assistance.

Some of those projects are eliminated, but so far as I can discover, there are still included a number of projects of that nature of capital development.

The same general idea comes from Roy Harrod, an economist of Oxford University, who wrote this:

There is a fallacy which has taken root in Europe which may be very dangerous precisely because it has a strong appeal for Americans. This is that large-scale capital reconstruction is necessary for the revival of the economies. * * * We must seek to disillusion the Americans of the idea that Europe cannot survive unless she embarks upon a large-scale capital-modernization program. This is likely to waste American assistance and intensify all the specific difficulties which arise from the inflationary pressure throughout Europe. It will defer recovery in the vital matters of currency reform, the restoration of circulating capital, and the revival of productive effort.

As a matter of fact, when this theory was first tried, the calculation under it called for \$29,000,000,000, in Paris. Then the State Department recalculated the figures and got down to \$22,000,000,000. Finally the State Department reduced the figure to approximately \$17,000,000,000, plus something from the International Bank, to a figure somewhere in the neighborhood of \$19,000,000,000. That shows the wide variation which can be reached by pursuing the balance-of-payment theory. I do not believe the theory is sound or should be considered as a proper basis for an amount we are to expend in Europe to assist the 16 countries. I think we should provide the amount which we think can actually help them from time to time as the projects are presented. I do not believe we should commit ourselves to give such guaranty of an export balance as this plan seems to involve.

Mr. President, we have had the same theory presented heretofore. It has been the theory of the present administration for quite a long time. The cost of the ideas of many planners, if applied to all countries in the world, would amount to a billion dollars every year. If we do what is proposed for the western countries of Europe, we will have to do it for other countries, for China, for instance, and after we get through trying to raise the standard of living of all the people in the world, we will not have anything left in the United States. That is what I do not like in the approach; the fact that the whole plan is based on a global desire to raise the standard of living of all the people in the world according to a formula which some planner has figured out.

We had presented to us the proposals for the International Fund, and the British loan. I opposed both of them. I voted against them. I say today that the votes against those plans were jus-

tified. The plans were presented as global plans, to save the world. Again there was no justification actually in the figures which were presented.

I have before me the report of the committee on the Bretton Woods agreement. In it I find this statement:

The Bretton Woods proposals are the foundation of the United Nations program for international cooperation. Although the fund and bank are the results of the joint efforts of the representatives of 44 United Nations, they put into effect the principles of stable and orderly exchange arrangements and sound international investment which have long been the policy of the United States. It would be a tragedy if this country, which has taken the lead in world organization for political and economic cooperation, were to reject these proposals.

And yet we put \$2,750,000,000, mostly in gold, into the international fund, and, so far as I know, it has not stabilized any currencies; it has not removed any exchange restrictions; it has not done any of the things it was promised it would do. It was a great plan, conceived on a global scale, to solve the problems of the world.

With respect to the International Bank, there were never quite the same objections to it, but, of course, as a practical matter, that bank has been authorized for more than 2 years and it has made only one or two minor loans. It has finally gotten into operation. I think it is much more justified. I do not think the entire assistance given by that bank has amounted to the difference of \$1,300,000,000 which I propose to strike from the authorization contained in the pending bill. Perhaps the bank has loaned as much as one-half billion dollars or so.

Mr. President, I wish to refer to the views of the minority on the International Bank proposal.

The minority said:

These measures, added to the other policies endorsed by the Administration, embark the United States on a vast program of lending money abroad and guaranteeing private investments abroad, which program is wasteful of our assets, will create a false and inflated export trade leading to depression, and is more likely to create ill will than good will toward the United States.

Purporting to solve the world's economic troubles, neither the fund nor the bank offers a solution for the present emergency difficulties of a single country during the transition period; nor can the fund accomplish any of its alleged purposes during the transition period.

Nor has it accomplished any of its alleged purposes. The French government the other day defied it, because it tried to prevent deflation of the franc. Because that deflation was not acceptable to the British government, the French defied the bank, and now they are not entitled to withdraw any more money from that particular fund.

When we came to the British loan, it is rather interesting to recall that at that time the Treasury told us that there was no need for a British loan. Mr. White appeared before our committee. I remember he testified that the idea that there was no solution to the world's difficulties in the British loan was a complete error. He said that Bretton Woods would solve everything, and a British

loan was not needed. Yet it was but a very short period after that when we proceeded to debate the British loan again, not as a specific aid to Britain, but as an attempt to solve the problems of the world by again setting up Great Britain as a solvent, going concern, so that sterling throughout the world would be on a par with dollars. That is what we were told when we were asked to vote \$3,750,000,000 for the British loan.

The majority committee report said:

The financial agreement appears to the committee to be a realistic and farsighted means for promoting the stated objectives of this Government to secure through international cooperation a world in which all countries live and work together in peace and prosperity.

It was going to solve all the problems of the world.

The committee also believes that the agreement will go far in opening up the markets of the world to American exporters on fair and equal terms.

There has been no change in the terms on which our exporters do business. They do business if we give them the dollars to pay for the goods which they export. Otherwise practically all the discriminations remain.

If the financial agreement is not approved, serious damage will be done to our program for international economic cooperation. The failure of our economic international policy cannot help but have grave consequences for the welfare and security of the American people.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. DWORSHAK. I have been reading the report to which the Senator has just referred, namely, the report of the Banking and Currency Committee on the British loan bill. I invite the Senator's attention to page 13 of the report from which I read the following:

The witnesses from the banking and business community emphasized the relationship of the financial agreement to the program to reestablish multilateral trade and the significance of this program to maintaining and expanding the American system of free enterprise in a peaceful world.

We have observed the British leaders expending almost \$4,000,000,000, which they got from us under the British loan, to socialize their railroads, their banks, and their mines. I ask the Senator from Ohio if that is in accord with the assurances given the Congress 2 years ago insofar as expanding the American system of free enterprise in a peaceful world is concerned?

Mr. TAFT. I think in general the British loan has not accomplished any of the purposes which were alleged as a basis for it. It was to last for 3 years. It actually lasted a year and a half. It was used for all kinds of purposes. The money was spent throughout the world. Again it was a global plan. I refer to it only because it exactly fits in with the parallel I am trying to draw here. In that case I moved a substitute for the loan bill to give the British a billion and a half dollars, which according to our estimate would enable them to pay for

the goods they had to buy in the United States for a period of from 2 to 3 years. If we had given them that, and if we had gradually advanced it for things they had to have, things which were necessary, I believe that the one and a half billion dollars would have been just as effective as the \$3,750,000,000.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. I do not want to enter into any controversy about the method in which the British loan was expended, but I am not willing to leave the statement unchallenged that this money was used to socialize the banks and railroads in England. As a matter of fact, none of it was used in taking over the Bank of England. What was done was to take up the stock owned by the private stockholders of the Bank of England and put down in its place an obligation of the British Government. There was no money involved there. The stockholders have the obligations of the government, just as they had the obligations of the bank.

The same thing is true insofar as taking over the railroads is concerned. I am not sure of the method in detail by which the mines were nationalized.

I think it is incorrect to say that this loan was used in any of those enterprises to take over, on the part of the British Government, the private ownership of the banks, the railroads, or the mines.

Mr. TAFT. I think the Senator from Kentucky is technically correct. I believe, however, that when we simply hand a nation \$3,750,000,000, as we did to the British, it does relieve their financial problems. They use it for the things for which they want to use it, and it probably makes it easier for the Government to go ahead with plans with which it wanted to go ahead, housing plans, and other plans with which perhaps it should not have gone ahead. I think it is almost impossible to separate the effect.

I thought then, as I do now, that our money ought to be doled out, if you please, for particular things which we see they actually need, which we see will actually relieve distress, which we see will actually enable them to go to work and produce more, bring about greater employment, raise their own standard of living, and particularly increase their exports. I think that is the way the British loan should have been handled, and that is the way I think this fund ought to be handled.

Mr. BARKLEY. Undoubtedly the same thing will, in a measure, apply to a loan obtained by a government as one obtained by a private individual. It will relieve financial pressure in certain directions which will make it easier for them to embark in various other directions. But my specific reason for asking the Senator to yield was to say that the loan to Great Britain was not used to nationalize any of the three enterprises to which reference was made, because I do not think the British Government used money in taking them over. They simply exchanged the types of stock that the owners had held originally.

Mr. TAFT. It was used for two things. In the first place it was used to increase somewhat the standard of living of the British people, which otherwise could not have been increased. Whether that was necessary or not, I do not know. Most of it was wasted or used in an attempt to carry out the real purposes of the loan.

That is an attempt to put sterling on a comparable basis with dollars. It simply disappeared for 3 or 4 months while they tried to maintain that policy. We had some grand economic theory behind the plan that we were trying to carry out.

My only point is that I think the method proposed then is the general theory which ought to be proposed now. I think we ought to give them money for specific projects. I do not believe that we ought to say, "Here is the balance, and here is the bill. You pay the bill." That is the analogy which I think we find in dealing with this subject as compared with the British loan.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MALONE. I may say to my distinguished colleague from Ohio that it is well known what the pound is worth on the exchanges of New York and Europe. It is worth about \$2.25 or \$2.50, whereas officially it is held to an artificial value of \$4.03. That is in their favor financially so long as they are importing goods. When they get to the point where they want more exports than imports, they will drop the value of the pound. One can write the value they will fix himself if he knows when that is going to take place.

There has just come to my attention a trade agreement between Italy and Poland. It is an agreement effective for 1 year, and automatically renewable unless notice is given. It calls for trade between the two countries to the extent of about \$15,000,000 each way. Included in the agreement is the most-favored-nation clause. The proposed shipments from Italy to Poland include foodstuffs, such as fruits and oil, chemicals, including synthetic dyes, tools, and machinery, marine motors, machine tools, mining machinery, ball bearings, shipyard equipment, and motor vehicles.

One may argue that these commodities may not be made out of the actual steel received from us, but they are manufactured from steel which is made available because of the steel furnished Europe by our country.

It is silly to argue that we should give \$3,750,000,000 to a nation for the purpose of establishing social security machinery and reducing the working hours of their own workers below the working hours of our own people, and for the purpose of nationalizing their industries, as Sir Stafford Cripps told me they intended to do. Within 5 minutes after he had emphasized the need of the Marshall plan money, he stated that they intended to nationalize the steel industry. To me it is silly to say that none of the Marshall plan money finds its way into such activities, or releases the necessary money for such activities.

It is silly to say that, when we furnish the raw steel and other materials to the 16 Marshall-plan countries, and such materials are processed and the manufactured goods sent to Russia and her satellite nations, that such raw materials did not make available the necessary raw materials for the purpose even if they were not the identical materials.

Mr. TAFT. I thank the Senator. I think I have tried to cover the subject before.

Mr. President, it seems to me that \$4,000,000,000 is enough, for various reasons. In the first place, it is just about what we have been putting up during the past 2 years. I do not mind continuing to assist Europe at about the rate we have been doing. We have been straining ourselves to the limit. We have shipped everything we possibly could ship, and we have actually shipped, according to the basic document, approximately \$5,000,000,000 a year during those 2 years. If this \$4,000,000,000 is included, plus the German figure, which always should be included, and the additional shipments for military purposes, our shipments will be about \$5,000,000,000 if this amendment is adopted.

The program contemplates an increase of about one and one-half billion in exports to Europe. I think we have been more generous than any other country has ever been. I think we have strained ourselves to the limit. We have imposed higher prices and shortages on the people of the United States. I am willing to continue at that rate, but I do not believe that we should increase it. The result of the figure of \$5,300,000,000, plus the additional amounts, is to increase the amount to the extent indicated, so far as I can calculate from the very confused figures, but particularly from the report of the Nourse committee, which gives a tabulation of the aid already extended, and from page 30 of the basic documents on the European recovery program, printed for the Foreign Relations Committee. We have been going at the rate of approximately \$5,000,000,000, and that would be the effect if this figure were made \$4,000,000,000.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LUCAS. Did I correctly understand the able Senator from Ohio to say, in substance, that a continuation of the same amount which we have expended in the past on the European program would be nothing more nor less than a relief program?

Mr. TAFT. No; I do not think it has anything to do with the relief program. During the past 2 years we have been shipping to Europe everything. We have been shipping steel, and every other conceivable thing which is made in the United States, and we shall continue to do so if we have \$5,000,000,000 for that purpose.

Mr. LUCAS. I understand that we have been shipping a great many things, but we have been shipping many products through private enterprise. Is it

not a fact that the great bulk of the money expended in Europe by the Government has been expended over the past 3 or 4 years, especially since the war, primarily for relief purposes?

Mr. TAFT. The \$3,750,000,000 for Britain was not spent primarily for relief purposes. It was spent for anything the British wanted to buy. It was spent by them in all parts of the world. It was spent partly for food, but it was more than enough to make up their entire deficiency of imports.

Mr. LUCAS. I did not understand that the able Senator was including the loan made to Britain. If he is including all loans of that type, the story is quite different.

Mr. TAFT. I think there is one thing in the committee report which gives an entirely erroneous impression. On page 47 are set out the so-called relief-type commodities and services, amounting to \$4,400,000,000, and the recovery type, amounting to \$2,300,000,000; but the committee included in the relief-type items food, fuel, fertilizer, cotton, and wool fibers. Cotton is not a relief item. Cotton is for the manufacture of cotton goods. It is a raw material. It is one of the things which we regard as necessary for recovery, not for relief. The same is true of wool fibers.

The coal which we are shipping is not relief coal. It is not to keep people warm. It is almost entirely coal which goes into the mills, to be used in the manufacture of steel. That is not relief. So as a matter of fact the relief items in this program are very much smaller than the recovery type items. There is no more reason why we could not cut the relief items than there is reason why we should not cut the recovery items. After all, we are not providing any tremendous proportion of the food which they eat, and it is just as possible to shave that item as it is to shave the other items. So I do not believe that the charge that this means a relief program instead of a recovery program is in any way justified.

On the question of exports from this country, this program, as I have pointed out, involves an increase of \$1,500,000,000 a year in exports to Europe. It is true that the Department of Commerce estimates that there is a decrease of \$2,200,000,000 in exports to the rest of the world, which, incidentally, largely exceed the exports to Europe. I do not know on what basis that result is reached. It is said that other countries are running out of dollars; but I am not so sure that they are running out of dollars. There has been some decrease in exports up to this time. Whether that will continue is hard to say. In any event, unless we get some decrease, we certainly are going to have the inflation again which we had under the tremendous export deficit of the past year. It is true that the figure is contemplated to be a little less—ten and a half billion net. But ten and a half billion dollars worth of goods taken out of this country, with nothing put back, is probably a dangerous inflationary condition under any circumstances.

I do not believe that we ought to increase the amount of exports to Europe if we are going to maintain the economy of this country; and if we do not want to increase the amount of exports to Europe, we must cut the program about \$1,500,000,000, which gets back again to the figure of \$4,000,000,000.

Mr. President, the suggested total of \$6,000,000,000 is not supported by specific programs or completely by countries which need aid. There is a long list of commodities in the committee report on pages 24 and 35, but surely no one can say that those commodities are all essential; no one can say that they must be shipped; no one can say that Europe must have \$156,000,000 worth of coffee next year at our expense, or largely at our expense.

Grains and oil cake, constituting feed for animals, are represented by a figure of approximately \$750,000,000. We are not going to have sufficient feed in this country to produce enough meat to meet the requirements of the American people. True, we are not exporting meat. But under this plan we are providing funds for feed for all the European cattle. If the European countries do not have quite so much feed for cattle, they will not have quite so much meat. But I do not see that there is any evidence that they cannot take a reduction in the amount of their meat, just as we are taking a reduction in the amount of our meat.

In this list there are included all the ordinary foods on which people live. In addition, there is a list of other foods. For instance, the tobacco bill which we are asked to pay under this measure is \$293,000,000. Certainly it cannot be correctly stated that we must supply \$293,000,000 worth of tobacco, and that the amount cannot be cut. Of course, I do not wish to interfere with the tobacco industry in the State of the distinguished Senator from Kentucky [Mr. BARKLEY], but, obviously, some reduction could be made in the item of \$293,000,000 for tobacco.

For coal we are asked to provide \$389,000,000. Cannot we hope that these European countries will increase their coal production sufficiently to enable some cut to be made in that item?

For timber we are asked to provide \$333,000,000, to come out of United States funds. Mr. President, we do not have too much timber in this country. We need it for the building of our own homes. Can it be said that that item cannot be cut? This program cannot possibly be taken as an untouchable program essential for the success of the entire procedure. Of course these items can be cut; of course the total amount must be cut; of course the amount of the commodities which we shall provide can be cut.

Finally, Mr. President, we get down to "other imports"—just other imports, everything having been calculated. The amount set aside for that, from United States taxpayers' funds, is \$4,228,000,000, in addition to all the more important items which are listed above that.

Mr. President, when we consider all these items and consider the countries which are to receive the aid, I do not think anyone can correctly say there is

anything sacred about the proposed total of \$5,300,000,000.

Furthermore, Mr. President, if the cut which I propose is made, there are other ways in which these countries can do something in this connection. There are available assets, in large volume, which can be used, if necessary. Certainly some of them can be used to make up for a cut of \$1,300,000,000 in the amount of money that is to be asked of the American taxpayers. The International Fund to which I have referred can be used. In 1 year, \$558,000,000 can be drawn from the International Fund. It is supposed to be drawn on for exchange purposes, but everything is in one pot. We have not considered using that fund in this connection. So far as I can ascertain, we have not given credit for the 558,000,000 of American dollars which can be drawn out of that fund by the 16 countries here involved, under the provisions of the International Fund agreement.

The private citizens of these 17 countries hold \$4,300,000,000 in free assets and \$1,300,000,000 in blocked assets certified for release. So, the citizens of these countries have a total of \$5,600,000,000. It may be said that we must not take it away from them. I agree that in the long run I do not want to take it away, either. But somehow, it seems to me, these other countries could dig up the other \$1,300,000,000 which I think the American taxpayers should save on this program.

The gold and short-term dollar balances of the governments included in this program amount approximately to \$7,000,000,000, as is indicated on page 65 of the pamphlet on foreign assets, which was printed for the Senate Finance Committee last year.

If we add all the assets of foreigners and foreign governments in the total number of participating countries, we find that the total gold and United States assets of these countries and their nationals, including long-term assets, which are difficult to sell, amount to \$13,662,000,000. That includes the items I have already mentioned as belonging to the governments and the private citizens of those countries. The total amount owned by those governments and their citizens is approximately \$13,000,000,000. I agree that some of that belongs to countries that do not need any aid. No doubt some of that money is not distributed where it should be in order to do the most good. Of course, they should not be absolutely deprived of working capital; but obviously out of the total of \$13,000,000,000 they can dig up \$1,300,000,000 if they have to do it. It is not as though there were no source of funds for these purposes other than the funds of the taxpayers of the United States.

Mr. President, one thing that has always interested me is that at the beginning of the war the British put up \$900,000,000 of marketable securities with our RFC as collateral for a loan. The interest and dividends on those securities have been used to pay off the loan; but the securities are still there. The British Government thus has \$900,000,000 of securities deposited with the RFC,

against which its loan today is only \$175,000,000. I am not sure about the effect of the last RFC legislation; but so far as a loan on a sound basis is concerned, the British could borrow on that collateral \$700,000,000. However, they do not want to borrow. Why? Because if they do, they have to pay it back, whereas under this plan they do not have to pay back what they receive. That is the only reason I can see why the British do not want to borrow from the RFC on those assets, which are perfectly sound. A loan based on them would be a sound loan, but they would pay back to us the money thus advanced.

There are other means by which these governments may make up for the reduction in the total amount which I propose, and under which circumstances the amount of such reduction would not have to be paid by the American taxpayers. I have not mentioned the gold in dollars held throughout the world, apparently largely in hiding, by people who are hoarding—for instance, in France and other countries. That is said to amount to many billions of dollars, but I do not know that there is any practical means at getting at those particular assets.

True, Mr. President, it will involve some sacrifice for these countries to use up any of their own assets, but certainly they provide a tremendous fund from which some temporary reduction in American charity could be made.

Mr. President, I believe this reduction should be made, for a number of reasons: First, because the Congress ought to economize on all programs, foreign and domestic. When we propose to cut all the appropriation bills for American projects, when the Senate has voted to reduce the total United States budget by \$2,500,000,000, why should a foreign loan be peculiarly sacred? There is nothing so far as I can see, to demonstrate that there should not be a reduction in this program, as well as in other programs; and on general principles of economy I think there should be some reduction.

In the second place, Mr. President, I think the European countries should be impressed with the conviction that the United States is not too liberal. I do not think they should be encouraged to rely upon us; and I think we should show that we are not simply going to take their calculations, in effect, and carry them out except to the extent that we do not actually have the goods. I think in the long run it will force their governments into a more sensible and wise policy and greater cooperation, if they feel that they have to prove their case in every instance, and that the American taxpayer is not quite the complete give-away artist that he is pictured to them by some persons who go abroad.

In the third place, Mr. President, I do not like to approve a figure which is derived, so far as I can see, simply from this balance-of-payments theory.

Furthermore, I think it is very desirable that the Administrator be made to feel that he does not have an unlimited fund at his disposal. I think he should be made to feel that he can grant money

only for projects which are clearly effective and necessary, and that when a project is dubious he should feel, "If it is dubious, I had better not undertake it." I think he himself ought to be restrained by a sense of economy forced upon him by the amount of the fund. As I said, we cannot control his appointment. We do not know who he will be. I think this is the only effective means of securing an economical and piece-by-piece administration as contrasted with a global loan to one country in the manner of the British loan.

Mr. President, the argument that we must have the sum provided by this bill or nothing, of course, is unsound. The distinguished Senator from Michigan in his statement said that that was not true, and yet there was a good deal of argument that if the whole amount is not provided, the program will fail. Personally, I think that is nonsense. I think that everything that is done, if it is well chosen, will help the economic condition of Europe just that much. If too much is done, it may actually interfere with the successful development of Europe, as is the case if it is not done well. It is difficult to insist upon the measures that the foreign governments must take, for the steps which should be taken are not always clear. It cannot be said merely that a certain thing must be done; perhaps it is not the right thing to do.

I believe very strongly that we should go as far as we can, and that as far as we go we shall do good. I see no reason to think we should confine ourselves to relief. I do not believe that \$4,000,000,000—it is really a \$5,000,000,000 program—will in any way confine us to relief. I see no reason why a relief item should not be cut as much as recovery items.

Mr. President, I feel very strongly that this is a business proposition. I think we ought to aid Europe because I believe it is an effective weapon against communism. But I feel that we ought to make it clear, and it can be made clear by adopting the amendment, that we want the administration conducted on a strictly business basis.

This is not an emotional program; it is not a program such as those which may be built up by great propaganda; it is not a solution of all the world's difficulties. It is simply a business proposition. I believe we should so hem it about with reasonable restrictions, and we should so limit the amount as to force the adoption of a policy under which only those programs and particular proposals which will help the countries of Europe to help themselves will be undertaken.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. Mr. President, I am only going to speak for a very few minutes on the Marshall plan bill that is before the Senate. I thought my views were pretty well known on the plan. I have been speaking for some weeks now in various parts of the country in support of the Marshall plan. Nevertheless, I have received a considerable amount of mail in recent days from constituents at home, wanting to know when I was going to put myself on record in

the Senate of the United States on the plan. Apparently they feel I must put myself on record in the Senate in order to be of record in support of the plan. I can do it very quickly.

I would point out to the Senate that it was a week ago Monday that in my opinion one of the great speeches of statesmanship of the last decade in the history of the United States was made in this body. That speech was made by the distinguished senior Senator from Michigan [Mr. VANDENBERG] in support of the bill now pending before the Senate. Following that speech there has been much discussion in the Senate but in my personal opinion the premises laid down by the distinguished senior Senator from Michigan in that great speech have survived all the debate and remained unanswered. They stand out just as crystal clear as they did on that Monday when at the conclusion of the speech, Members of the Senate came to their feet in appreciation of the great example of statesmanship which it was our privilege to witness that hour.

Throughout the speech I think the Senator from Michigan laid down a major premise that no one has been able successfully to rebut. As he stated, it is in the interest of America's self-interest to adopt the plan as it came to us from the unanimous vote of the Committee on Foreign Relations. He certainly made clear that as chairman of that committee he offered it on no other basis than that it is in our national self-interest to adopt it both from the standpoint of our national security and our domestic economic interests. I consider it a great honor and a great privilege, Mr. President, to say that I want in a very humble way to associate myself with the great arguments that he advanced in what I think has proved to be an unanswerable speech. I wish to emphasize that it is in our national self-interest from the standpoint of national security. That argument alone could be the controlling one; that is enough to support a vote for the plan. That argument alone, Mr. President, in my opinion deserves an overwhelming vote in favor of the plan as I am sure it is to receive when we come to vote. The plan is clearly in our national self-interest from the standpoint of national security. But I want to say, Mr. President, it is in our national self-interest not only from the standpoint of national security, as was argued by the Senator from Michigan, but also from the standpoint of our selfish economic interests. It is interesting to note that in recent weeks, as the great business forces of America come to study the plan, they, too, I think, by an overwhelming vote as far as the American businessmen are concerned, are beginning to appreciate that it is in the interest of our economy to adopt the plan at this time. Some days ago I put in the RECORD a letter of February 14, issued by Kiplinger, pointing out the economic outlines of the plan, making perfectly clear, I think, the economic advantages of the plan to American businessmen, and raising certain questions in regard to the plan.

Without reading that letter again, Mr. President, I ask consent to have it printed in the RECORD at this point as part of my

remarks, because I think it very well supplements the speech made by the Senator from Michigan a week ago Monday on the economic advantages to America which will result from the plan.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE KIPLINGER WASHINGTON AGENCY,

Washington, February 14, 1948.

DEAR SIR: This letter is about the Marshall plan, and it is by request; for many readers write in to say that they do not understand the plan. Some say they are confused by piecemeal explanations, including ours. Others say they are fed up with propaganda on both sides of the issue, with argument instead of information. So we shall try to shed some light. And we don't want to argue about it—just want to tell you about it.

Current business uncertainties add importance to the whole plan, for it will affect all business—big and little—directly or indirectly.

Marshall plan in simple language is this: Our Government buys stuff, mostly in the United States, from our own industries here and pays for it here. Then our Government allocates the stuff among needy countries, and sends it. Buys it here, does it out there. About half as a gift, half as a loan.

It's goods, not money. Money will not be given or lent to Europe except incidentally and outside the Marshall plan. It's goods we send.

Strings and conditions attached, broad aims, purposes, motives—we'll talk of them later. Focus now on the more tangible facts.

First, the Marshall plan is going to be—is going to pass. The chances are 10 to 1 that it will be in operation by this midsummer. It's a fact to face, beyond the controversy over should or shouldn't.

Likely to continue 5½ to 6 years—year longer than advertised, until about 1954. (Most authorities admit this time in private talk.)

Tune of twenty billions total, minimum over the full 5½ to 6 years. The advertised sum is seventeen to eighteen billions, but it probably will run higher.

Remember, too, the imports from other countries, thirty billions, that much shipped into United States during the life of the plan. These imports will yield money in this country, which then will be spent for exports—more exports, in addition to Marshall plan. These will be supervised and controlled by our Government, to coordinate them with the Marshall plan.

Thus the Marshall plan is big business, fifty billions of exports, the twenty to be subsidized by Government, the thirty more to come in natural trade.

So a big Government purchasing and distributing agency will be created.

Run like a business, hundreds of employees, whole office building. Somewhat like the wartime WPB, but actually doing the buying directly. Experts on buying of this and that, with industry committees to advise. May buy from you, or through you, or from businesses in your community. Most goods for export will either go through it or be controlled by it. It will be one of the biggest customers of business in whole country.

Who pays? You pay: (1) In taxes, for it will be pay as you go; (2) in doing without certain things for a while, prolonging scarcities; (3) in paying higher prices for some things than without Marshall plan.

Scarcities and pinches here will not be greater than in the past, but some of them will stretch out longer than was heretofore assumed.

How big a drain in terms of goods, in terms of going without?

Point 1: Marshall plan will take 5 percent of our total production, which is much less than many think. But on certain scarce

commodities which are badly needed both here and abroad, the pinch will be worse.

Point 2: The plan will not increase exports above the past year. It will merely sustain them, keep them from dropping off too drastically. Even at that, the outflow of exports will be less than in the past year.

Point 3: Our Government will not let the exports rob our own economy of things we must have. Will try to balance the foreign and domestic needs. Will consider this country first, Europe second. Won't break us down.

Food is most important. This year is the peak year in demand. Next year high, but not as high as this year. Tapering off thereafter. That is, if weather—and thus far the world weather seems favorable.

Many food prices are headed for decline in the United States this year, but the drop will not be as much as it would be without Marshall plan. No over-all food shortage here, no hunger, no acute food sacrifice.

Greatest strain, farm machinery, needed both here and in Europe. Export of farm machinery will help us to get food production going there so that we don't have to go on exporting our free food to Europe forever. But our farmers will have to count on relative insufficiency of machinery for several years—longer than they thought—due to the Marshall plan. Partial antidote will be the allocation of more steel to farm machines.

Seeds: Big exports to Europe this year, and probably next year.

Fertilizer: Great quantity must go to step up food output there, subtracted from this country. But most of it will come from Army plants.

Tobacco: Much tobacco will be sent—will prevent a glut here.

Cotton: Demands from abroad are tremendous and also excessive. Our Government will scale them down, but still it will send a lot of cotton.

Steel, scarce here, also desperately needed in all of Europe. Will send as much as we can. Steel short here for another year or two. Not worse than at present, perhaps some better, but not much better.

Iron ore needs to be conserved here, good ore is running low. But we'll send a good deal abroad so Europe can use it to get going. Some European mines were knocked out by war, by destruction of machinery.

Mining machinery: Great quantities are needed in next 3 years.

Steel, electrical, and lumber equipment: Much of it will be sent. But not so many big electric generators, for they are needed in the United States.

Freight cars: We will skin down the European demands for them. Need them too badly here. Europe will have to go without, or make them.

Heavy trucks: More of them as a substitute for the freight cars.

Passenger autos: Not many, proportionately; they're needed here. But steel exports will retard production here, make many wait longer.

Coal: Big call for our coal, but generally we can spare plenty.

Oil: Exports will be big, but more than matched by the imports.

Timber: Quantities are needed abroad, especially railroad ties. We shall pare demands, and rely more on sending the saw-mill machinery.

Hides and leather exports will be big, will keep prices high here. The high prices of shoes will be aggravated by the Marshall plan.

Export figures on each commodity this year are not yet ready.

The governmental machinery is up to Congress, but our opinion is that there will be an over-all board of directors of public members, with the State Department supreme on the general foreign policy in the plan.

Put one man to boss the administration, a practical sort of man, possibly a big-busi-

ness man, "the executive type to get things done."

Committee from each major industry will advise on procedures, so as to fit the export purchases to domestic needs and requirements.

The administration probably will be good, tight, businesslike.

Name: European recovery program, ERP, the Marshall plan. Agency that runs it may be named European Recovery Administration, ERA.

This agency will supervise and check up on use of goods abroad. It will have offices in each country to work with the governments there. These foreign offices will administer the revolving funds of the plan. Foreign governments will sell some of the stuff, and put the money back into the funds. Our Government will hold the purse strings over these. There will be continuing check-up, accounting, riding herd on requests.

Foreign industries will get such things as machinery on credit. They will owe their governments for the machinery, eventually will pay, and their governments will eventually repay to us, to our Government.

How much gift, how much loan? Probably in the end about 50-50. This is a conservative estimate. Some think in time we can get back 60 percent. Will take years, will depend largely on our future foreign trade policy, whether we further moderate our tariffs to let in more foreign goods.

What's the tax cost? It will take about 10 cents out of every dollar that you pay in taxes to cover cost of Marshall plan next 5 or 6 years. If half is eventually repaid, then net cost is 5 cents of every tax dollar.

Some sort of customs union of western Europe will be worked out. It is one of the United States conditions and the United States will plug hard for it.

Also we had the Truman doctrine to hold Russia where she is, even by force. Marshall plan is the economic phase of Truman doctrine.

Motives of our Government: Humanitarian on which there's agreement.

Economic to relieve of us relief, to rebuild western Europe, to restore it to being our best customer, which it has always been.

Military to keep Russia contained, away from western Europe, for our Government thinks that if Russia expands there, it means sure war. (The way in which Russia expands is to get native Communists in control, and then to see to it that these nations play the Russian game.)

Why not use the UN? Because the UN has no money and no goods. Only the United States in all the world has them. Besides, we don't trust UN to administer such a complex plan on such a scale, with our substance.

Who's against it? Many skeptics who think we are suckers again, or who honestly fear that the export drain will break down our economy. Also the Communists, fellow travelers, and their stooge organizations.

The public is probably lukewarm, finds the plan hard to judge. Our Government has done a good job of pleading, but a poor job of explaining.

Who's for it? And why be so sure it will be voted by Congress?

Most Democrats are for it, and so are over half the Republicans.

Most labor is for it, it's liberal, and it will make jobs.

Humanitarian elements are for it, and they wield a lot of power.

Business is divided, but most big business leaders are for it. Business generally is not averse to having the orders that flow from it. It's costly, but it does help to keep business from declining too much.

Balanced budgets, stabilized currencies, these are also musts.

Western Europe only, 16 nations, not those in Russian orbit. Some war neutrals to be aided, because rest of Europe needs their stuff.

Latin America will benefit. We shall buy stuff there for Europe. Then the Latin American countries will have the dollars to spend here. These are the "offshore dollars," over which there's some controversy.

Relief against reconstruction: Relief means mainly food and fuel, and relief alone would never end, so the answer lies in reconstruction.

Self-help is the keynote of conditions. Europe must help self. Can in due course, if furnished the tools, the equipment, to work it out. Also must have more economic integration among the industries of Europe. We don't have enough to supply Europe with everything that's wanted. The requests have already been trimmed from thirty billions to under twenty. The recipient nations will be compelled to adjust, to help themselves.

Harriman committee report gives a solid analysis of the plan. The committee consists of 19 hard-boiled representatives of the public. They were diverse and skeptical, but they studied and finally concluded that it could and should be done, with certain conditions, modifications.

You can get official copy by writing the Superintendent of Documents, Washington 25, D. C., asking for Harriman Committee Report, send 60 cents. It points out many merits, many flaws, and ways to correct the flaws.

What's the origin? Who thought it up? Mainly the State Department, a year ago, after Big Four busted up, after the show-up of Russian aims to let western Europe bog down economically, then let Russia take over. We reported the plan in embryo last March 1947. It was denied then, but Marshall spilled it in June. The European nations got busy on it, collected thirty billions of wants, and were told to trim, which they did. Meanwhile Russia got nastier, and pushed the cold war on many fronts.

And if a recession develops, as some think, then it would become especially important as a sustainer of business activity in this country. Not all businessmen agree that this is a proper motive for the policy, but many do, and they speak of it as distinctly secondary, incidental.

It's a tremendous gamble, and even the proponents admit this. Honesty requires that we all face the possibility that it might fail.

But if we do not do it, then it is likely that western Europe will be invaded by communism by Russia, and very few doubt this end.

In that case, war. Or if war anyway, then we will be stronger with a rebuilt healthy western Europe on our side as fighting allies.

If no Marshall plan, then our military would need billions more, for we would then face threat of whole Europe under Russian domination. So we are gambling with billions on hope of peace instead of war.

Yours very truly,
THE KIPLINGER WASHINGTON AGENCY,
W. M. KIPLINGER.

Mr. MORSE. The letter contains within its few pages rather adequate evidence in my opinion as to why the plan is in the economic interest of American businessmen. I may say, by way of rebuttal to certain arguments that have been heard during the debate, that one has but to read the bill, starting on page 18, line 21 and the lines following over to the bottom of page 19. Let me read those lines to show some of the economic advantages to American business provided by this plan:

(3) by making under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this act, which guaranties shall terminate not

later than 14 years from the date of enactment of this act: *Provided, That—*

(1) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the total liabilities assumed under such guaranties shall not exceed 5 percent of the total funds appropriated for the purposes of this act and any liabilities accruing under such guaranties shall be defrayed within the limits of funds so appropriated; and

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

I want to speak very briefly so I shall not discuss at length the implications of those lines. They speak for themselves. I think the opponents of the bill should reread that section of the bill, which certainly shows the extent to which the committee has gone in seeking to protect the interests of private business in America which will become involved in the plan as far as foreign investments are concerned. Their money is not going to go down a rat hole insofar as the interests of the American businessmen are concerned. In fact, I think a line of argument might be advanced if one were prone to do it, criticizing the bill because of this section, in the sense that it gives to American businessmen participating in a free-enterprise system perhaps too much protection at the expense of the American taxpayer.

But I do not raise that question because I think the international economic situation in its relation to our national security bears a remarkable resemblance to some of the economic problems which confronted us before and during the war. Then we believed it only right and proper that we should give to American businessmen reasonable protection in the case of defense and war contracts by assuring them that they would not lose their costs and that they could make at least a reasonable profit if they would cooperate in seeing to it that the vital goods needed in the prosecution of the war were manufactured and made available to the country. I think that principle was sound, and I think it likewise is sound in this instance, so as to assure reasonable protection being given to private capital in this country if it cooperates in an attempt to make the Marshall plan a success as far as foreign investments are concerned.

I would amplify a bit another argument made by the Senator from Michigan in his great speech. He commented upon it, but I think it needs to be reiterated, namely, the matter of moral obligation insofar as our obligations to the peace are concerned.

I think there is a tendency on the part of the American people in these days to overlook the fact that it was our war as well as the war of Great Britain and

the other allies. I think it is important for the American people to reflect anew on the fact that, except for the costly loss of life which we suffered, which, of course, cannot be evaluated in a material sense at all, the major burden of the war was borne by our allies insofar as destruction was concerned. We have no bombed cities. We have no vast areas of devastation. We suffered no such losses as were suffered in England, France, and other parts of war-torn Europe. We cannot, Mr. President, in the eyes of history, evade those moral obligations—because they are very real. It seems to me it will not reflect well on the pages of history for us at this hour to take an overemphasized mercenary position, a dollar position, in relation to our moral obligations resulting from our participation in the war. Irrespective of the importance of this plan to the establishment of our first line of economic defense in Europe, even if I did not believe it essential for that purpose, Mr. President, I should still argue for the plan on the basis that I think we should pass it in carrying out the moral obligations which we incurred in a war which was also ours. The American people cannot look on that war as a football game, and, now that it is over, sit around in America in what, after all, is an environment of reasonable material comfort, and talk about the plays of the war. There are moral obligations still to be paid by this country in connection with that war. There are many people who do not like to hear such language spoken these days. But I say it is essential to call attention to those obligations in view of the many comments made in the course of the debate in regard to Great Britain and other war-torn countries. I have no hesitancy in saying, and I make no apologies for saying, that we have not yet fulfilled our moral obligations to Great Britain and the other allies that helped us fight the war.

I also suggest that closely related to our moral obligations in connection with the war there are some great spiritual values of democracy which I think are being overlooked these days. I know that to talk about spiritual values makes it an intangible argument and I know that there is danger that an argument such as the one I am now making may be charged as being one which is placed on an emotional level. I offer it not as such; I offer it as an argument which supports a great truth, Mr. President, namely, that when we take away or fail to live up to the spiritual basis of democracy we lose democracy itself. When we look upon democracy only from the standpoint of materialism and selfish economic values we have lost sight of the spirit of democracy. We can start with the spiritual values of the Declaration of Independence, we can trace them through the constitutional debates, the Constitution itself; we can follow them through the preamble of the United Nations Charter and the other sections of that charter, in the preparation of which a statesman of our day, the senior Senator from Michigan, played such a great part. What do we find? We find an unbroken thread of great spiritual values

as the basis for the ideals of American democracy.

Our form of government as contrasted with totalitarian systems of government; Mr. President, rests largely on the spiritual principle that we recognize the individual as the creature of a divine power; we recognize that, after all, Government should exist to serve the interests and the welfare of the individual. The primary purpose of a democracy such as ours is to promote the dignity and the welfare of the individual, to carry out the principle that the State truly is his servant and not his master. It is a spiritual value which represents a great universal religious truth the sacredness of the human individual as a child of God. This spiritual truth has no relationship to creed or dogma, but rather, Mr. President, it rests on the fact that, after all, we are our brother's keeper. After all, basic in democracy is that great spiritual truth that we should do unto others as we would have them do unto us. I say that is a universal spiritual value which, through the ages, has crossed all religious lines and is not limited to Christianity itself. I say that in this hour the American people can well afford to consider, at least to some extent, our international obligations from the standpoint of the question, Are we carrying out an international policy which does justice to the spiritual values that form the basis of democracy itself?

I say, most kindly, Mr. President, and I also say it most sincerely, that I think there are great forces at play in America today which are so motivated by a materialism, so driven by a money conception, so overpowered by selfish greed, that they are losing sight of the spiritual idealism of democracy itself. We had better bring the spiritual idealism of democracy into play in molding our international policies, or I think we shall lose our democracy itself.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. COOPER. I hesitate to interrupt the Senator's speech, but I cannot resist saying that your speech is the first that I have heard in a very long time that gives emphasis to the personal and spiritual values of democracy. I think the distinguished Senator will agree with me that every day in the press and in the statements of those who write upon the subject, and in speeches, and quite often by self-designated liberals, emphasis is placed almost solely upon the material side of democracy, the extension of material opportunity and economic opportunity. Some would restrict the personal and spiritual freedom of the individual even by coercion and force.

I agree absolutely with the distinguished Senator—and I believe he will agree with me—that the oldest and truest liberal tradition is that spiritual and personal freedom of the individual is the very basis of democracy. Knowing the Senator, I am not surprised with what he has said.

I merely wanted to say this in appreciation of what the distinguished Senator has just been discussing.

Mr. MORSE. I wish to say to the Senator from Kentucky that I appreciate very much his contribution to my discussion, and his kind expression of agreement with me on the particular point I am making at the present time. I would expect that from the Senator from Kentucky, because through my friendship with him I know something about his attitude toward the basis of democracy; I know that he appreciates what really constitutes democracy. I am not surprised to find him publicly making the statement that he shares my view that, after all, the very essence of a democratic form of government, when we get right down to its essence, is that it rests on spiritual values. The Senator from Kentucky is a fine Christian statesman who recognizes that the spiritual values of democracy grow out of the theory that, after all, as I said a moment ago, democratic government seeks to serve the dignity and sacred nature of the individual. When I refer to the dignity and sacred nature of the individual, I mean the divine essence of the life of the individual. After all, human life has a great divine source. Whenever we forget that in democracy the primary object is to promote and develop the good which is in the individual person, we will weaken democracy. Whenever we mark out a legislative course of action which fails to deal with the spiritual values found in the human relations within our democracy, or in human relations between our democracy and other countries of the world, we will be cutting at the very roots of democracy itself.

Mr. President, I am for the Marshall plan because I think the bill gives us another opportunity to demonstrate the great spiritual values of democracy, and gives us a chance to show the world that we intend to put human values above material values.

So much of this debate has been of the latter type, so much of the criticism of the bill has been on the latter type; namely, an overemphasis on materialism. Of course, those of us for the bill are, in a sense, on the defensive when it comes to the \$64 question. The Senator from Michigan has not been able to answer the \$64 question. In fact, as I interpret his remarks, he not only has not been able to answer it, but he confesses that he knows of no answer to it except a negative one.

In the last analysis, what has been the \$64 question throughout this debate? It is this: Can the proponents of the bill give any assurance that it will win the peace? Of course we cannot. As the Senator from Michigan has said—and I paraphrase his statement, I am not quoting him directly—but he pointed out very clearly that conditions are changing so rapidly that it is impossible to give the American people assurance about anything when it comes to international relations. I share the view which I think has been expressed over and over again in the debate, that without the action we are asked to take there can be no peace. That is quite a different thing from saying that with it we will have peace.

Rehabilitation of Europe is going to cost, at least for a time, some sacrifices

on our part, although I believe in the long run it will result to our economic advantage. But even if it would not, I would still be for the plan for the reasons I have already advanced, as well as for the reason that without economic rehabilitation of Europe there can be no peace in Europe.

Where are the people of Europe to turn? My colleagues have heard me say before that there cannot be any economic stability established in Europe until there are some wheels in Europe, and there are few production wheels in Europe today.

As has been pointed out in the debate, with the economic rehabilitation of Europe we will have a first line of economic defense established in case Russia continues her course of noncooperation. I have heard nothing by way of rebuttal that shakes my confidence one iota in the firm belief that the enactment of the bill will go a very long way in reestablishing Europe economically. With that economic rehabilitation, friendly relations will be intensified in Europe toward the United States on the part of the war-torn countries.

I have the suspicion, Mr. President, that with the economic rehabilitation of Europe, Soviet Russia will then at least have good cause, or at least will have a rationalized cause, for changing her present hostile attitude toward us. Russia's present plans are to defeat the successful operation of the Marshall plan. I do not think there is any basis for a successful denial of that intention on the part of Soviet Russia. Her acts of opposition to the plan, her aggressive policies, her constant use of the veto, her refusal to participate in the Paris conference all go to show her design to block an economic rehabilitation of western Europe. She is playing for time.

Is it not true that we, too, are playing for time, as well as Soviet Russia is? I have an idea, perhaps I should say a hope, that with the economic rehabilitation of Europe, and the establishment of healthy trade relations between western Europe and other parts of the world, Russia will wake up and discover that, after all, her program of noncooperation and her program of sabotage are not in her best economic interests.

I am inclined to agree with the distinguished Senator from Michigan—and I paraphrase him again—I think one of the best weapons we will have for persuasive influence on Russia 3, 4, 5, or even 10 years from now, will be the putting into operation of this plan, resulting in Russia's leaders seeing that we mean to practice the ideals of democracy. It gives us a chance to show Russia that we mean to carry out the spiritual basis of democracy, that we mean to fulfill our moral obligations, obligations which rest upon us as the result of our participation in the war. It gives us time to show Russia that we mean to take those steps necessary to protect our national security to the extent that we can protect it through economic action in Europe.

Mr. BALDWIN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Connecticut.

Mr. BALDWIN. I have been touched by the eloquent words the distinguished Senator from Oregon has uttered about the spiritual value of democracy. The distinguished and able Senator from Ohio [Mr. TAFT] discussed the pending measure purely from the standpoint of a business venture, and it is a business venture; I think all of us have to look upon it as such. But I do think it is a good deal more than a business venture. I think it has great value far beyond that.

We cannot deny that in this world, wicked and tough as it is, and tainted with greed and hate as we know it to be, there is yet such a thing as good will, and there are yet men and women of good will. By our deeds we express our hopes and our generosity and our faith, that, as Paul said in his letter to the Romans so long ago, "All things work together for good." It may take a long time. We may not be here to see it. But I do believe, Mr. President, that at long last good intentions will breed good intentions if we can but get the opportunity to touch the hearts of plain people all over the world, as good deeds and good intentions always do.

I know that in the long run that will spell success for this plan in the advancement of our dearest and fondest hopes and ideals.

Mr. MORSE. Mr. President, I want to thank the Senator from Connecticut for his remarks, because better than I can make them, they reinforce what I would call the major premise, the most important reason which I seek to advance in support of the Marshall plan here tonight. It is a reason which, as he points out, rises far above the level of materialism, rises far above the level of selfish economic interests and personal greed, goes right to the heart of the question of our humanitarian duties to our fellow men. It raises the question of whether or not we as a great, free people believing in the rights of the individual, believing that human life is, after all, the greatest value on earth, are going to practice the spiritual obligations of democracy or we are going to substitute for the idealism of democracy a false god of materialism as a basis for democracy.

I want to say that when politically we become idol worshipers of materialism we will fall as a democracy, just as the people of various nations through the ages have fallen when spiritually they have substituted idolatry for belief in the divinity of the human life as a creation of a supreme force which I call God.

I want to move to my next point, Mr. President. I was very much interested in the speech of the Senator from Ohio [Mr. TAFT] to which the Senator from Connecticut alluded. It seemed to me that throughout the speech, Mr. President, the appeal of the Senator from Ohio was to the pockets of the American people, when the hour calls for an appeal to the American people to recognize the great moral obligations that are theirs. Statesmanship calls for us to challenge the American people to recognize, Mr. President, the great opportunity they have in the history of the world to make those great sacrifices which must be made if we are to record in history that

in this period of history we were willing to do what was necessary to win the peace.

Mr. KILGORE. Mr. President—

The PRESIDING OFFICER (Mr. COOPER in the chair). Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. MORSE. I yield.

Mr. KILGORE. I wish to ask the Senator from Oregon if the point just made by him was not rather well illustrated by the popular appeal of the friendship trains, and not only that, but by the postfriendship trains, provisions of all kinds to fill which came in voluntarily from all over the United States.

Mr. MORSE. Mr. President, I think the answer is a clear "Yes." I may say to the Senator from West Virginia that for the last several months—in fact, I think the Senator from Michigan knows that for most of the past year—I have been speaking in a great many parts of the United States on international policy questions. I want to say to the Senator from West Virginia that if we can only get the American people to pause long enough to reexamine their sense of values, as far as what ideals they think our Government should stand for, we will never have any trouble getting them to agree that we ought to put these moral values, about which I have been speaking, first, and material values second.

I have no desire to make any long record in opposition to the very able speech, from his viewpoint, which the Senator from Ohio just delivered. I simply want to go on record as saying that I completely and totally disagree with most of the premises he laid down in his speech. I want to point out that the history of the bill, I think, rebuts the Senator from Ohio. I want to say that I think our obligations to the peace deny and reject his philosophy. The Marshall plan has been carefully prepared and is fully substantiated.

We start out, as the Senator from Michigan pointed out in his speech, with the Paris Conference of 16 nations. They worked long and hard on it. As the Senator from Michigan pointed out, other nations could have been in on the conference. Instead of a plan which would be limited very much to western Europe, it could have been a plan which could have taken in all of Europe. It is only unfortunate that it did not, because had it taken in all of Europe I think we would have been much closer to winning the peace than we possibly can be, because of the fact that it does not include Russia and her satellite nations. But the responsibility for the fact that it does not take in all of Europe, Mr. President, rests with just one country, and that is Communist Russia. According to my sights, my thinking, my reading, my observation, Soviet Russia decided at the time of the Paris Conference that she could best carry out her subversive design for wrecking the peace by attempting to wreck that conference, and failing in that, to wreck any plan that would come out of the conference.

The conference was held. It submitted a report. It was a thoroughly prepared and documented report. It has

stood up well during this debate. Then the report was carefully analyzed by various groups in this country, including the Harriman Commission. The Senator from Michigan referred to the work of the Harriman Commission, to its report, and, as the Senator from Michigan and the Senator from Ohio have both pointed out, its work was greatly influenced by a former distinguished Member of this body, the former Senator from Wisconsin, Mr. La Follette. Those who worked in this body with Mr. La Follette know that he always tested foreign-policy proposals by what he thought was America's best national self-interest. He supports the Marshall plan because he believes it meets that test.

The report then came to the Foreign Relations Committee. The record shows that the sum was about \$6,800,000,000, and the Foreign Relations Committee cut it down to \$5,300,000,000, after a careful analysis, Mr. President, of all the claims and of all the demands. But I want to emphasize that the Harriman report was modified by the Foreign Relations Committee and the sum of \$5,300,000,000 for the first year was the result of the work of the Foreign Relations Committee.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BREWSTER. I am a little puzzled by the mathematics of the Senator from Oregon, as it was my understanding that the initial figure was \$6,800,000,000.

Mr. MORSE. Six billion eight hundred million dollars is right.

Mr. BREWSTER. Yes. And that the Foreign Relations Committee then made it \$5,300,000,000.

Mr. MORSE. Yes.

Mr. BREWSTER. But the committee eliminated 3 months, so that the figure which they reported at \$5,300,000,000 corresponded exactly to the \$6,800,000,000 figure, except that one was to cover 15 months and the other was to cover 12 months, so consequently it would not appear that there was any reduction in the figure so far as the estimates were concerned.

Mr. MORSE. I think it amounts in fact to a considerable reduction, if the Senator from Maine will take into account the modifications in the powers and duties which are placed upon the Administrator of the plan by the committee bill. Those powers which will be exercised on a 12-month basis gives to him a discretion which I think he ought to be given in order to stop any of the payments to any foreign country in case he finds that the foreign country is not in turn keeping faith with the conditions and commitments required by the bill. I think that will result in a very substantial guaranty of economy in the expenditure of the money.

Mr. BREWSTER. My point was that I thought the change from \$6,800,000,000 to \$5,300,000,000, which I understand the Senator from Oregon to intimate was a reduction, was not in fact a reduction. There may have been changes in other provisions of the bill which may effectuate the economies which we all desire.

Mr. MORSE. The Senator is quite right, that so far as the pro rata amount is concerned, the reduction in time reduced the amount in accordance with the time. However, I think that in order to determine if the Vandenberg committee went into a careful analysis as to whether or not the amounts requested were reasonable, we must keep in mind the fact that the powers which were added and the change in the administration set-up which the Senate committee worked out, as against the administration proposed by the Harriman committee, will result in a very satisfactory check upon the expenditure of the money under the plan.

Mr. President, it is very easy in considering any plan which calls for allocation of funds for various expenditures, to raise the question, Why should this amount be spent for tobacco? Why should this amount be spent for grain for livestock in Europe? Why should a certain amount be spent for any other commodity on the list? That is the technique of the Senator from Ohio in attacking the figures in his bill. Why so much for this and that? Why not more? might also be asked. I think a much better case could be made for more than Senator TAFT makes for less.

The fact remains—and this is the point I wish to drive home—that these figures as set out in the bill have been carefully considered by those groups in our Government which analyzed them prior to their being submitted to us. They have been analyzed by the Foreign Relations Committee. The committee has brought forth these figures as figures which give the best assurance for successful operation of the plan.

The choice in the Senate then becomes whether we are willing to accept these figures of 5.3 billions and place our confidence in the groups and individuals who have passed on the figures, or substitute for them the figures offered by the Senator from Ohio, who, after all, by his own words, has no sounder basis, so far as evaluation criteria or a scientific formula is concerned, for his figures than there is for the figures of the Vandenberg committee.

I heard nothing in the able speech of the Senator from Ohio which would justify my casting aside the many weeks of study of the Harriman group and of the Vandenberg committee and substituting the economic data offered by the Senator from Ohio, particularly when he makes the argument that \$4,000,000,000 is enough because it is about what we have been doing during the past 2 years. I think he answers himself by that argument. We have not economically rehabilitated Europe or made any successful strides toward the economic rehabilitation of Europe by doing what we have been doing during the past 2 years. That is why we need a new plan. That is why we need to do more.

If all the Senator from Ohio has to offer is a continuation of what we have been doing for the past 2 years, then I say the plan has no chance of success so far as advancing the cause of winning the peace is concerned. That argument alone as made by the Senator from Ohio

is all I need to hear to reject the data of the Senator from Ohio. He advanced no such careful study of the needs of Europe as did the Vandenberg committee to justify my accepting his personal views as to why we should follow a penny-pinching policy of reducing the amount from \$5,300,000,000 to his suggested figure of four billion.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LUCAS. I agree with what the Senator is saying with respect to those data. We know that the best experts we could obtain in the Government and the best experts that could be obtained on the other side of the water considered this plan. No plan is perfect, of course; but when the Senator from Ohio says that there is absolutely no way to calculate the exact amount, I cannot understand how he can blindly say, "We are going to take away \$1,300,000,000," without any facts or figures to support him.

Mr. MORSE. I agree with the Senator from Illinois. Nothing further needs to be said, or should be said on that subject.

Mr. LUCAS. We must have faith in someone in connection with this problem. So far as I am concerned I am willing to take the facts and figures which are supported by some of the best businessmen in America, who have studied this plan for many months, rather than to take the figures of a Senator who cannot, in the limited amount of time at his disposal and with the limited number of assistants about him, do the job which others have done.

Mr. MORSE. The Senator from Ohio is, in my opinion, an exceedingly able, hard-working, very intelligent student of these problems. However, I think he has failed to sustain the burden of proof resting upon him in this instance.

Mr. LUCAS. No one will question that.

Mr. MORSE. Undoubtedly he has worked very hard on this problem. But when I take all the work which he demonstrated this afternoon he has done and lay it alongside the much more careful analysis which I think clearly has been done by the other individuals and committees which have worked on the plan, I must reject his figure. When I weigh his proposal and his point, that his \$4,000,000,000 would carry on what we have been doing for the past 2 years but only that, then I say that in my opinion his proposition falls like a house of cards. I say that because for the past 2 years what we have been doing has not done the job which needs to be done. It has only fed the people of Europe. It has not provided the tools which will help them help themselves. When he says that it is not a sound argument to say that what we have been doing is only a relief program, I say that for the major part all we have been doing is filling stomachs; and filling stomachs is not enough. We must establish in western Europe some productive institutions which can help to reestablish the economy of that part of the world, so that

foreign trade can be resumed, and so that production wheels can again operate, in order that the people of Europe may in fact help themselves. They cannot help themselves economically unless we are willing to spend more than we have been spending in the past 2 years in order to reestablish over there the productive forces of a going economy.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. MORSE. I yield.

Mr. LUCAS. The Senator is absolutely correct, in my judgment; and the American people are going to believe that he is correct, because the American people have the correct notion, that what we have been doing in Europe in the past 3 years has been primarily a relief program and nothing else.

Mr. MORSE. That is what it has been, for the most part.

Mr. LUCAS. That is correct; and when we continue to appropriate only the same amount of money we have been appropriating before, they are going to continue to believe—and rightfully so—that we are doing nothing but continuing the relief program which we have been going through with for the past 4 years.

If I thought for one moment that the Marshall plan was nothing but a relief program, I would be unalterably opposed to it. If there is no economic rehabilitation in the western democracies of Europe in the Marshall plan, I want no part of it. But from my understanding of the Marshall plan, and from what I have read, seen, and heard during attendance before the Committee on Foreign Relations, and hearing one witness after another testify, I am satisfied that there is something worth while in the Marshall plan which will place the democracies of western Europe on their economic feet. If we cannot do that, we had better fold up and not give them anything at all.

Mr. MORSE. I agree with the Senator from Illinois.

Mr. WILSON. Mr. President, before the Senator resumes his remarks, will he yield to me?

Mr. MORSE. I am very glad to yield.

Mr. WILSON. I understand that the Senator from Oregon says a survey has been made by competent persons as to the needs of foreign countries. I am interested in that matter, and I ask this question on the basis of one who is seeking light. Can the Senator from Oregon give to me the names of those who have been in foreign countries and have surveyed them? I refer to persons other than those in the legislative branch of the Government.

Mr. MORSE. I think the Senator from Iowa will find in the composition of the Harriman group, men who are well informed on conditions in Europe. I think he will find on the Foreign Relations Committee of the United States Senate men who have made a very careful and intelligent study of conditions in Europe.

Mr. WILSON. Mr. President, will the Senator further yield?

Mr. MORSE. I am glad to yield.

Mr. WILSON. The Senator has not answered my question. Will he give me the names of those persons?

Mr. MORSE. If the Senator from Iowa will hand me the list of the members of the Harriman Committee, I can point them out to him. Most of them have made first-hand studies of Europe. I do not carry their names in my mind, of course. Or if the Senator will hand me a list of the Members of the Senate Foreign Relations Committee I will show him the names of a long list of Senators who have made a first-hand study of conditions in Europe. For example, the distinguished Senator from Massachusetts [Mr. LODGE] is typical of the men who have made a rather careful study of the foreign situation.

Mr. WILSON. Mr. President, will the Senator further yield to me?

Mr. MORSE. Yes; I am glad to yield.

Mr. WILSON. Yesterday I placed in the RECORD a list of those who have made a survey.

Mr. MORSE. Well, let us consider Mr. Harriman. Does the Senator from Iowa desire to express the view that Mr. Harriman is not reasonably well informed as to the situation in Europe, on the basis of personal observations in Europe?

Mr. WILSON. No. But on the basis of the Harriman Committee's report, as I understand it and as it is being submitted, I say to the Senator from Oregon that Mr. Harriman did not visit any one of these countries after he was appointed.

Mr. MORSE. Does the Senator mean after Mr. Harriman was appointed to the board?

Mr. WILSON. Yes.

Mr. MORSE. Certainly I am sure that my friend the Senator from Iowa, being the exceptionally able lawyer that he is, will not argue that the point he has just made disqualifies Mr. Harriman as an expert witness in this case, in view of Mr. Harriman's experience as our Ambassador to Russia and his many visits to the continent of Europe.

Mr. WILSON. I am sure, Mr. President, that Mr. Harriman might qualify as an expert witness; but, of course, we have expert witnesses and expert witnesses, as the learned lawyer and Senator from Oregon knows full well.

Mr. MORSE. I wish to say that I am satisfied that the personal studies of a substantial number of the members of the Harriman commission and a substantial number of the members of the Senate Foreign Relations Committee as to conditions in Europe establish, to my satisfaction, their high competency to recommend to us the amounts that should be authorized and the commodities for which the amounts should be spent in the interest of stabilizing and rehabilitating the economy of Europe. These men are highly competent to recommend the Marshall plan as the best way to maintain during the years of economic dislocation immediately ahead in this country a much greater stabilization of our own economy than I think we could possibly have without the Marshall plan. As I have already said, I

agree with them that the Marshall plan is in the national, selfish, economic interest of the United States. It is also in our best moral interests.

Mr. WILSON. Mr. President, will the Senator further yield?

Mr. MORSE. I am glad to yield.

Mr. WILSON. I note that the Senator from Oregon refers to the amount of equipment which should be sent to Europe. Can the Senator point out any place in the hearings or in the debate in this body where an indication is made of what equipment is going to be sent to Europe, and to what countries?

Mr. MORSE. Of course, I think one of the strengths of the plan is to be found in the flexibility of the plan in meeting the economic exigencies as they arise in Europe. I think it would be a great mistake for us to lay down a hard and fast blueprint now and say, for example, that so many thousands of tractors must go to this country, or so many pounds of cotton must go to that country. I think the strength of the plan is to be found in the fact that it is flexible enough to permit adjustment from month to month as economic conditions change there and change here. If it were to be one of those iron-clad plans, not subject to any flexibility, it would be doomed to failure before we start.

Mr. WILSON. Mr. President, if the Senator will yield again—

Mr. MORSE. I yield.

Mr. WILSON. I think the Senator and I are in agreement that there should be no limitation on the first year's appropriation, so that there may be flexibility.

Mr. MORSE. Flexibility, so far as determining the commodities for which the money is to be spent.

Mr. WILSON. And flexibility in regard to amount.

Mr. MORSE. No. I think we ought to recognize that we should start out with the \$5,300,000,000 that it calls for. I think that figure is the conclusion that competent men who have studied the question for weeks and months have determined to be the figure that we ought to use as the first year's amount. We must have some figure based upon a study of the problem. These careful students of the problem have made the study, and now, at this late hour, a proposal comes in for \$4,000,000,000, which to all intents and purposes is picked out of the sky. Even the proposer of the \$4,000,000,000 says he cannot lay down any criteria that can be applied for a certainty determining the amount.

Mr. WILSON. Mr. President, if the Senator will yield again.

Mr. MORSE. I will yield.

Mr. WILSON. I am not advocating \$4,000,000,000, nor am I advocating any amount. All I am asking and attempting to get is that which is right.

Mr. MORSE. That is all I am seeking.

Mr. WILSON. I know, Mr. President, and I grant that the Senator from Oregon is doing a splendid job. But I should like to know who determined that this was the proper amount to appropriate.

Mr. MORSE. It is the recommendation by the unanimous vote of our own Foreign Relations Committee. That is good enough for me.

Mr. WILSON. Then if the Senator will again yield to me—

Mr. MORSE. I will yield.

Mr. WILSON. Then, perhaps, the Senate of the United States should abdicate its functions when the unanimous vote of the Foreign Relations Committee is cast. I approve of and admire every member, but when they vote a certain figure unanimously, the Senator and I should not make further inquiries.

Mr. MORSE. Oh, no. I think the Senator knows he has jumped two or three premises in order to reach that conclusion.

Mr. WILSON. No.

Mr. MORSE. If the Senator does not believe that the Foreign Relations Committee has submitted to him a report that can meet the tests of soundness and logic and competency, he should vote against the report. All I am saying is the Senate Foreign Relations Committee has convinced me that on the basis of their report, on the basis of their study, they have fixed the figure which ought to be the minimum figure. That is all the Senator from Oregon is saying. I think they have made a stronger case for \$5,300,000,000 than Senator TART has for \$4,000,000,000. That is all I am saying.

Mr. WILSON. Mr. President, if the Senator will yield again—

Mr. MORSE. I yield.

Mr. WILSON. All I am endeavoring to do, and I wish the Senator would help me, is to find in the report of the Foreign Relations Committee anything upon which I may predicate a judgment.

Mr. MORSE. I think if the Senator will read it from the four corners, and if he will read it supplemented by the great speech by the Senator from Michigan, he has plenty of basis to agree with the Senator from Oregon that \$5,300,000,000 is amply supported by both the report and by that great speech.

In view of the fact that the Senator from Iowa has raised the question as to the background and competency and qualifications of the members of the Harriman committee, I ask to have printed in the body of the RECORD at this point, as my answer to that question, the document entitled "Qualifications and Experience of United States Personnel Participating in the Preparation of the European Recovery Program." It speaks for itself. It shows that a very competent group of men made that study.

The PRESIDING OFFICER. Is there objection?

There being no objection, the document was ordered to be printed in the RECORD, as follows:

QUALIFICATIONS AND EXPERIENCE OF UNITED STATES PERSONNEL PARTICIPATING IN THE PREPARATION OF THE EUROPEAN RECOVERY PROGRAM

(Table of contents)

A. Advisory Steering Committee on European Recovery Program.

B. Executive Committee on Economic Foreign Policy (ECEFP).

C. National Advisory Council (NAC).

D. Policy Planning Staff of the Department of State.

E. Substructure of the major committees:

(1) Advisory Steering Committee:

(a) Objectives Subcommittee.

(b) Correlation Committee and Staff Group.

(c) Organization and Administration Committee.

(d) Legislative Drafting Committee.

(e) Functional and Commodity Committee.

1. Food and agriculture.
2. Fertilizer.
3. Agricultural machinery.
4. Coal.
5. Mining machinery.
6. Electric power.
7. Petroleum.
8. Iron and steel.
9. Inland transport.
10. Maritime transport.
11. Timber.
12. Manpower.

(f) Country committees: Coordinating Group:

1. Austria.
2. Belgium, Netherlands, Luxemburg.
3. France.
4. Greece.
5. Italy.
6. Scandinavia.
7. Switzerland-Portugal.
8. Turkey.
9. United Kingdom-Ireland.
10. Western Germany.

(2) Executive Committee on Economic Foreign Policy: Subcommittee for ERP:

(a) Working Group on Relationship Between the ERP and the UN and Specialized Organization.

(b) Working Group on the Relationship Between ERP and ITO.

(c) Working Group on Domestic Controls Needed to Implement the ERP.

(d) Working Group on Strategic Materials.

(e) Working Group on Manpower Report.

(3) National Advisory Council: Staff Committee.

A. ADVISORY STEERING COMMITTEE ON EUROPEAN RECOVERY PROGRAM

Chairman: Robert A. Lovett, Department of State. Position: Under Secretary of State. Age: 53. Degrees: B. A. (Yale). Graduate work Harvard. Experience: Banker; partner in Brown Bros. Harriman & Co.; Special Assistant to Secretary of War; Assistant Secretary of War for Air; pilot; lieutenant commander United States Naval Air Service.

Vice Chairman and Executive Secretary: Charles H. Bonesteel, Department of State. Position: Special Assistant to the Under Secretary of State. Age: 39. Degrees: Graduated United States Military Academy 1931, Rhodes Scholar Oxford, B. A. On the Planning Staffs of General Bradley and General Montgomery during World War II. Worked in the Plans and Operations Division of the War Department General Staff on policy in connection with the Japanese surrender. One of the War Department's representatives in the United States Delegation to the United Nations Conference on International Organization at San Francisco. War Department representative at most of the Council of Foreign Minister meetings working on Italian, Balkan, German, and Austrian Peace Treaties. Since August 1947 has served as Special Assistant to the Under Secretary of State.

Secretary: Melvin L. Manfull, Department of State. Position: Divisional Assistant P-4, Office of the Secretary. Age: 28. Degrees: A. B., history. Experience: Fellow in Department of Psychology and assistant to professor of history, University of Utah, 1940-41; National Institute of Public Affairs intern assigned to Personnel Office, Civil Aeronautics Administration, 1941-42; United States Navy, overseas service, lieutenant, 1942-45; administrative officer, Office of Price Administration, February-August 1946; appointed to Department of State as Assistant to Special Assistant, Central Secretariat, 1946-47.

Members: Willard L. Thorp, Department of State. Position: Assistant Secretary of State for Economic Affairs. Age: 48. Degrees: B. A., M. A., Ph. D. (Economics and

Mathematics). Experience: Instructor in Economics, University of Michigan, 1921; Instructor in Economics, Amherst, 1921-22; Professor of Economics, Amherst, 1926 to 1934; Research Staff, National Bureau of Economic Research, 1923 to 1933; Director, United States Bureau of Foreign and Domestic Commerce, 1933 to 1934; 1934 to 1935, Director, Price Studies, Department of Labor, Director, Consumers Division, National Emergency Council, and Chairman, Advisory Council, N. R. A.; 1935 to March 1939, Director of Economic Research for Dun and Bradstreet, Inc.; 1939 to 1940, Economic Adviser to the Secretary of Commerce; Trustee from 1940 to June 1945, Trustee of Associated Gas & Electric Corp. Mr. Thorp served as delegate of the United States to the World Statistical Congress from September 6-12, 1947. He is the author of several books on economics, including *The Integration of Industrial Operations*, *Business Annals*, *Economic Institutions*, and many articles on economic matters. Appointed to the Department of State in June 1945 as Deputy to the Assistant Secretary of State, and later, November 1946, appointed to present position.

Thomas C. Blaisdell, Jr., Department of Commerce. Position: Assistant to the Secretary for International Trade. Age: 53. Degrees: A. B., M. A., Ph. D. Experience: 3 years History teacher, Ewing Christian College, Allahabad University, India. Three years teacher of Sociology and Economics, Yenching University, Peking, China. Eight years teacher of Economics, Columbia University. One year Assistant Director, Consumers Council, Agricultural Adjustment Administration. One year Executive Director, Consumers Advisory Board, NRA. One year Economic Adviser to Administrator, Resettlement Administration. Two years Assistant Director, Bureau of Research and Statistics, Social Security Board. Five years Assistant Director, National Resources Planning Board. One year Chairman, Industrial Committee, National Resources Planning Board, Member of Planning Committee, War Production Board. One year Director, Planning and Statistics, Office of War Mobilization and Reconversion. Director of Bureau of Programs and Statistics, War Production Board. Nine months Chief of Mission for Economic Affairs with rank of Minister, London. January 20, 1947, appointed Director, Office of International Trade, Department of Commerce.

Frank A. Southard, Treasury Department. Position: Director, Office of International Finance. Age: 41. Degrees: A. B., Ph. D. Experience: Professor of economics and chairman of Department of Economics, Cornell University. Is on leave of absence for present position. One year Guggenheim fellow in South America in 1940, studying foreign exchange procedures for Argentina and Chile. One year Assistant Director of Monetary Research, Treasury Department, working on exchange stabilization, commercial policy, Latin American and Far Eastern problems. One year member and acting chief, American Technical Mission to Cuba, advising the Cuban Government on central banking and banking reform (1941-42). Four years United States Navy, serving principally as financial adviser, Allied Force Headquarters in the Mediterranean, with responsibility for military and civilian financial problems and operations in north Africa, Italy, southern France, and the Balkans. Director, Office of International Finance, from July 15, 1947, to present. Author of numerous books and articles on international finance with special emphasis on foreign exchange.

Norris E. Dodd, Department of Agriculture. Position: Under Secretary. Age: 68. Degrees: None. Experience: 1909 to present—has owned and operated a farm and cattle ranch. 1935-48 entered AAA as Assistant Director of Western Division, later became Di-

rector. Later, became Administrator of entire AAA. Presently serving as Under Secretary of Department.

James Boyd, Department of the Interior. Position: Director, Bureau of Mines. Age: 44. Degrees: B. S., M. Sc., D. Sc. Experience: Twelve years professor of geology, Colorado School of Mines. One year president of Gold Crest Mining Co. Five years United States Army, captain to colonel. Chief of Metal Section, Office of the Secretary of War. Army representative to the Program Adjustments Committee of War Production Board. Served on Copper Committee of the combined Raw Materials Board and Adviser on metals to the American Representative on the Combined Raw Materials Board. Executive Officer to the Director of Material, Army Service Forces, and Director of the Industry Division, Office of the Military Government in Germany. Resumed duty at Colorado School of Mines in September 1946 as dean of the faculty, which position he held until entering on duty at Interior Department, March 26, 1947, as consultant to the Secretary on minerals and metals. Has been Director of Bureau of Mines since August 1947.

Raymond M. Cheseldine (Col.), Department of the Army. Position: War Department Special Staff, Civil Affairs Division. Age: 56. Degrees: B. S., Ohio Wesleyan University, Washington College of Law, 2 years. Experience: 1919-1929 managing editor of newspaper, Zanesville, Ohio. 1929-1935, Standard Statistics Co., New York, business analyst; 1935-1941, FHA, and Federal Trade Commission. Planning and building community of Buckingham, Va., working on organizational problems; 1942-1946, Office of the Chief of Ordnance, War Department, Industrial Division as Administrative Officer. March 23, 1946, to present, on War Department Special Staff, Civil Affairs Division.

Edmund T. Wooldridge (rear admiral), Department of the Navy. Position: Assistant Chief of Naval Operations. Age: 51. Degrees: Graduate and postgraduate of United States Naval Academy. Experience: 1916-1932, ship duty, is qualified to command submarines; 1932-34, Naval Administration Depot, aid and flag lieutenant on staff of commander, Battleship Division 3. July 18, 1936-June 11, 1937, command of U. S. S. *Tattnall*. July 15, 1937-Nov. 6, 1939, attended United States Naval War College. November 23, 1939-February 10, 1941, executive officer, U. S. S. *Dobbin*. February 27, 1941-January 13, 1942, Office of Chief of Naval Operations, assistant operations officer on staff of commander, support force, Atlantic Fleet. January 13, 1942-March 10, 1942, Assistant Chief of Staff and Operations Officer, Staff of Commander, Support Force, Atlantic Fleet. March 10, 1942-December 16, 1944, Chief of Staff and Aid Commander Task Force 24. January 23, 1945-December 8, 1945, Command of U. S. S. *New Jersey*. February 15, 1946-October 11, 1947, Assistant Chief of Naval Operations (Political Military Affairs). March 16, 1947, Consultant to United States Representatives to the Security Council of the United Nations. Served as liaison officer with United States members, Military Staff Committee, to United States Representative on the United Nations Regulation of Conventional Armaments Committee.

J. Burke Knapp, Federal Reserve Board. Position: Assistant Director, Division of Research and Statistics of Board of Governors. Age: 34. Degrees: A. B., B. A., Stanford; B. Litt., Oxford (Economics). Experience: 1936-39 Assistant to Managing Directors, Berlin and London offices of Brown, Harriman Co., Ltd., international investment bankers—work on investments, preparation of information on financial conditions in European countries; 1940-44, Federal Reserve (Board of Governors) jr. and assoc. economist; 1944-45 Department of State, Office of Wartime Economic Administration as Economist. 1945-48, Federal Reserve, Special Assistant to

the Chairman of the Board, on foreign matters (1945-46); 1946-48, Assistant Director, Division of Research and Statistics, Board of Governors.

Philip M. Kaiser, Department of Labor. Position: Director, Office of International Labor Affairs. Age: 34. Degrees: A. B., Wisconsin, economics and history; B. A., Oxford, political science, economics. Experience: 3½ years Board of Economic Welfare, Special Assistant to Chief, British Empire Division. Two and one-half years Foreign Economic Administration, Chief, Project Operations Staff. One and one-half years State Department, Acting Chief, Planning and Projects Section, coordinating work of Enemy Branch on Reparations and Industrial Disarmament. Three months State Department, Division of International Organization Affairs, Expert on International Organization Affairs. One and one-half years Assistant to the Assistant Secretary (Labor Department) for International Labor Affairs.

Alternates: Paul H. Nitze, Department of State. Position: Deputy Director, Office of International Trade Policy, P-8. Age: 41. Degrees: A. B. (Economics). Experience: March 1942-June 1943, Chief of Metal and Minerals Division, Office of Imports, BEW; June 1943-November 1944, Director of Foreign Procurement and Development Branch, Bureau of Supplies, FEA; appointed to the Department of State in present position September 13, 1946; 1928-41, vice president of investment bankers firm; 1941-42 Financial Director, Office of the Coordinator of Inter-American Affairs; 1944-46 Vice Chairman, United States Strategic Bombing Survey.

Lincoln Gordon, Department of State. Position: Consultant, Office of Financial and Development Policy. Age: 34. Degrees: A. B., D. Phil. (Economics and Government). Experience: Instructor in Government, Harvard University and Radcliffe College, 4 years. Research technician, National Resources Planning Board, 6 months. Economic Analyst, National Defense Advisory Commission, 3 months. Assistant Director for Plans and Procedures, Program Bureau, WPB, 1 year. Deputy Director, Program Bureau, WPB, 9 months. Director, Program Bureau, WPB, 9 months. Deputy Program Vice Chairman, WPB, 5 months. Program Vice Chairman, WPB, 7 months. Consultant, Army-Navy Munitions Board. Consultant to United States Representative, United Nations Atomic Energy Commission. Associate Professor of Business Administration, on consultant basis, Harvard Business School. Consultant, Office of Financial and Development Policy, Department of State, since August 18, 1947.

Henry Labouisse, Department of State. Position: Special Assistant to Director of Office of European Affairs (P-8). Age: Forty-four. Degrees: A. B., Princeton; LL. B., Harvard. Experience: Chief, Division of Defense Materials, Department of State, and member of Board of Economic Operations, 1941-43; Deputy Director, Office of Foreign Economic Coordination, Department of State, 1943; Special Adviser on Eastern Hemisphere Division, Office of European Affairs, 1943; Chief, Eastern Hemisphere Division, Office of European Affairs, 1944; Special Assistant to Director, Office of European Affairs, 1944; Adviser on Economic Affairs, Foreign Service Auxiliary, at Paris, with honorary rank of Minister, 1944-45; detailed to Berlin conference, 1945; Special Assistant to Assistant Secretary of State for Economic Affairs; special assignment for Assistant Secretary after return from Paris, 1946.

Thomas J. Lynch, Treasury Department. Position: Assistant General Counsel for the Treasury Department, \$10,000 per annum; Acting General Counsel for Treasury since August 1947. Age: Forty-eight. Degree: LL. B. Experience: Private practice of law, 1925-34; Assistant General Counsel, Secu-

rities and Exchange Commission, Washington, D. C., 1934-39, supervising court proceedings and administrative proceedings. In addition, engaged in assignments relating to interpretative opinions, enforcement, trading, and registration activities. In 1940 was appointed Special Assistant to the Attorney General, Antitrust Division, Department of Justice, in charge of cases and staff assignments. In 1940-43, War Production Board and predecessor organizations (NDAC and OPM), as Assistant General Counsel; duties included service as counsel to Rubber Director, which entailed constant interdepartmental relations. During this period served also as counsel to several industry and materials branches (steel, aluminum, automotive, aircraft, machine tools) and to production and priorities divisions. April 1943 appointed Assistant General Counsel for the Treasury Department, in charge of legislative matters; also had legal supervision over war-contract termination, surplus-property disposal, procurement, and other departmental activities, and was Treasury representative on Contract Termination Legislation Committee and Surplus Property Disposal Legislation Committee. Since August 1947 has been Acting General Counsel for Treasury Department. In this position devotes considerable time to meetings of the Advisory Steering Committee and the National Advisory Council as a representative and adviser to the Secretary of the Treasury.

Norman H. Collisson, Department of the Interior. Position: Special Assistant to the Secretary. (Consultant CAF-15.) Age: 48. Degree: B. S., Swarthmore College, 1922. Experience: 1922-35 consulting engineer firm, with brother, Wm. H. Collisson, Jr.; 1935-38, power engineer, Atlantic City Electric Co.; 1938-42, power engineer, American Gas & Electric Co.; 1942-47, officer in charge of various industries seized under War Labor Disputes Act (Navy Department). Deputy Petroleum Administrator and Coal Mines Administrator; 1947 to present, Department of the Interior, consultant (designated Special Assistant to the Secretary).

Philip Shepley (lieutenant colonel), Department of the Army. Position: Military Survey Branch, Plans and Policy Group, Plans and Operations Division, Department of Army General Staff. Age: 48. Degrees: A. B. (Harvard), LL. B. Experience: Prewar civilian experience in legal practice, 3 years. Manufacturing 3 years, and export sales 11 years, followed by wartime service on Air Force staff in production analysis and postwar planning, 4 years.

Murray Jones Tichenor, Department of the Navy. Position: Captain (Jan. 6, 1943), retiring Feb. 1, 1948, real admiral. Age: 45. Degrees: Naval Academy graduate, commissioned ensign June 5, 1924. Experience: Commissioned ensign June 5, 1924; served on U. S. S. *Arizona* (BB) July 1924-December 1928 (gunnery department). Member U. S. Navy Rifle Team, Camp Perry, Ohio, 1927. Member, U. S. Navy Rifle Team, Camp Perry, Ohio, 1928. Executive officer, U. S. S. *R-8* (SS) Aug. 1929-May 1931. Post Graduate School, Annapolis, June 1931-June 1932. Captain, U. S. Navy Rifle Team, Annapolis, Maryland, July and August 1932. Office of Inspector of Naval Material, General Electric Co., Schenectady, N. Y., Aug. 1932-January 1933. Exec., U. S. S. *S-22* March 1933-May 1934. C. O., U. S. S. *S-22* March 1934-May 1936. Navy Department, C. N. O. Fleet Training Division, June 1936-April 1938. C. O., U. S. S. *Dolphin*, May 1938-January 1941. U. S. Naval Mission to Peru April 1941-June 1943. Operations officer, staff commander, submarines, Southwest Pacific Force, Aug. 1943 to April 1945. Temporary duty in U. S. S. *Harder* during Fifth War Patrol, June 1944. C. O., U. S. S. *Eldorado* (AGC 11), June 1946-April 1946. Navy Dept., CNO (OP-35), May 1946 to present.

Lowell M. Pumphrey, Treasury Department. Position: Special Assistant to the Director,

Office of International Finance (P-7). Age: 33. Degrees: A. B., M. A., Ph. D.; majored in Economics. Experience: May 1941-November 1941, Economist, Foreign Research Division, Federal Reserve Bank of New York (Central Bank). August 1940-May 1941, Assistant Economist, Bureau of Research and Statistics, National Defense Advisory Commission. November 1941-June 1946, United States Army. May 1946-July 1947, Special Assistant to Chairman, Export-Import Bank. July 1947 to date, Special Assistant to Director, Office of International Finance. Attended Second Annual Meeting of Board of Governors, International Bank and Monetary Fund. Acted in capacity of United States Treasury Representative, London, England, for period of month during absence of Senior Representative.

Fred D. Northrup, Department of Agriculture. Position: Assistant to Administrator, Production and Marketing Administration (Food and Agricultural Commodity Commission), \$10,000 per annum. Age: 48. Degrees: A. B., Econ. Money and Banking, Marketing, Elem. Law. Experience: 1935-48, AAA, responsible positions as program director, work has largely been in distribution of commodities, food, and fertilizer. Material Control Officer, over-all administrative capacity in control of critical materials with which Department was concerned during the war. Chief, Materials and Facilities: Equipment, supplies, machinery. Went to Germany as Chief of Food Production Branch, FEA. Past year and a half has been Assistant to the Administrator in Agricultural Commodities.

Jesse B. Gilmer, Department of Agriculture. Position: Administrator. Age: 37. Degrees: B. S.—Civil Engineering. Experience: 1947-present: Administrator, Production and Marketing Administration and President of the Commodity Credit Corporation; 1946-47, served as Director, Deputy Administrator, Secretary of the Commodity Credit Corporation, Director of the Budget and Management Branch of Production and Marketing Administration and Assistant to the President of the Commodity Credit Corporation. 1944-46, Assistant Administrator of Farm Security Administration. 1938-44, Regional Director, Farm Security Administration. 1935-38, employed in the Resettlement Administration as Executive Assistant, Head of Procedure Analysis and Control Unit of the Land Utilization Division, Acting Head of Procedure and Progress Unit, Land Utilization Division.

Alexander Gerschenkron, Federal Reserve (Board of Governors). Position: Chief, Foreign Areas Section. Age: 43. Degrees: Doctor Rerum Politicarum (University of Vienna). Experience: Economic analyst in Vienna 4 years. Manager exporting firm in Vienna 3 years. Lecturer and research associate in economics, University of California, 5 years. Board of Governors of the Federal Reserve System since February 29, 1944.

Lewis N. Dembitz, Federal Reserve (Board of Governors). Position: Chief, International Financial Operations Section. Age: 37. Degrees: A. B., M. B. A. Experience: Board of Governors of the Federal Reserve System since January 2, 1934. Resigned January 26, 1943, to go with Board of Economic Warfare, and assigned to the London office as head intelligence officer, engaged in problems for R. A. F. and United States Army Air Forces attack, thence assigned to joint British-American Agency.

Observer: Charles Murphy, the White House.

B. EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

Chairman, Willard L. Thorp, Department of State. (See Advisory Steering Committee on European Recovery Program.)

Executive secretary, Eleanor E. Dennison, Department of State. Position, chairman of the secretariat of the executive committee on economic foreign policy. P-7. Age, 47. De-

grees, A. B., A. M., Ph. D. Experience: Instructor, University of Denver, 1930-35; research assistant; instructor of pacific relations, 1938; principal program secretary, National League of Women Voters, 1941-44; appointed special assistant to the executive secretary, executive committee on economic foreign policy, Department of State, 1944-45; assistant to the executive secretary, 1945-47.

Members: Frank H. Southard, Jr., Treasury Department. (See Advisory Steering Committee on European Recovery Program.)

Clinton P. Anderson, Department of Agriculture. Position: Secretary of Agriculture.

Thomas G. Blaisdell, Department of Commerce. (See Advisory Steering Committee on European Recovery Program.)

Philip Kaiser, Department of Labor. (See Advisory Steering Committee on European Recovery Program.)

C. Girard Davidson, Department of the Interior. Position: Assistant Secretary of the Interior. Age: 38. Degrees: B. A., LL. B., J. S. D. Experience: 3 years, private law practice; 3 years, part-time professor of constitutional law at Southwestern Louisiana Institute; 4 years, attorney for TVA, Knoxville, Tenn.; attorney in charge of Utilities Section, United States Housing Authority, Washington; 1 year, consulting attorney, Bonneville Power Administration, Interior Department; 2 years 6 months, general counsel, Bonneville Power Administration; 6 months, Special Assistant to the Secretary of the Interior; from June 18, 1946, to present, Assistant Secretary of the Interior.

Thomas J. Hargrave, Munitions Board, National Military Establishment. Position: Chairman, Munitions Board. Age: 57. Degrees: No record; attended University of Nebraska, Harvard Law School; admitted to New York State Bar in 1915. Experience: Private law practice, 6 years; manager, Eastman Kodak Co., head of Eastman Kodak Co.'s legal department; chairman, board of directors of Lincoln-Rochester Trust Co.; trustee of Rochester Chamber of Commerce; Chairman, Army-Navy Munitions Board since July 1, 1947.

Oscar B. Ryder, United States Tariff Commission. Position: Chairman of Commission. Age: 62. Degrees: A. B., A. M. Harvard. Experience: 1915-17, assistant in economic history, Harvard; 1918, assistant professor of economics, University of Louisville; 1918, member, staff and planning statistics, United States Shipping Board; 1918, member, staff price section, War Industries Board; 1919-33, United States Tariff Commission, economist; 1933, assistant chief, economist division, member, Planning Commission; 1933-34, NRA, chief imports division, NRA, representative on Executive Commission for Coordination of Commercial Policies; 1934-38, commissioner, United States Tariff Commission; 1939-42, vice chairman, United States Tariff Commission; July 1, 1942, chairman, Commission for Reciprocity Information; 1934-35, member, Joint Committee of League of Nations on Clearing Agreements.

J. Burke Knapp, Federal Reserve Board. (See Advisory Steering Committee on European Recovery Program.)

Alternates: Morris J. Fields, Treasury Department. Position: chief of the commercial policy and United Nations division, Office of Internal Finance, P-7. Age: 49. Degrees: B. S., M. B. A., M. A., Ph. D. economics. Experience: 1924, instructor of economics, University of West Virginia; 1927-30, assistant professor of economics, University of Colorado; 1930-36, instructor and research assistant, Harvard University; 1936-42, assistant to the director of research, Securities and Exchange Commission; February 1942 to August 1943, head of the special studies section, Office of Price Administration; August, 1943, to June, 1944, head of the economics division, War Food Administration; June, 1944, to October, 1945, Foreign Economic Administration, chief of the miscel-

laneous equipment and supplies section; October, 1945, to December, 1946, Office of International Trade, Department of Commerce, chief of equipment and supplies section; December, 1946, to present, chief of the commercial policy and United Nations division, at present, delegate of the United States to the United Nations conference on trade and employment.

Charles Brannan, Department of Agriculture. Position: Assistant Secretary, CAF-15. Age: 44. Degrees: LL. B. Experience: Practised law 1929 to 1935. 1935 to 1941 Assistant Regional Attorney, Resettlement Administration. Regional Attorney, Office of the Solicitor, Department of Agriculture. 1941-1944 Regional Director, Farm Security Administration, Assistant Administrator, Farm Security Administration. 1944 to present, Assistant Secretary of Agriculture.

Faith M. Williams, Department of Labor. Position: Labor economist, P-7. Age: 54. Degrees: B. A., MA., Ph. D. Economics. Experience: 3 years assistant professor of economics, Cornell University; 5 years, Department of Agriculture, senior economist, Bureau of Home Economics; 13 years, Department of Labor, economic positions, last 2½ years of which she has been chief of the foreign labor conditions staff.

Arthur S. Barrows, National Military Establishment. Position: Under Secretary of the Air Force. Age: 63. Degree: A. B. Experience: Entered the wholesale hardware business in Chicago, after four years established own business in Washington, Indiana. In 1917 became division manager of Montgomery Ward & Co. From 1925 to 1926 operated a manufacturers' agency and importing company in San Francisco. In 1926 became associated with Sears, Roebuck & Co., becoming a director in 1935, and engaged in the reorganization and supervision of many departments of the company. In 1941 established the independent operation of the mail-order and retail outlets of the company west of Denver, a pattern which after the war was followed throughout the organization in decentralizing the operations of the concern, serving as vice president at that time. In 1942 became president of the concern until became vice chairman of the board in 1946. Retired from active service of the company in 1946. In connection with these duties made a tour of China, Philippines, New Zealand, and Australia in 1946. In March 1946 was appointed Deputy Director of the Economics Division of the Office of Military Government (U. S.) in Germany. On September 26, 1947, was appointed Under Secretary of the Air Force responsible to the Secretary of the Air Force for the formulation and general supervision within the Department of the Air Force, of policies relating to production, procurement, establishment of matériel requirements, logistics, air installations, industrial mobilization, and matters involving aircraft industry. Represents the Department of the Air Force in a liaison capacity with the Atomic Energy Commission. Serves as member of the Munitions Board.

Lynn R. Edminister, United States Tariff Commission. Position: Member and Vice Chairman, CAF-16. Age: 55. Degrees: A. B., Ph. D. Experience: 1917-18, professor of political science, Kansas State Normal University; 1919-22, member of economic staff, United States Tariff Commission; 1922-30 (except for 1 year, 1926-27), member of economic staff, Brookings Institution; 1926-27, associate professor of commerce and business administration at University of Virginia; 1921-30, member of faculty, School of Foreign Service, Georgetown University (except 1926-27); 1931-34, Principal Economist, Foreign Agricultural Service Division, Bureau of Agricultural Economics, United States Department of Agriculture; 1936-38, Chief Economic Analyst, Division of Trade Agreements, Department of State; 1934-36, Chief, Import-

Export Section, Agricultural Adjustment Administration; April, 1937, adviser, International Tripartite Technical Conference on the Textile Industry; 1937, member, Joint Preparatory Committee on Philippine Affairs; 1938-42, Special Assistant to the Secretary of State. Participated in the following recent international conferences: October-November 1946, International Conference on World Trade and Employment, London, England. July-September 1947, United Nations Conference on Trade and Employment, Geneva, Switzerland.

Frank M. Shields, Department of Commerce. Position: Chief, Machinery and Motive Products Branch, Office of International Trade (P-8). Age: 56. Experience: Thirty years' experience in business, including vice president of American Optical Co., with complete charge of manufacturing activities, all research activities, patent and trade-mark activities, and extensive world-wide experience in selling and establishing branch plants. Vice president of Associated Industries of Massachusetts. Four years with War Production Board as Chief, Health Supplies Branch; Director, Safety and Technical Division; Director, Farm Machinery and Equipment Division; Deputy Director, Equipment Bureau, including automotive, general industrial equipment, construction machinery, and tools. Two years as Chief, Commercial Policy Staff, Office of International Trade. Delegate to first meeting of Preparatory Committee of Conference on Trade and Employment, London, 1946.

C. NATIONAL ADVISORY COUNCIL

Chairman: John W. Snyder, Treasury Department. Position: Secretary of Treasury.

Secretary: John W. Gunter, Treasury Department. Position: Deputy Director of International Finance, P-8. Age: 34. Degrees: B.S., M. A., Ph. D. (economics), (specialized in money and banking and international trade). Experience: December 1936 to September 1938, statistical supervisor and administrative assistant for the North Carolina State Employment Service. September 1938 to December 1940, instructor in economic statistics, University of North Carolina; December 1940 to date, Division of Monetary Research and Office of International Finance; before taking over as Deputy Director he was United States Treasury representative in London, England. Was also head of the British Empire Section. Worked in that office, has always been with international finance and economics. Attended the Geneva Conference and various other conferences.

Members: George C. Marshall, Department of State. Position: Secretary of State.

W. Averell Harriman, Department of Commerce. Position: Secretary of Commerce.

Marriner S. Eccles, Board of Governors, Federal Reserve System. Position: Chairman of the Board. Age: 58. Experience: Banker, Chairman of the Board of Governors of the Federal Reserve System since November 16, 1934.

William McChesney Martin, Jr., Export-Import Bank. Position: Chairman of the board and president. Age: 41. Degrees: Student, Benton College of Law, St. Louis, 1931, graduate student. Experience: Member of New York Stock Exchange, 1931-38; governor, 1935-38; chairman committee on constitution, 1937-38; secretary, Conway Commission to Reorganize Exchange, 1937-38; president, 1938-41. Published and edited Economic Forum, 1932-34. Drafted as private, United States Army, 1941, through various steps to colonel, 1945. Assistant, Munitions Assignments Board, Washington; assistant executive, President's Soviet Protocol Commission. Appointed member of board, and chairman, Export-Import Bank of Washington, November 1945. Alternate delegate to International Monetary Conference, London, September 1947.

Alternates: Frank A. Southard, Treasury Department. (See advisory steering committee.)

Willard L. Thorp, Department of State. (See advisory steering committee.)

Thomas C. Blaisdell, Jr., Department of Commerce. (See advisory steering committee.)

J. Burke Knapp, Federal Reserve System. (See advisory steering committee.)

Herbert E. Gaston, Export-Import Bank. Position: Vice Chairman of the Board. Age: 66. Experience: Newspaper work and editor of western and New York papers, 1900-31; secretary, Federal Farm Board, 1933; deputy governor, Farm Credit Administration, 1933; assistant to Secretary of Treasury, 1934-39; Assistant Secretary of Treasury, 1939-45; in this capacity participated, as a fiscal adviser to the Secretary of the Treasury, in conferences concerning international financial problems as well as problems concerning the domestic economy. Represented Treasury on Interdepartmental Committee on Cooperation with American Republics; United States delegate to first Conference of Ministers of Finance, Guatemala City, 1939. Appointed member of board of directors and vice chairman, Export-Import Bank of Washington, 1945. Alternate on President's Cabinet Committee on Palestine and Related Problems, 1946. Attended discussions with British in London.

D. POLICY PLANNING STAFF OF THE DEPARTMENT OF STATE

Director: George F. Kennan, Department of State. Position: Director of Policy Planning Staff. Age: 43. Degree: A. B. Experience: Appointed Vice Consul April 22, 1927; Counsellor of Legation, Lisbon September 31, 1942; Counsellor American Delegation to the European Advisory Commission at London December 1, 1943; Counsellor of Embassy Moscow May 22, 1944 to April 26, 1946; Director Policy Planning Staff, May 5, 1947.

Executive Secretary: Carlton Savage, Department of State. Position: Executive Secretary and Member, Policy Planning Staff, P-8. Age: 50. Degrees: B. S., M. A. (History, Economics, International Law and Relations). Experience: Professor in public schools in Oregon from 1921 to 1926; appointed to Department of State in May 1927, serving in progressively responsible positions, including those of Assistant to the Counsellor, Special Assistant to the Assistant Secretary, and General Consultant to the Secretary (through the tenure of several Secretaries) on matters of general policy. He is the author of a two volume work, published by the Department on the "Policy of the United States toward Maritime Commerce". Mr. Savage served as Technical Expert to the United States Delegation, United Nations Conference on International Organization.

Members: Jacques J. Reinstein, Department of State. Position: Member, Policy Planning Staff Special Assistant to the Assistant Secretary for Economic Affairs (P-8). Age: 36. Degree: B. S. (Economics) Special schooling at University of Basel, Switzerland and the Alliance Française, Paris, France. Experience: Editorial Assistant, N. R. A., 1933-1936; Appointed to Department of State on February 24, 1936; as Economic analyst, and has since served in progressively responsible positions in the Department, including the positions of Assistant and Associate Chief in the Division of Financial Affairs; Economic Adviser to United States Delegation; Council for Foreign Ministers; and the present position of Special Assistant to the Assistant Secretary for Economic Affairs, assigned to the Policy Planning Staff. Mr. Reinstein has served as: United States alternate participant, 1st International Wheat Meeting; Alternate Chairman, Proclaimed List Clearance Committee; Member, Advisory Commission on Trade Policy in Relation to Lend Lease; Assistant Adviser on financial and property

controls; and Economic Adviser to the Secretary of State for the Council for Foreign Ministers.

Joseph E. Johnson, Department of State. Position: Member, Policy Planning Staff, P-8 (resigned). Age: 41. Degrees: S. B., A. M., Ph. D. (History). Experience: Instructor in history from 1934 to 1943. Appointed to the Department of State in December, 1942, serving in progressively responsible positions, including the position of Chief, Division of International Security Affairs in the Office of Special Political Affairs. Mr. Johnson served as Adviser to the U. S. Group, Dumbarton Oaks Conversations in Washington, 1944; Technical Officer, U. S. Delegation on Inter-American Conference on Problems of War and Peace, Mexico City, 1945; Chief Technical Expert to the U. S. delegation, United Nations Conference on International Organization, San Francisco, 1945; Adviser to U. S. delegation, 1st part of 1st session of the General Assembly, United Nations, London, 1946. Mr. Johnson resigned from the Department on August 15, 1947, to return to Williams College.

Ware Adams, Department of State. Position: Member, Policy Planning Staff (FSO-3). Age: 42. Degree: A. B. Experience: Appointed Foreign Service Officer, November 12, 1929; Lyon, July 22, 1930, to November 11, 1933; Berlin, November 11, 1933, to August 17 1938; University of Chicago for special study in economics August 17, 1938, to April 1, 1939; Consul and 2d Secretary, London, May 27, 1941, to March 11, 1944; Foreign Service Officer, Staff U. S. political adviser, German Affairs, October 16, 1944, to June 28, 1945; Foreign Service Officer, Staff U. S. political adviser, Austrian Affairs, June 28, 1945, to September 7, 1946; 1st Secretary and Consul, Vienna, September 7, 1946; Policy Planning Staff, July 1947.

Consultant: Edward S. Mason, Harvard University. Position: Consultant, Policy Planning Staff, P-8, WAE Office of International Trade Policy. Age: 48. Degrees: A. B., M. A., B. Litt., Ph. D. Experience: Instructor in economics, 1923-1927; assistant professor, 1927-1932; associate professor, 1932-1937; professor, 1937, Harvard University; economic consultant, Department of Labor, 1938-1939; National Advisory Defense Committee, 1940-1941; deputy director of research and analysis branch, Office of Strategic Services, 1941-1944; consultant, Department of State, January 1945; deputy to Assistant Secretary of State for Economic Affairs, 1945; vice chairman of executive committee on economic foreign policy, January 25-July 5, 1945; member of U. S. delegation, International Cotton Advisory Committee, Washington, 1945; per diem status since July 12, 1945.

E. SUBSTRUCTURE OF THE MAJOR COMMITTEES

(1) Advisory Steering Committee

(a) Objectives Subcommittee

Chairman: George F. Kennan, Department of State. (See Policy Planning Staff of the Department of State.)

Executive secretary: Bromley K. Smith, Department of State. Position: Chief, Policy Registry Branch of the Executive Secretariat. Age 36. Degrees: A. B. Experience: 1935-40, Telegraph editor, Washington Daily News. August 22, 1940 appointed Foreign Service Officer. 1945, Assistant Press Officer, United States Delegation, United Nations Conference on International Organization, San Francisco. November 13, 1946 Information Officer, Department of State.

Members: Charles H. Bonesteel, Department of State. (See Advisory Steering Committee on European Recovery Program.)

Willard Thorp, Department of State. (See Advisory Steering Committee on European Recovery Program.)

Thomas C. Blaisdell, Jr., Department of Commerce. (See Advisory Steering Committee on European Recovery Program.)

Frank A. Southard, Treasury Department. (See Advisory Steering Committee on European Recovery Program.)

Consultants: Jacques J. Reinstein, Department of State. (See Policy Planning Staff of the Department of State.)

John D. Hickerson, Department of State. Position: Deputy Director, P-8, Office of European Affairs. Age: 50. Degrees: A. B. Experience: United States Army 1918; lecturer on diplomatic and consular practice, Georgetown School of Foreign Service, 1923. Appointed vice consul and clerk at Tampico July 9, 1920; vice consul of career of class three and assigned as vice consul at Tampico, September 7, 1920; class two May 26, 1922; vice consul at Rio de Janeiro, July 15, 1922; class one February 26, 1923; consul of class seven December 19, 1923; Foreign Service Officer of class eight July 1, 1924; consul at Pará August 15, 1924; at Ottawa June 20, 1925; class seven August 31, 1925; class six June 30, 1927; to the Department of State August 18, 1927; class five May 23, 1929; asst. chief Division of Western European Affairs, June 24, 1930; class four February 4, 1931; appointed assistant chief Division of Western European Affairs, Department of State, April 1, 1931; member Board of Appeals and Review 1934-41; assistant chief, Division of European Affairs, June 16, 1937; secretary of American section Permanent Joint Board on Defense, United States and Canada 1940; member Efficiency Rating Commission 1941-42; Chief Division of British Commonwealth Affairs January 15, 1944; area adviser United States group Dumbarton Oaks Conversations on International Organization, Washington, 1944; deputy director Office of European Affairs December 20, 1944; adviser United States delegation United Nations Conference on International Organization San Francisco 1945; member of United States delegation Civil Aviation Conference Bermuda 1946; Director Office of European Affairs August 24, 1947; adviser on the United States delegation to Council of Foreign Ministers, London, November 1947.

Samuel Reber, Department of State. Position: Deputy Director Office of European Affairs. Age: 44. Degree: A. B. Experience: May 28, 1926, appointed Foreign Service officer. Dec. 15, 1931 to July 21, 1932, Disarmament Conference, Geneva. July 21, 1932 to August 3, 1932 third secretary, Brussels. August 3, 1932 to August 29, 1933, third secretary, Luxembourg. August 29, 1933 to July 1, 1934, third secretary, Bern. July 1, 1934 to October 6, 1934 Disarmament Conference, London. October 6, 1934 to July 10, 1935, Bern. November 12, 1935 to March 24, 1936 American Delegation to Naval Conference, London. August 17, 1944 Counsellor of Mission, SHAEF, London. August 31, 1944 Promoted to Minister. March 9, 1947 in charge Western European Affairs, Dept. of State.

Loy W. Henderson, Department of State. Position: Director, Near Eastern and African Affairs. Age: 55. Degree: A. B. Experience: 1918 Member of Inter-allied Commission to Germany for Repatriation of Prisoners of War. 1919-1920 With A. R. C. Commission to Western Russia and the Baltic States. 1920-1921 In charge A. R. C. in Germany. May 26, 1922 appointed Foreign Service Officer. August 28, 1922 to July 17, 1923—Dublin. July 17, 1923 to July 1, 1924—Queenstown. May 12, 1927 to April 30, 1928—third secretary, Riga. April 30, 1928 to October 29, 1929—A. R. C. Representative, Kavne. October 29, 1929, to January 1, 1930—second secretary, Riga. 1937—delegate, Seventeenth International Geological Congress, Moscow. February 7, 1934 to March 18, 1938—second secretary, first secretary, Moscow. October 5, 1942 to March 1, 1943 Counsellor of Embassy, Moscow. October 1, 1943 to July 21, 1945—Envoy Extraordinary and Minister Plenipotentiary, Iraq. November 13, 1946—

Director Office of Near Eastern and African Affairs. November 25, 1946—Career Minister.

W. Walton Butterworth, Department of State. Position: Director, Office of Far Eastern Affairs. Age: 44. Degree: A. B. Experience: May 17, 1938—appointed Foreign Service Officer. December 5, 1933 to February 18, 1941—third secretary, second secretary, Consul, London. 1935-1941—Special representative of Treasury Dept. for Stabilization Fund Operations. April 9, 1941 to June 4, 1942—special duty, Dept. of Commerce. 1942—Member of Advisory Committee on Trade Policy in relation to Lend-Lease Program. June 4, 1942 to July 29, 1942, second secretary, Lisbon, Director General, United States Commercial Co., Madrid. July 29, 1942 to March 28, 1944—first secretary, Madrid. 1943, Member of staff of North African Economic Board. March 28, 1944 to January 2, 1945—Chungking. Sept. 15, 1947—Director, Office of Far Eastern Affairs. November 10, 1947—Career Minister.

(b) Correlation Committee

Staff group for correlation committee

Chief: Charles P. Kindleberger, Department of State. Position: Acting as adviser to Director of Office of Financial and Development Policy, P-8. Age: 37. Degrees: A. B., economics; M. A., Ph. D. Experience: Economic analyst, Treasury Department, June-September 1936; foreign statistician and foreign analyst, Federal Reserve Bank of New York, 1936-39; economist, Bank for International Settlements, Basle, Switzerland, 1939-40; associate economist, Federal Reserve System, 1940-42; chief, military supplies, Office of Strategic Services, Washington and London, 1942-43; United States Army, overseas service, major, 1943-45; appointed to Department of State, adviser on British Commonwealth financial affairs, 1945-46; Chief of Division of German and Austrian Economic Affairs, 1946.

Members: Harold R. Spiegel, Department of State. Position: Chief, Division of Financial Affairs, P-8. Age: 37. Degrees: B. A., M. A. Experience: Research assistant, 1936-39; senior economic analyst; 1939-42, Treasury Department; detailed to American Economic Advisory Mission to Venezuela, 1939-40; American Technical Mission to Cuba, 1941-42; United States Naval Reserve, April-August 1942, lieutenant (junior grade); appointed senior economic analyst at London, 1942; economist in Department of State, 1944; assistant chief, Division of Financial Affairs, 1945; acting chief, Division of Financial Affairs, 1946.

William T. Phillips, Department of State. Position: Adviser on supplies, P-8, International Resources Division. Age: 38. Degrees: A. B., Ph. D. Experience: Assistant professor of economics, University of New Hampshire, 1940-42; State price economist, Bureau of Labor Statistics, May-September 1942; business economist, Office of Price Administration, 1942-43; appointed division assistant in Department of State, 1943; chief of agricultural materials section, Commodities Division, 1944; participant in explanatory talks on postwar rubber problems, London, 1944; special assistant on commodity policy, Commodities Division, 1945; detailed to second meeting, Rubber Study Group, London, 1945; alternate, United States delegate, third meeting, International Rubber Study Group, The Hague, 1946.

William Bray. Position: Commodity Specialist (Foods) P-6. Age: 34. Degrees: A. B., M. A. Experience: Inventory controller with wholesale shoe firm, 1932-35; member of economic staff, Brookings Inst., 1938-39; instructor in economics, Cornell U., 1939-43; economist, National Defense Advisory Commission, 1940; editorial asst. for economic magazine, 1941-43; policy asst., OPA, Feb.-Aug., 1943; U. S. Army, 1943-45, lt. and officer of Strategic Services, 1944-45; transferred to Dept. of State as economist,

P-5, Oct. 1, 1945; commodity specialist P-6, Aug. 1946; asst. to economic adviser U. S. delegation, meeting of deputies, Council of Foreign Ministers, London, 1946; meeting of the Council of Foreign Ministers, Paris, 1946, and Paris Peace Conference, 1946.

Harlan P. Bramale. Position: Commodity Specialist (Agricultural Materials), P-5. Age: 38. Degrees: A. B., M. A. Experience: Instr., Coll. of City of N. Y., 1939-41; U. of N. H., 1941-42; economist, Treasury Dept., 1942; War Production Board, 1942-43; U. S. Navy, 1943-46, lt., overseas service; appointed commodity specialist, International Resources Division, Dept. of State, April 1946.

Wilfred Malenbaum. Position: Chief, Division of International Functional Intelligence, P-8. Age: 34. Degree: A. B., M. A., Ph. D. Experience: Inst. of econs., Oslo, 1938, Harvard 1938-41; econ., OPA, 1941; Chief of Food and Agri. Sec., Office of Strategic Services, 1941-45; transferred to Dept. of State as special asst. to Director, Office of Intelligence Coordination and Liaison, 1945; techn. consultant, Meeting on Urgent Food Problems, UN Food and Agriculture Org., Washington, 1946; Acting Chief, Division of International Functional Intelligence, July 1, 1946.

Ben T. Moore. Position: Assistant Chief in Charge of European Branch, Division of Commercial Policy, P-7. Age: 35. Degrees: A. B., M. A. Experience: Econ. Dept. of Agri., 1939-43; War Production Board, 1941-43; economic adviser, Combined Munitions Assignments Bd., 1943; U. S. Army, 1943-45, 1st lt.; appointed asst. adviser (Japanese Econ. Affairs), Dept. of State, 1945-46; asst. chief for Korean Econ. Affairs, Div. of Japanese and Korean Econ. Affairs, June 1946-November 1946.

Robert W. Tufts. Position: Country Specialist, P-5, Division of Commercial Policy. Age 32. Degrees: A. B., M. A. Experience: Assistant to production manager for manufacturing co., 1935-37; statistician for telegraph company, 1937-38; research assistant, 1942-43; economist, Office of Strategic Services, 1943-45; United States Army, 1934-45; appointed to Department of State, country specialist (commercial policy), October 1945.

(b) Correlation Committee

Chairman: Charles H. Bonesteel, Department of State. (See Advisory Steering Committee.)

Executive Secretary: Col. Sidney F. Giffin, War Department. Position: Dept. of the Army General Staff, plans and operations. Age: 40. Degrees: B. S. and M. A. Experience: Chief of Staff, State-War-Navy Coordinating Committee and Operations Division, Army General Staff Political Military Affairs. He is member, Council on Foreign Relations. Assigned to P & O, 1945. P & O Army, interest UNO on military staff committee.

Secretary: Stanley L. Phraner, Department of Commerce. Position: Economic information exchange advisor, CAF-15. Age: 53. Degrees: A. B. and M. A. Experience: United States executive secretary, Combined Production and Resource Board. WPB experience supervising priority actions; served as chairman of interdepartmental WPB clearance committee. Formerly editor, Wall Street News, and managing editor, New York News Bureau Association.

Members: Paul H. Nitze, Department of State. (See advisory steering committee.)

Frank A. Southard, Treasury Department. (See advisory steering committee.)

Thomas Blaisdell, Department of Commerce. (See advisory steering committee.)

Alternates: Lincoln Gordon. (See advisory steering committee.)

John M. Cassels, Department of Commerce. Position: Chief, British Commonwealth Division, P-8. Age: 46. Degrees: B. A. and Ph. D. Experience: Lecturer and ass't prof., political economy, Univ. Alberta, 1927-30; instr. & asst. prof. econ., Harvard Univ., 1931-

38; dir. of Inst. of Consumer Education, Stephens College, 1938-40; asst. to consumer commissioner on National Defense Commission, 1940-41; asst. admin. Consumer Div., OPA, 1941-43; Spec. Asst. to Dir. Agri. programs; Rehab. and UNRRA, 1943-44; Chief, Supply Analysis Div. of food programs, FEA, 1944-45; Asst. Exec. Dir. Victory Food Coll. Overseas Rlf.

(c) Organization and Administration Committee

Chairman: Lincoln Gordon (see Advisory Steering Committee on European Recovery Program).

Executive Secretary Herman Pollack, Department of State. Position: Management Analyst, CAF-13, Division of Organization and Budget. Age: 28. Degrees: B. S. Experience: Fellow, Department of Government, College of City of New York, 1940-41; personnel officer, Office of Price Administration, 1942-43; United States Army, 1943; personnel officer, War Shipping Administration, 1943-44; Chief, Planning and Analysis Division, Foreign Economic Administration, 1944-45; field placement officer, Office of Price Administration, 1946. Appointed to Department of State, October 1946.

Secretary: John L. Kuhn, Department of State. Position: Committee Secretariat Officer, P-4; Executive Secretariat, Office of the Secretary. Age: 34. Degrees: A. B., M. A. Experience: Teacher, Tamalpais School, San Raphael, Calif., 1939-40; teacher, Indian Mountain School, Lakeville, Conn., 1940-41; teacher, St. Marks School, Southboro, Mass., 1941-42; United States Navy, overseas service, lieutenant, 1942-46; instructor-supervisor, United States Veterans' Administration, Hines Hospital, Illinois, May-July 1946; appointed to Department of State, Office of the Secretary, Assistant to Special Assistant, 1946-47.

Vice chairman: Arthur A. Kimball, Department of State. Position: Special Assistant to Assistant Secretary of State for Administration, CAF-15. Age: 39. Degrees: A. B., LL. B. Experience: Business specialist, Bureau of Foreign and Domestic Commerce, 1928-34; Assistant Deputy Administrator, National Recovery Administration, 1934-36; Chief, Fiscal Standards Section, Bureau of Employment Security, Social Security Board, 1936-42; Executive Officer, War Dept., Budget Office, 1942-45, Lt. Col.; Chief of Administration, Office of U. S. Chief of Counsel, Nurnberg, Germany, 1945-46, Lt. Col.; Industrial Relations Consultant, Readjustment Allowance Service, Veterans' Administration, December 1946-May 1947; transferred to Department of State, May 22, 1947. Member American Bar Association.

Members: Thomas J. Lynch (see Advisory Committee, European recovery program).

Nathan Ostroff, Department of Commerce. Position: General counsel, office of International Trade. Age: 37. Degrees: A. B., LL. B. Experience: Held legal positions in the Government continuously since 1935, including Solicitor's Office, Department of Agriculture, and assistant to general counsel, Board of Economic Warfare, and later Foreign Economic Administration, concerned with foreign procurement and lend-lease activities. Considerable specialization in the legal aspects of public administration, fiscal and contracting problems in the international field.

Thatcher Winslow, Labor Department. Position: Administrative officer, CAF-15, office of Secretary. Age: 40. Degree: A. B. Experience: Six years, U. S. Department of Labor, administrative officer, Office of Secretary; Deputy Administrator, Wage and Hour and Public Contracts Divisions; 1 year, Council on Foreign Relations, research and editorial; member, Economic and Social Council, United Nations; Department of Labor advisor to U. S. delegation, United Nations; alternate member, Board of the Foreign Service; al-

ternate, Executive Committee on Economic Foreign Policy; Department of Labor representative, International Social Policy Committee; substitute U. S. representative to I. L. O. governing body meetings.

Dan H. Wheeler, Department of the Interior. Position: Assistant Director, program staff, CAF-15. Age: 53. Degree: LL. B. Experience: Clerk, Veterans' Bureau, September 1919 to August 1923; Chief of Purchasing Section, Veterans' Bureau, August 1923 to August 1924; expert in operation of mechanics lien laws, National Bureau of Standards, Department of Commerce, August 1924 to July 1933; Public Works Administration, administrative attorney; assistant to the director, legal division, July 1933 to February 1936; associate director, Projects and Statistics Division, February 1936 to July 1938; Director, Projects and Statistics Division, July 1938 to June 1939; Department of the Interior, assistant director, and then Director, Bituminous Coal Division, July 1939 to August 1943; Assistant Deputy Solid Fuels Administrator for War, August 1943 to November 1945; Deputy Solid Fuels Administrator for War, November 1945 to June 1947; consultant, June 1947 to October 1947; Assistant Director, Program Staff, October 1947 to present.

J. Burke Knapp (see Advisory Steering Committee on European Recovery Program).

W. Carroll Hunter, Department of Agriculture. Position: Attorney (solicitor), P-8. Age: 61. Degree: LL. B. Experience: Member of Maryland Bar since 1911; 1913-15, associate in law offices of Haman, Cook, Chestnut & Markell; 1916-17, private law practice; 1937 to present, employed in the Department of Agriculture, Office of the Solicitor, in the following positions: Attorney, Assistant Solicitor in Charge of Litigation, Associate Solicitor on Litigation, and since 1946 as Solicitor of the Department of Agriculture.

Lt. Col. John P. Buehler, O19374, Army. Age 37; Degrees: B. S., M. S. Experience: Administrative and organization experience in higher headquarters of the Army, i. e., 4th Army, ASF, GHQ, SW Pacific and Far East Command, SSUSA—for 6 years.

Alternates: Joseph A. Frank, Department of State. Position: Foreign Affairs Specialist, P-7, Disarmament and Security Policy. Age: 33. Degrees: A. B., M. A., Ph. D. Experience: Teaching fellow, Vanderbilt University, 1938-39; statistician, Tennessee Unemployment Compensation Division, 1938-39; instructor in economics, Vanderbilt University, 1939-40; statistician, Tennessee Unemployment Compensation Division, 1939-41; director, research and statistics, Federal Security Agency, Social Security Board, U. S. Employment Service, 1941-42; United States Army, 1942-46, Lt. Col., overseas service; economist, War Department, July-Oct. 1946.

Arthur G. Stevens, Department of State. Position: Special Assistant, CAF-15, Office of the Under Secretary for Economic Affairs. Age: 35. Degrees: B. A. Experience: Assistant secretary to Member of Congress, 1934-35; assistant to executive secretary, Central Statistical Board, 1935-38; assistant to Commissioner, Bureau of Labor Statistics, 1938-41; assistant to economic adviser for the White House, 1941-42; Chief of Transportation Division, Combined Chiefs of Staff, 1942-45; budget examiner, Bureau of the Budget, 1945-46; assistant to Assistant Secretary of State for Economic Affairs, Department of State, April 1946; executive assistant, Office of the Assistant Secretary of State for Economic Affairs, October 1946; special assistant, Office of the Under Secretary for Economic Affairs, March 1947.

Wayne G. Jackson, Department of State. Position: Special Assistant to the Director of the Office of European Affairs, P-8. Age: 42. Degrees: B. S., LL. B. Experience: General practice of law with Carter, Ledyard & Melburn, New York City, 1929-41; assistant

in the Division of Foreign Activity Correlation, April 1941–September 1941; head attorney in the WPB, October 1941–September 1943; Deputy Chairman, Committee on Supplies, State Dept. and FEC, Sept. 1943–Mar. 1944; Mar. 1944 to present with the Department of State, serving in several responsible positions, including the positions of Adviser on War Production Board Requirements, Deputy Director of the former Office of War-time Economic Affairs, Associate Chief of the former War Areas Economic Division, and later an area Adviser to this Division as Adviser on Emergency Economic Organizations, July 1946 to December 1946, in which position he also served as official point of contact between the Department and the U. S. Delegation to the Emergency Economic Committee for Europe and the European Coal Organization.

Walter S. Surrey, Department of State. Position: Deputy Assistant Legal Adviser for Economic Affairs, P-8. Age: 32. Degrees: B. S., LL. B. Experience: Sept. 1939 to Jan. 1940, employed as research assistant in law firm of Lord, Day and Lord, New York; January 1940 to September 1941, attorney for the Department of Justice; September 1941 to February 1943, with Board of Economic Warfare as an attorney; February 1943 to November 1945, with Foreign Service Auxiliary, Stockholm, Sweden; Chief of former Division of Economic Security Controls, 1945–47; Deputy Assistant Legal Adviser for Economic Affairs, December 1947.

Joseph B. Friedman, Treasury Department. Position: Assistant General Counsel. Age: 37. Degrees: J. D. Experience: Employed in the Office of the General Counsel, U. S. Treasury, since October 1935, with exceptions noted. From 1935 to April 1942 served as attorney; April 1942–January 1944, Technical Adviser to the Minister of Finance of Ecuador on loan from the Treasury; January 1944 to January 1945, Assistant Executive Director of the War Refugee Board, on loan from the Treasury; January 1945 to present, Assistant to the General Counsel and then Assistant General Counsel, legal adviser to the Secretary of the Treasury at the first and second annual meetings of the Boards of Governors of the International Monetary Fund and Bank; presently Legal Adviser to the Director, Office of International Finance, Treasury, with the operating title of Chief Counsel, Office of International Finance.

Daniel L. Goldy, Department of the Interior. Position: Special Assistant to the Assistant Secretary, CAF-14. Age: 32. Degrees: B. A. Experience: 1936–37, Consultant on Social Insurance, American Public Welfare Assn.; 1938–41, Lecturer, Northwestern University, also Executive Secretary of Illinois Board of Unemployment Compensation, Free Employment Office; 1937–41, Executive Assistant, Illinois Division of Placement and Unemployment Compensation; 1941–42, Assistant Regional Director, Office of Defense Health and Welfare Services; 1942–43, Assistant to Regional Director, War Manpower Commission; 1943–46, United States Naval Reserve, Lt.; 1946–47, Special Assistant to the Deputy Director, USES, Department of Labor; 1947 to present, Special Assistant to the Assistant Secretary of the Department of the Interior.

(d) Legislative Drafting Committee

Chairman: Ernest A. Gross, Department of State. Position: Legal Adviser for Department of State (position unclassified, Presidential appointment, \$10,000). Age: 41. Degrees: B. S. (Harvard), LL. B. (Harvard); graduate work at Oxford University, Sorbonne University, and Geneva School of International Studies. Experience: Assistant to the Legal Adviser, Department of State, 1931–33; Division Counsel for National Recovery Administration, 1933–34; General Counsel, National Graphic Arts Commission, 1934–35; Associate Counsel, National Association of Manufacturers, 1935–38; Associate

General Counsel, National Labor Relations Board, 1938–41; Lt. Colonel, Civil Affairs Division (primary responsibility in the War Department for economic policies to be followed by the United States Army in its conduct of civil affairs in liberated areas and the operation of Military Government in occupied enemy areas) 1943–46. Has traveled extensively on the continent and resided for various periods of time in England, France, and Switzerland; was admitted to membership in the Middle Temple of the Inns of Court in London; was on staff of Geneva School of International Studies, engaging in lecture and seminar work in International Law, Government and Economics.

Members: Thomas J. Lynch, Treasury Department. (See Advisory Steering Committee on European Recovery Program.)

Adrian Fisher, Department of Commerce. Position: Solicitor, P-8. Age: 34. Degrees: A. B.; LL. B. Experience: Before the war served as attorney on the staffs of the Securities and Exchange Commission, the Bonneville Power Administration, and the Tennessee Valley Authority; also a member of staff of Mr. Dean Acheson when Mr. Acheson was Assistant Secretary of State for Economic Affairs. At the close of the war served as special adviser to Mr. Francis Biddle at the Nuremberg war criminals trial; also served as secretary to the Allied Commission that negotiated the agreement on African bases with the French Commission on Liberation; as Solicitor of Department of Commerce, served as special adviser on the President's Advisory Commission for the Marshall Plan; is a member of the Legal Subcommittee of the Air Coordinating Committee.

Mastin G. White, Department of the Interior. Position: Solicitor, P-9. Age: 47. Degrees: A. B. (New Mexico State Teachers College), LL. B. (University of Texas), LL. M. (Columbia University), S. J. D. (Harvard University). Experience: Law clerk in Court of Criminal Appeals of Texas, 1925–27; Assistant County Attorney for Smith County, Tex., June 1927 to September 1929; Associate Professor of Law, University of Texas, July 1930 to August 1932; Brandeis Research Fellow at Harvard University, September 1932 to June 1933; Special Assistant to the Attorney General of United States, October 1933 to September 1935; Solicitor, Department of Agriculture, September 1935 to March 1942, when he was ordered to military duty in U. S. Army. As Lieutenant Colonel in the Judge Advocate Section, he was a judge at the Lichfield trials in Germany. Solicitor, Department of the Interior, July 1946 to present.

W. Carroll Hunter, Department of Agriculture. (See Organization and Administration Committee.)

Jeter S. Ray, Department of Labor. Position: Associate Solicitor, P-8. Age: 39. Degrees: A. B., LL. B. Experience: U. S. Department of Labor, Associate Solicitor, Assistant Solicitor and Regional Attorney 8 years; private law practice 8 years.

Maj. Gen. Thomas H. Green, Department of the Army (replaced by Brig. Gen. Ernest M. Brannon).

Brig. Gen. Ernest M. Brannon, Department of the Army. Position: Assistant Judge Advocate General. Age: 52. Degrees: B. S., LL. B. Experience: Army officer since 1918 with service in the Judge Advocate General's Department since 1930; Instructor in Law, U. S. Military Academy, 1926–30; Planning Branch, Office of Assistant Secretary of War, 1933–35; Assistant to Second Corps Area Judge Advocate, 1935–38; Office of the Judge Advocate General, War Dept., 1938–42; part-time Professor of Law, Georgetown University, 1942–43; Chief, Contract Division, the Judge Advocate General's Office, War Dept., 1942–43; Judge Advocate, First Army, 1943–45; Procurement Judge Advocate, War Department, 1945–47.

Hudson B. Cox, Department of the Navy. Position: General Counsel (attorney-adviser)

P-8. Age: 37. Degrees: A. B. (Stanford University), LL. B. (Harvard Law School). Experience: General practice of law, Newlin & Ashburn, Los Angeles, California, 1935–43; Office of the General Counsel, 1943 to date; (Lieutenant, USNR, 1943–46).

George B. Vest, Board of Governors of the Federal Reserve System. Position: General Counsel. Age: 52. Degrees: B. A.; B. L. Experience: Board of Governors of the Federal Reserve System since October 30, 1922.

Wade H. Skinner, United States Maritime Commission. Position: General Counsel (position unclassified, \$10,000). Age: 62. Degrees: LL. B., LL. M. Experience: 1910–22: Labor Department—law clerk; law officer, child labor law; Asst. Director, Organization Division, United States Employment Service (assisted in developing the organization of the United States Employment Service to recruit workers for World War I); Assistant Director (General) Employment Service, 1922 to present; United States Shipping Board, United States Maritime Commission—Attorney; Asst. General Counsel; General Counsel.

Hawthorne Arey, Export-Import Bank of Washington. Position: Executive Vice President. Age: 42. Degrees: LL. B. (Grinnell College, University of Nebraska, Creighton University). Experience: General practice of law, corporate and financial, 1930–34; Legal Staff, Reconstruction Finance Corporation, 1934; legal staff, general litigation, Home Owners' Loan Corporation, 1935–38; Secretary and Counsel, Export-Import Bank, 1938–42; Vice President and Assistant General Counsel, 1943; Member of Board of Trustees, 1943–45; Vice President and General Counsel, 1944–46; Executive Vice President, 1947. Technical Adviser to United States Delegation, United Nations Monetary and Financial Conference, Bretton Woods, N. H., 1944. Representative of the bank for a number of years on various interdepartmental committees. In connection with business of Export-Import Bank has traveled in Central and South America, Europe and Canada.

Alternates: Walter S. Surrey, Department of State. (See Committee on Organization and Administration.)

Michael H. Cardozo, Department of State. Position: Attorney-adviser (Office of the Legal Adviser) P-8. Age: 37. Degrees: A. B.; LL. B. Experience: Attorney in private practice, 1935–38; Securities and Exchange Commission, 1938–40; Department of Justice, 1940–42; Office of Lend-Lease Administration in Turkey, 1942–43; Foreign Economic Administration, 1943–45; transferred to Department of State as Director of Legal Division, Office of Foreign Liquidation, 1946–47; transferred to Division of Lend-Lease and Surplus, War Property Affairs, March 1947; assigned to Office of the Legal Adviser, September 1947.

Robert E. Eichholz, Department of State. Position: Attorney, P-8 (WAE consultant), Office of the Legal Adviser. Age: 36. Degrees: Lic (Lausanne); A. B.; LL. B. Experience: Attorney, United States Treasury Department, 1937–40; Chief, Tax Certification, National Defense Advisory Commission, 1940–41; Assistant Tax Legislative Counsel, United States Treasury Department, 1941–42; consultant, Civilian Production Administration, 1945–46; Department of State, October 1947.

Joseph B. Friedman, Treasury Department. (See Committee on Organization and Administration.)

Elting Arnold, Treasury Department. Position: Attorney, P-8. Age: 35. Degree: LL. B. Experience: Law clerk with Root, Clark, Buckner & Ballantine, New York, 1937–39; attorney, Treasury Department, 1939 to present. Assisted in drafting proposals for creation of International Bank for Reconstruction and Development and International Monetary Fund; attended United States Monetary Conference at Bretton Woods; adviser to United States delegate to

Inter-Allied Reparations Agency in Brussels, Belgium; negotiated agreement for unblocking Swedish assets in the United States and in other representation of Foreign Funds Control in Sweden, Netherlands, Belgium, and Switzerland. Since August 1947 has acted in the place of the Assistant General Counsel in the latter's absence.

Clifford J. Hynning, Treasury Department. Position: Attorney, P-6. Age: 34. Degrees: Ph. D.; J. D.; LL. M. Experience: Special agent with Department of Commerce, 1938-40, working on matters of business taxation; with Office of Price Administration, 1940-43, first as economic analyst and later as enforcement attorney. Attorney in Treasury Department, 1943 to present, working on matters pertaining to occupied areas. (Detailed to Army as civilian and stationed in England, France, and Germany, February to October 1945.)

Nathan Ostroff, Department of Commerce. (See Committee on Organization and Administration.)

John P. Brown, Department of Commerce. Position: General Counsel, Office of Material Distribution, P-8. Age: 54. Degrees: A. B. (Harvard College), LL. B. (Harvard Law School). Experience: Admitted to New York bar 1920. Employed as law clerk in New York office for 3 years. Admitted to Illinois Bar in 1924. Corporation, trial, and appellate practice for 10 years with firm of Cutting, Moore & Sidley. Special Assistant to General Counsel of Federal Alcohol Administration, 1934-40. Division Counselor and Assistant General Counsel of War Production Board, 1940-45. Solicitor, Civilian Production Administration, 1946-47. Admitted to practice in Supreme Court in 1946. Appointed to present position, Department of Commerce, May 1947.

Felix S. Cohen, Department of the Interior. Position: Associate Solicitor and Chairman, Board of Appeals, P-8. Age: 40. Degrees: A. B. (City College, New York); M. A. (Harvard); Ph. D. (Harvard); LL. B. (Columbia). Experience: Research Assistant for Justice B. L. Shientag, New York City, 1 year; general law practice with Hays, Podell & Shulman, New York City, 1 year; Assistant Solicitor, Department of the Interior, 1933-36; Assistant Solicitor and member, Board of Appeals, 1936-42; (during 1939 on special detail to Department of Justice); Assistant Solicitor and Chairman, Board of Appeals, 1942-43; Associate Solicitor and Chairman, Board of Appeals, 1943 to present.

George E. Cooper, Department of Agriculture. Position: Attorney, P-7. Age: 41. Degrees: LL. B. (Univ. of Texas); also attended San Jose State College and Pacific Lutheran College. Experience: 1929-34, private practice of law in Texas. 1934-37, title attorney with title insurance companies in Texas. 1937 to present, various positions of attorney in Office of the Solicitor, Dept. of Agriculture.

Edward M. Shulman, Department of Agriculture. Position: Attorney, P-8. Age: 41. Degrees: LL. B. Experience: 1930-34 engaged in private practice of law in Ohio; 1935-45, occupied various positions as attorney in the Office of the Solicitor, Dept. of Agriculture; 1945 to present, Associate Solicitor in charge of Commodity Credit, United States Dept. of Agriculture.

Kenneth Meiklejohn, Department of Labor. Position: Assistant Solicitor, P-7. Age: 35. Degrees: A. B. (Swarthmore College), LL. B. (Univ. of Wisconsin). Experience: 6½ years with Dept. of Labor as asst. solicitor, principal administrative attorney, principal opinions attorney, and senior review attorney; 5½ years with the United States Department of Interior as assistant solicitor.

Col. James F. Hanley, Department of the Army. Position: Judge Advocate General's Department—executive in procurement

division. Age: 44. Degrees: LL. B. Experience: Admitted to bar, 1929; attorney, Office of Judge Advocate General, War Department, 1929-41; asst. executive officer to Military Governor, Territory of Hawaii, 1941-42; Judge Advocate, Hawaiian Dept., 1942-43; Judge Advocate, Fourth Air Force, 1943-45; executive asst. to Procurement Judge Advocate, War Dept., 1945-47.

Ray K. Smathers, lieutenant colonel, Department of the Army. Position: Assistant to Chief, Procurement Division, Office of The Judge Advocate General. Age: 48. Degrees: B. A., LL. B. Experience: Admitted to the bar 1921. Engaged in private practice of law 1921-35. Army Reserve Officer, specialized study in Military Government and International Affairs. Assistant to Fourth Corps Area Judge Advocate, 1935-40. Officer in Charge of Civil Affairs in Puerto Rican and Antilles Departments, 1941-44. Served with General Staff and Inspector General in European Theater, 1944-45. Chief Legal and Liaison Officer, American Graves Registration Command in Europe 1945-46. Assistant to Procurement Judge Advocate, War Department 1946-47. Assistant to Chief, Procurement Division, Office of The Judge Advocate General 1947-48.

W. H. Peters, Jr. (Colonel, GSC), Department of the Army. Position: Deputy Chief, Policy & Government Branch, Civil Affairs Division. Age: 51. Degrees: B. A., LL. B. Experience: Chief of Legal Section, 12th Army Group; 10 years Director of Law, City of Knoxville, Tennessee; Chief of Legal Section, CAD, ETO.

Harold B. Gross, Department of the Navy. Position: Attorney Adviser P-8. Age: 39. Degrees: A. B. (Williams College); LL. B. (Harvard Law School). Experience: September 1933-June 1936, Hinckley, Allen, Tillinghast & Wheeler (Law Firm), as Law Clerk. August 1936-June 1937 Social Security Board, Senior Attorney. October 1937-June 1942 Phillips Exeter Academy, Exeter, New Hampshire, English Teacher. June 1942-January 1946, USNR, lieutenant and lieutenant commander, active duty, Naval Air Station, Minneapolis, Minn., Solomon Islands, Okinawa, etc. Jan. 1946-May 1946, Lt. Commander, USNR, Assistant Counsel, Bureau of Aeronautics. May 1946-August 1947, Counsel for Bureau of Aeronautics. August 1947-January 1948, Assistant General Counsel. January 1948 to present, Attorney Adviser, P-8, Office of General Counsel.

Frederic Solomon, Board of Governors of the Federal Reserve System. Position: Assistant Counsel. Age: 36. Degrees: B. S., LL. B. Experience: Practiced law with private firm for 7 months. Board of Governors of the Federal Reserve System since April 9, 1934.

(e) Functional and Commodity Committee

Chairman: Paul H. Nitze, Department of State. (See Advisory Steering Committee on European Recovery Program.)

Executive Secretary: Glenn H. Craig, Department of State. Position: Assistant to the Under Secretary for Economic Affairs. Age: 38. Degrees: B. A., M. A. Experience: Field Assistant, McGill University, Montreal, 1930-33; graduate assistant, University of Alberta 1933-35; senior assistant economist in charge of Provincial Office, Canadian Department of Agriculture, 1935-39; instructor and tutor, Harvard University, 1937-39; professor, Montana State College, 1939-43; agricultural economist, Office of Distribution, War Food Administration, 1943-44; assistant chief, Requirements and Allocations Control, United States Department of Agriculture, 1944-45; acting director, Production and Marketing Administration, Office of Requirements and Allocations, 1946-47; appointed to Department of State, March 1947.

Secretary: Ronald M. Ayer, Department of State. Position: Reference analyst, executive

secretariat, Office of the Secretary. Age: 26. Degree: A. B. Experience: Clerk, Department of State, 1940-42; United States Navy, overseas service, ensign, 1942-46; reference analyst, Central Secretariat, Department of State, 1946.

Members: Membership consisted of the chairmen of individual commodity committees which follow:

1. Food and agriculture

Chairman: Fred Northrup, Department of Agriculture. (See Advisory Steering Committee on European Recovery Program.)

Secretary: Murray Thompson, Department of Agriculture. Position: Price analyst (P-7). Age: 45. Degrees: A. B., mathematics; M. S., mathematics, economics, and statistics; Ph. D., mathematics and economics. Experience: 1935-37, extension specialist in economics, University of California, Berkeley, 1937-43, served as Chief of the Economics Section, Agricultural Adjustment Agency; 1943-46, Assistant Director, Western Division, Agricultural Adjustment Agency; 1946 to present, price analyst, Production and Marketing Administration.

Members: W. J. Garvin, Department of the Army. Position: Business economist (Asst. Chief, Food Branch, Office of the Food Administrator for Occupied Areas). Age: 33. Degrees: B. A., M. A., Ph. D. All in economics (doctoral dissertation on dairy industry). Committees: (a) Western Germany Committee (Dept. of State), October 47 to date; (b) Commodity Committee on Food and Agriculture (interdepartmental committee) October 47 to date; (c) Army representative to Interdepartmental Committees on Allocations. (Grains, fats, and oils, rice, pulses) March 47 to date; (d) Army representative for occupied areas before IEFEC, March 47 to date. Employment experience: (a) Advisor to Food Administrator, Department of the Army on budget requirements and programming matters, March 47 to date; (b) presentation and defense of import requirements for occupied areas before IEFEC, September to date; (c) food specialist representative at Food and Agriculture Subcommittee of Ruhr Coal Conference. (US-UK) October 47. No private advisory work.

V. Lewis Bassie, Department of Commerce. Position: Assistant to the Secretary, Acting Director, Office of Program Planning. Age: 40. Degree: Ph. B. Committees: Interdepartmental Advisors on Industrial Statistics, International Statistics Committee, Subcommittee on International Migration Statistics of the Fed. Com. on International Statistics, Subcommittee of Cabinet Committee on World Food Programs, Procurement Planning Subcommittee of Cabinet Committee on World Food Programs. Experience: Federal Reserve System, 1937-39, Sr. Economist; Commerce Department, 1939-40, Asst. Chief, Industrial Economics Division; NDAC-OPM-WPB, 1940-44, Chief Economist; Chief Production Analyst, Director, Progress Div.; Foreign Economic Administration, 1944-45, Adviser on U. S. Foreign Trade.

Albert Viton, International Emergency Food Council. Degrees: B. A., Ph. D. Position: Assistant Secretary-General, International Emergency Food Council. Experience: 1932, research assistant, State University of Iowa; research in economic history; 1933-38, foreign correspondent—first for newspapers and then for periodical publications, with emphasis on economic developments. Stationed in Germany, the Balkans, Italy, and the Middle East; 1939-41, lecturer and University Fellow, Northwestern University. Lectured on international economic relations, and University Fellow in political theory. Published: Great Britain: An Empire in Transition (John Day, 1940) and American Empire in Asia; 1941, economic analyst, Office of Price Administration, adviser on consumer distribution problems and rationing to Director of Consumer Division. Su-

pervised studies on experience of Britain and other foreign countries on rationing and other distribution programs; 1942, Chief of Commercial Exports Division, Requirements and Allocations Control, Office of Agricultural War Relations; 1944, Chief, Requirements Analysis Division, Requirements and Allocations Control, War Food Administration; December 1944 to April 1945, represented War Food Administration at Mission for Economic Affairs, London, responsible for food negotiations with British Government; August 1945 to November 1946, Assistant Director, Office of Requirements and Allocations, in charge of all requirements for United States food, United States civilian programs, military requirements for all foreign requirements. Participated in the formulation of policies and programs relating to the distribution of other food supplies by the Combined Food Board and, later, by the International Emergency Food Council. Responsible for formulation of requirements for the Production Goals Review Committee. Member of the U. S. delegation to the 4th UNMA Council. Liaison with Office of Price Administration on rationing policy, and with Department of State and with War and Navy Departments on requirements for military feeding and for occupied territories. Member of the Inter-agency Food Requirements and Allocations Committee, and of the Executive Officers' Committee of the Combined Food Board; December 1946, Assistant Secretary-General, International Emergency Food Council.

Francis A. Linville, Department of State. Position: Assistant Chief of International Resources Division, in charge of Foodstuffs Branch, P-7. Age: 38. Degrees: A. B., M. A., Ph. D. Experience: Instructor in economics, 1934-39, and assistant professor, 1939-40, Dartmouth; member of Research Staff, Council on Foreign Relations, 1940-41; Divisional Assistant, Office of Adviser on International Economic Affairs, 1941-42; Divisional Assistant, Division of Defense Materials, 1942-43; Divisional Assistant, War Commodities Division, September-December 1943; Divisional Assistant, Office of Adviser on Eastern Hemisphere, 1943-44; Assistant to Adviser on Eastern Hemisphere, 1943-44; Assistant to Adviser on Combined Food Board, Supply and Resources Division, 1944-45; Assistant Secretary of Commerce, United Nations Conf. on Int. Org.; San Francisco, 1945; Acting Assistant Chief, International Resources Division, June, 1945; alternate on official Subcommittee of Cabinet Committee on World Food Program, April 1947.

Carleton K. Lewis, United States Tariff Commission. Position: Commodity Specialist—P-6. Age: 55. Degrees: A. B., A. M. Experience: Dealing with problems of international trade in foodstuffs in Agricultural Division of the United States Tariff Commission since 1919; three months in the Tobacco and Beverage Commodity Division of the War Production Board; Military Government Officer in World War II in Africa, Italy, France, and Germany, and Lt. Colonel in United States Army Reserve.

Alternates: Joseph A. Becker, Department of Agriculture. Position: Agricultural Economist, P-8. Age: 56. Degrees: B. S. A., M. S. Experience: 1918-44, employed in the Bureau of Agricultural Economics, Department of Agriculture, in various agricultural statistician positions. 1944-45, employed as International Commodity Specialist in the Office of Foreign Agricultural Relations, Department of Agriculture. 1945 to present, serving as Head of the International Commodities Branch of the Office of Foreign Agricultural Relations, Department of Agriculture.

James P. Cavin, Department of Agriculture. Position: Agricultural Economic Statistician, P-7. Age: 42. Degrees: B. B. A., Ed. M., M. A., and Ph. D.—Business Economics, Education, and Economics. Experience: 1930-33, Instructor in Economics, University of Puerto Rico. 1935-36, Fellow, Brookings

Institution. 1936-40, Agricultural Economist, United States Department of Agriculture. 1940-41, Economist, National Defense Commission. 1941-43, Economist, Office of Price Administration. 1943-46, Associate Head, Division of Statistical and Historical Research, Bureau of Agricultural Economics. (April to August 1945 on special detail to the United States Strategic Bombing Survey, Germany.) 1946 to present, Head of Division of Statistical and Historical Research, Bureau of Agricultural Economics, Department of Agriculture.

Joseph L. Orr, Department of Agriculture. Position: Executive officer (assistant to the Secretary), CAF-15. Age: 45. Degree: B. S., economics. Experience: 1946 to present, assistant to Secretary, Department of Agriculture. 1945-46, Chief, Production Policies and Programs Section, Food and Agriculture Branch, Economics Division, Office of Military Government for Germany, War Department. 1944-45, Assistant Chief in Charge of Planning and Developing, Agricultural Adjustment Agency, Department of Agriculture. 1942-44, Assistant Director, Division of Special Programs, Agricultural Adjustment Agency. 1938-41, occupied various statistician positions in the Agricultural Adjustment Agency. 1938-41, occupied various statistician positions in the Agricultural Adjustment Agency. 1930-38, agricultural statistician, Bureau of Agricultural Economics, Department of Agriculture. 1927-30 assistant and associate crop and livestock estimator, Bureau of Agricultural Economics (field service), Department of Agriculture. 1923-27, statistical clerk and statistician, Bureau of Agricultural Economics, Washington, D. C.

Francis M. Rhodes, Department of Agriculture. Position: Assistant to the Administrator, PMA, DA-23, Department of Agriculture. Age: 40. Degrees: A. B., economics; LL. B. Committee: Food and Agriculture. Experience: 1946 to present, assistant to the Administrator, Production and Marketing Administration. 1945-46, Chief, Commercial Export Section, Production and Marketing Administration. 1943-45, agricultural economist, Production and Marketing Administration. (Military furlough, U. S. N. R., October 1942-November 1945.) 1942-43, agricultural economist, Office of Agricultural War Relations. 1934-42, occupied clerk and various economist positions in the Agricultural Adjustment Agency, Department of Agriculture.

Leon B. Taylor, Department of Agriculture. (See Committee on Agricultural Machinery).

Charles E. Lund, Department of Commerce. Position: Chief, Food Stuffs Division—P-7. Age: 62. Degrees: None. Experience: Twenty years in the Food Business prior to coming into the Department of Commerce where I have been in the Food Stuffs Division for over 15 years. I spent 15 years in the Meat Packing business, largely with Armour and Company, in charge of processing and distribution, and in the plants where they produce pork products, and at the outlet desk where they determine price and sales of pork products. For 5 years I was in charge of meat operations of chains of meat stores in the Metropolitan area of New York City.

Observer: Robert L. Oshins, The White House. Position: Executive Secretary, Cabinet Food Committee. Age: 33. Education: Escanaba (Michigan) Public Schools, the University of Chicago, 1931-35—A. B., the Law School; Maxwell School of Public Affairs, Syracuse University 1936-38. Experience: U. S. Dept. of Agriculture: (1) Office of the Secretary 1939-41; (2) Surplus Marketing Administration 1941-42; (3) Office of Requirements and Allocations 1946. (Duties: (1) Organization, procedures, and personnel work; (2) Development of procedures for Lend-Lease food program; (3) Analysis of Foreign food requirements). Member Harri-

man Mission—Mission for Economic Affairs, U. S. Embassy, London 1942-44. (Duties: (a) In charge Lend-Lease food and agriculture program to U. K.; (b) Represented U. S. on various international committees, analyzing post-war food requirements). U. S. Navy, 1944-46. (Duties: (1) 1944-45 Food and Agriculture Branch, G-5, SHAEP and Mil. Govt. Section XXII Corps. (2) 1945-46 on detail as Executive Secretary, Food and Agriculture Committee, Emergency Economic Committee for Europe).

Observers and Consultants at Conversations with Representatives of Technical Committee of CEEC in Washington during October and November 1947: Karl A. Fox, Harriman committee staff; John Kerr Rose, House Select Committee on Foreign Aid staff.

2. Fertilizer

Chairman: William G. Finn, Department of Agriculture. Position: Deputy Assistant Administrator of Production and Marketing Administration. Age: 48. Degree: M. S. in agricultural economy, agronomy, and animal husbandry. Experience: 1924-36, entered service in AAA, agricultural research field. Came to Agriculture Department as economist, experience in tobacco, sugar, rice, and peanuts. Became head economist. Served as assistant division director for one of the four regional divisions. Experience has included in all jobs, agricultural conservation, use of fertilizer as one of the principal things with which the AAA dealt. 1936-48, Agriculture. Work has been at all times directly and indirectly connected with the development, production, and distribution of fertilizers.

Secretary: William F. Watkins, Department of Agriculture. Position: Agriculturist. Age: 47. Degrees: B. S., agriculture; M. S., crops and soils. Experience: 1936-39, agronomist for United States Department of Agriculture; Soil Conservation Service, and Iowa Agricultural Extension Service. 1939-43, soil conservationist with Bureau of Agricultural Economics. 1943-44, agriculturist (head) in War Food Administration, Office of Materials and Facilities, working on development of distribution and use programs for fertilizer materials. 1944-45, chief Feed Crops Division of Office of Production, WFA. 1945-46, head of agronomy branch of Shrivenham American University of War Department. 1946 to present, chief, fertilizers section, Materials and Equipment Branch of Production and Marketing Administration.

Members: Kenneth D. Jacob, Department of Agriculture. Position: Chemist. Age: 51. Degrees: B. S. and M. S., chemistry. Experience: Continually in United States Government service since 1918 with service as chemist in War Department from 1918-21. 1921 to present, employed by Department of Agriculture occupying positions of chemist, P-1 through P-6 successively, with assignments of research in fertilizer technology throughout entire employment. Author of over 100 published papers and two patents on fertilizers.

C. K. Horner, Department of Commerce. Position: Foreign trade analyst. Age: 41. Degrees: B. S., chemistry; M. A., botany. Experience: November 1925-March 1926, Interstate Commerce Commission. March 1926-June 1926, Agriculture Department, District of Columbia, library aid; June 1926-November 1929, Labor Department, District of Columbia. Under file clerk and junior file clerk, November 1929-May 1936, Agriculture Department, District of Columbia, junior and assistant scientific aid. May 1936-July 1942, Agriculture Department junior chemist. Employed in Bureau of Foreign and Domestic Commerce since July 16, 1942, as junior economic analyst, economic analyst, foreign-trade analyst.

Henry M. Pauley, Department of State. Position: Commodity specialist (chemicals), International Resources Division. Age: 33.

Degree: B. A., chemistry. Experience: Assistant chemist, H. Kohnstamm & Co., Inc., 1931-35; head of service laboratory, H. Kohnstamm & Co., Inc., 1935-40; sales representative, H. Kohnstamm & Co., Inc., 1940-42; assistant chief, Foreign Requirements Unit, War Production Board, 1942-44; chief, Foreign Requirements Unit, War Production Board, 1944-45; appointed to Department of State, November 1945.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: Karl A. Fox, Harriman committee staff; Maynard Jenkins, Harriman committee staff consultant (chemical committee); John Kerr Rose, House Select Committee on Foreign Aid staff.

3. Agricultural machinery

Chairman: William L. Beck, Department of Commerce. Position: Acting Chief, Machinery Section, Office of Domestic Commerce, Bureau of Foreign and Domestic Commerce. Age: 55. Degree: E. M. in mining engineering. Experience: 1942-1948, Commerce Department; 4 years Assistant Chief of Machine and Motive Products Division, Office of International Trade and the Bureau of Foreign and Domestic Commerce; 1925-1942, sales manager, eastern United States, for mining and construction machinery manufacturers. South American sales manager, 2 years, construction machinery and mining machinery manufacturers; sales and export manager for agricultural machinery manufacturers; prior to 1925, 1914-1924, mining engineer. (Two years' officer in U. S. Army Engineers during World War I.)

Secretary: Martin R. Cooper, Department of Agriculture. Position: Agricultural economist, P-6, Department of Agriculture. Age: 61. Degrees: None. Experience: Continuously employed in the Bureau of Agricultural Economics, Division of Farm Management and Costs since 1912. Is responsible for national research projects in farm practices, including the study, analysis, and development of improved farm practices for the efficient utilization of labor, equipment, and farm supplies. These studies include analyses of technological developments and their economic significance to farmers; appraisal of farm-labor efficiency; determination of labor requirements for different crops and livestock; efficiency of various feeding practices for different classes of livestock and the significance of current developments in farm mechanization.

Members: Thomas J. Murphy, Department of Commerce. Position: Economic analyst, P-1 (commodity specialist agricultural equipment and railroad equipment). Age: 34. Degrees: A. B., M. A. Experience: 3½ years, Department of Commerce (2 years international trade work; 1½ years, Bureau of Census), ½ year in Office for Emergency Management; 4 years, stock brokerage office experience. Served with Interdepartmental Committee for Review of Paris Conference Report (subcommittee on agricultural machinery). Review committee of Office of International Trade. Author of articles published in Foreign Commerce Weekly, Domestic Commerce and Industrial Reference Service.

Karl L. Anderson, Department of State. Position: Assistant Chief, International Resources Division, P-7. Age: 42. Degrees: B. Sc. (economics); M. A., Ph. D. Experience: Instructor in economics, Harvard University, 1930-1934; assistant and associate professor of economics, Bryn Mawr College, 1934-1942; economic adviser, price executive and section head, Office of Price Administration, 1942-1946; Assistant Chief, International Resources Division, 1946; member of International Tin Study Group; alternate member on materials requirements committee of Army-Navy Munitions Board; alternate member on review committee on Second Decontrol Act.

Alternates: Albert P. Brodell, Department of Agriculture. Position: Agricultural econ-

omist, P-5. Age: 52. Degrees: B. S. (dairying, farm management). Experience: Since 1938 has been in charge of many studies, Nation-wide in character, relative to number, age, and size and duty of farm machines. Also has carried on Nation-wide studies relative to methods and machines used in the production of farm products. During war years helped to develop estimates of machines needed for farm purposes and materials needed for producing the machines. Also assisted in developing the program for rationing farm machines.

Roy B. Gray, Department of Agriculture. Position: Agricultural engineer, P-6. Age: 63. Degrees: B. S. (electrical engineering, agricultural engineering). Experience: Since 1931 has been in charge of Division of Farm Power and Machinery, which is concerned with research in the development and use of farm machinery; 1920-24, served as professor of agricultural engineering at University of Idaho; 1910-20, employed as tractor engineer and farm-machinery expert for International Harvester Company (1910-11 trying out and reporting on performance of experimental tractors operating in U. S. and Canada); 1911, introducing tractors in various foreign countries and reporting on their performance, also introducing and supervising maintenance of power-driven field machinery, primarily in Germany, Rumania, France, Italy, England, and South Africa; 1911-17, in England in charge of tractor assembly depot of I. H. Co. and conducted tractor school for soldiers; 1918, technical adviser to British Army on agricultural tractors in France and for Italian Government.

Erling Hole, Department of Agriculture. Position: Agricultural Economist, P-4. Age: 48. Degrees: Agronom. Landbr. Kand. (in Norway), Agriculture M. S., Economics (Iowa State); Ph.D., Economics, Agriculture (Harvard University). Experience: 1945-48 has been making analyses of income, expenditure, organization and mechanization of common-sized family farms for various types of farming areas. 1942-45 on detail to War Food Administration working on determination of requirements of farm machinery, and organization of State distribution of machinery. 1941, served as secretary of interbureau committee on production machinery.

Leon B. Taylor, Department of Agriculture. Position: Assistant Director, Price Support and Foreign Supply Branch, PMA. Age: 52. Degree: B. S., Agriculture. Experience: 1944, served as administrative officer and later as agriculturist in the Agricultural Adjustment Agency assisting with rationing and allocation of farm machinery, equipment, and other agricultural materials and facilities. Occupied position of Executive Officer as Chief of the Farm Machinery and Supplies Branch of the Office of Materials and Facilities, War Food Administration and as such was responsible for providing adequate distribution of agricultural machinery and equipment to meet the demands of agriculture through national distribution of available supplies, rationing of critical items, educational programs on conservation and use of available equipment and by coordination of manufacture and distribution of machinery, equipment and supplies. 1946 appointed as Director of the Materials and Equipment Branch of the Production and Marketing Administration.

Arthur W. Turner, Department of Agriculture. Position: Assistant Chief, Bureau of Plant Industry, Soils and Agricultural Engineering, P-7. Age: 53. Degree: B. S., Agricultural Engineering. Experience: 1944-present, Assistant Chief, Bureau of Plant Industry, Soils and Agricultural Engineering which initiates and conducts extensive research on farm machinery, farm buildings and housing, and processing of farm products. 1927-44, in charge of educational relations for International Harvester Co. (1941-44 developed and supervised 13 motor mechanics schools under I. H. Co. sponsorship for Royal

Canadian Army; 1942-44 developed five schools for Royal Canadian Air Force to train mechanics for maintenance of tractors, engine and equipment; 1943-44 developed and supervised three larger schools (motor mechanics for U. S. Navy); author of numerous published papers on agricultural engineering, many on subject of agricultural machinery usage.

George J. Rothwell, Department of State. Position: Research Analyst, P-4, Division of Research for Europe. Age: 33. Degree: B. S. Experience: Economist, Office of Price Administration 1942, War Food Administration 1942-43; United States Army 1943-44; commodity specialist, Foreign Economics Administration, 1944-45; adviser to United States member, Combined Food Board Committee on Seeds, Ottawa, 1944; assistant agricultural adviser in Foreign Service Auxiliary assigned at Moscow, January 3, 1945; at Stockholm, temp., April 12, 1946; at Paris May 23, 1946; assistant agricultural attaché at Paris June 14, 1946; research analyst, Division of Research for Europe, Department of State, 1946.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Karl A. Fox, H. H. Hughes, S. Morris Livingston, Harriman committee staff; Willard Morrison, Harriman committee staff, consultant, Agricultural Machinery Co.; John Kerr Rose, House Select Committee on Foreign Aid staff; Francis O. Wilcox, Senate Committee on Foreign Relations staff.

4. Coal

Chairman: John F. Havener, Department of Commerce. Position: Chairman, U. S. Coal Operating Committee, Office of Materials Distribution. Age: 34. Degree: A. B. Experience: Has been connected with Government regulation of coal for about 8 years. Has been U. S. Secretary of the Combined Coal Committee prior to present position. U. S.-U. K.-Canadian Affairs in allocation of coal. 1942-47, head, Fuels Branch, Office of Civilian Requirements, WPB. 1940-42, Office of Bituminous Coal Consumers Council, Assistant Chief of Research and Economic Division, as part of the administration of the Guffey Coal Act (prices). 1936-40, worked as consultant, employed by one of the large coal companies, Consolidation Coal Company.

Secretary: Louis Lister, Department of State. Position: Commodity specialist, International Resources Division; grade P-5. Age: 33. Degrees: B. S. and M. A. Experience: Economist, War Manpower Commission, 1942; War Production Board, 1942-44; Chief of Metals and Minerals Section, War Production Board, 1944-45; commodity specialist, International Resources Division, Department of State, 1945-; member of United States Coal Operating Committee.

Assistant Secretary: Fred H. Sanderson, Department of State. Position: Section Chief, Central European Section, Division of Research for Europe; grade P-6. Age: 33. Degrees: B. S., M. A., and Ph. D. Experience: Research associate, Harvard Committee on Research, Harvard University, Nov. 1938-Sept. 1943; economist with Office of Strategic Services, Oct. 1943-Nov. 1945; during this period he analyzed food production, consumption, and requirements of liberated and occupied territories both in Washington, D. C., and in England, France, and Germany; transferred to the Department of State as an economist, Oct. 1945 and was promoted to present position April 1, 1946. He was born in Germany; lived in Germany 19 years and Switzerland 4 years. Educated in Germany and Switzerland but obtained Ph. D. in the United States.

Members: C. Meade Stull, Department of Commerce. Position: Acting Chief, Fuels Division; grade CAF-13. Age: 45. Degree: B. S. Experience: Since Feb. 1945, employed by coal industry or Government dealing with

operation of coal mines and production and distribution of coal; 8 years as Fuel Inspecting Engineer for U. S. Bureau of Mines. Holds first-class mine foreman papers in State of Alabama. During life of Coal Mine Adm. served as Chief, Production and Operations Division of that organization.

Thomas W. Hunter, Department of Interior. Position: Chief, Coal Economics Division; grade P-7. Age: 39. Degree: B. S. Experience: Bookkeeper, First National Bank of Springfield, Ill., 1925-29. Assistant to the secretary-treasurer of the Illinois United Mine Workers of America, 1933-1934. N. R. A.: Executive training course, 1934; On special studies for Division of Review; Code adviser, 1934-1935. National Bituminous Coal Commission: Associate statistician, 1935-1936; Acting Chief of Research and Statistical Division, 1936-1937; Examiner, Adm. Statistics Branch, 1937-1938; Chief of the Adm. Statistics Branch, 1938-1939. Department of the Interior, Bituminous Coal Division: Chief of the Adm. Statistics Branch, 1937-1938; Assistant Chief, Economics Branch, 1940-1943; U. S. Naval Reserves, 1943-1946—furlough from B. C. D. Interior: Chief, Economic Analysis Section, Bureau of Mines, 1946; Chief, Coal Economics Division, Bureau of Mines, 1946 to present.

H. M. Preisman, Office of Coordinator. Position: Assistant to Coordinator of Export Program Grade (not a classified position). Age: 42. Degrees: None. Experience: From 1944 to June 1947, Solid Fuel and Administrative Department for War, Department of Interior, handling similar activities as in charge of Transportation for Foreign movements. Prior to 1944 with Solids Fuels Administration for War, U. S. Bureau of Mines and Bituminous Coal Division and Bituminous Coal Commission, handling distribution of bituminous coal, both distribution and price problems connected with bituminous coal; from July 1, 1937 to 1944. Prior to 1937: August 1935 to July 1937, U. S. Senate Investigating Committees; 1926 to 1935, Private Business, Brokerage Business in New York City and Omaha, Nebraska.

Alternates: Ralph L. Trisko, Department of Commerce. Position: Business Economist; Grade P-5. Age: 31. Degrees: B. S. Experience: In charge of Coal Section, Office of International Trade. Attended meetings held in State on the Washington Conversations on European Economic Cooperation Program last year.

Daniel Wheeler, Department of Interior. (See Organization and Administration Committee.)

Observers and Consultants at Conversations with Representatives of Technical Committee of CEEC in Washington during October and November, 1947; C. W. de Forest, Harriman committee consultant (now with gas and electric company); Richard H. Mote, Hector Prud'homme, Harriman committee staff; Theodore Geiger, House Select Committee on Foreign Aid Staff.

5. Mining machinery

Chairman: William L. Beck, Department of Commerce. (See Agricultural Machinery Committee.)

Secretary: Everett Wilcox, Department of Commerce. Position: Acting Deputy Chief, Iron and Steel Section; Grade CAF-13. Age: 52. Degrees: B. S. (Mining Engineering) and B. S. (Foreign Trade). Experience: Mine Superintendent of Copper Mine; Assistant Manager of Export Department of World's largest excavating manufacturer; Head of Equipment Section in Department of Agriculture; Chief of Industrial Machinery Section, F. E. A.

Members: William H. Myer, Department of Commerce. Position: Assistant Chief, Machinery & Motive Products Branch, Office of International Trade; Grade P-6. Age: 61. Degrees: S. B. Experience: 15 years in machinery industry; 18 years in government

service, primarily in reference to production or foreign sales of machinery and equipment.

John W. Buch, Department of the Interior. Position: Mining Engineer, Bureau of Mines; Grade P-6. Age: 48. Degrees: B. S., E. M. and M. S. Experience: In underground surveying gypsum and zinc mining, also worked as special engineer on forecast of production-costs and plans for mechanizing anthracite coal mines, 1923-1930. Mine Foreman, The Hudson Coal Company, 1925-1938. Assistant Professor, Pennsylvania State College, 1938-1942. Department of the Interior: Chief, Economics Division, Bureau of Mines, 1942-1944; Mining Engineer, 1944 to present.

Karl L. Anderson, Department of State. (See Agricultural Machinery Committee.)

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Harold Von Thaden, Department of Commerce; Albert M. Keenan, Harriman committee consultant; S. Morris Livingston, Richard H. Mote, Harriman committee staff; H. R. Wheeler, Harriman committee consultant; Theodore Geiger, House Select Committee on Foreign Aid staff.

6. Electric power committee

Chairman: Thomas Hibbend, Department of Commerce. Position: Foreign Industrial Development Adviser. Age: 54. Degree: Architect in Engineering—Studied in Paris, Oxford; University of Pennsylvania. Experience: General practice in architecture, 1924-34; 6 months Civil Works Administration, Regional Engineer, 1934; Federal Emergency Relief Administration, Chief Engineer; work covered engineering phases of every kind of construction and production activity of the national works program, 1934-35; Resettlement Administration, Associate Director and Technical Adviser in Charge of Architectural Engineering Planning, projects of Suburban Resettlement Division, 1935-37. In Europe in research and study. Wrote a book, *Sons of Vulcan*, a history of metals and metal working, 1937-38; NYA, Consulting Engineer and Director of Planning and Research, 1938-41; own architectural engineering firm designing housing projects, hotels, apartments, and factories; also was in charge of all investigations of all new types of construction for the Federal Works Agency, 1941-42; BEW, Head Construction Engineer in charge of reconstruction and development in the interests of the British, French, and United States armies of French-North African industry and resources, 1942-45; FEA, work involved survey of Austrian industrial conditions formulating plans and making recommendations for the economic rehabilitation of Austria, 1945-46; Commerce Department, Chief, Special Programs Branch, Office of International Trade Policy, in charge of formulating policy with respect to International Trade and Telecommunications, Transportation and Utilities, February-July 1946; Commerce Department, Adviser for Foreign Economic Development, responsible for the creation and promotion of economic interests and development of foreign assets and areas in the international trade of the United States, 1946-48.

Secretary: Wilfred Malenbaum, Department of State. (See Staff Group for Correlation Committee.)

Assistant Secretary: M. Gordon Tiger, Department of State. Position: Research Analyst, P-4. Age: 30. Degrees: B. A., M. S. Experience: Editor and publicity writer, 1939-41; occupational analyst, U. S. Employment Service, 1941-42; U. S. Army, Lt., 1942-46; research analyst, Eastern European Economic Section, Division of Research for Europe, Department of State, 1946.

Members: E. Robert de Lucci, Federal Power Commission. Position: Chief, Bureau of Power, P-8 (Uncl.) Age: 43. Degree: Graduated from Massachusetts Institute of Technology in 1927 with B. S. in Civil Engineering

with hydroelectric as major option. Experience: Surveyman, Metropolitan Water Supply Commission, Enfield, Mass., 1927-29; engineer-designer, Stone & Webster Engineering Corporation, 1929-31; engineer inspector and designer, U. S. Engineer Office, Charleston, W. Va., 1931-33; Chief, Design Division, U. S. Engineer Office, Huntington, W. Va., 1933-38; Federal Power Commission 1938-1942, as senior engineer consultant on dams and hydroelectric projects, 1938-40; Chief Power Supply Branch, National Defense Power Staff, 1940-41; Assistant Director, National Defense Power Staff and Assistant Chief, Bureau of Electrical Engineering (also consultant on power for OPM and WPB). Served with R. O. T. C., M. I. T., second lieutenant O. R. C., 1927; commissioned captain and advanced through grades to lieutenant colonel United States Army, 1942-45 on duty in Chief of Engineers Office and later as Operations Officer, Engineering Division, S. H. A. E. F., in European Theater. Decorated Europe-Africa-Middle East ribbon with one star, Legion of Merit in World War II. Inactive status as lieutenant colonel, O. R. C. since 1945. Returned to FPC as Chief, Bureau of Power, January 1945. Member of: Technical Industrial Disarmament Committee for German Electric Power Industry and consulted concerning problems of Japanese electric power system; International Conference on Large Electric High-Tension Systems (CIGRE); Technical Working Committee of International Scientific Conference on the Conservation and Utilization of Natural Resources; Society Engineers.

Arthur Goldachmidt, Department of the Interior. Position: Executive Vice Chairman of the Interdepartmental Technical Committee and of the American Tech. Advisory Comm. in connection with the International Scientific Conference for the Conservation and Utilization of Natural Resources, CAF-15. Age: 38. Degree: B. A. Experience: Assistant to President, Emergency Exchange Association, October 1932 to May 1933; Research work on New York relief administration for Columbia University May to July 1933; Acting Director, Professional and Services Projects Division, Works Progress Administration, September 1933, to August 1935; Executive Officer for Senator Wheeler, chairman, Senate Committee on Interstate Commerce, August 1935 to July 1937; Administrative, legislative, research, and organization work on Committee for Industrial Organization, July 1937 to January 1938; Special Agent, Consumer's Counsel, National Bituminous Coal Commission, January to August 1938; Assistant to Director, Power Division, Public Works Administration, August 1938 to May 1940; Special Assistant to Chairman, National Power Policy Committee, May 1940 to August 1941; Assistant to the Director, Division of Power, Interior Department, August 1941 to August 1942; Acting Director, Division of Power, August 1942 to February 1944; Director, Division of Power, February 1944 to September 1947; Executive Vice Chairman of the Interdepartmental Technical Committee and of the American Technical Advisory Committee in connection with the International Scientific Conference for Conservation and Utilization of Natural Resources, September 1947 to present.

Howard Elmore Way, Department of Commerce. Position: Electrical Industry Analyst. Age: 49. Degree: B. S. in Elec. Engr. Experience: Machinist apprentice, Electrician, Lineman, Penna. RR, Jun. 1916 to Jun. 1920; Design, Power plant, Office of Electrical Engineer, Pennsylvania RR, Jun. 1920 to Mar. 1921; Test Engineer, West Penn. Power Company, Connellsville, Pa.; Mar. 1921 to Jun. 1921; Chief Clerk, Carpenter, Electrical and Paint Shops, Juanita Shops, Penn. R. R.—Piecemeal computation, June 1921 to Aug. 1922; Various to Asst. Chief, Electrical Division, Bureau of Foreign and Domestic Commerce, Aug. 1922 to Oct. 1933; Room Super-

visor, Coast and Geodetic Survey, Geodetic, Oct. 1933 to Oct. 1935; Office of Secretary of Commerce in charge design, erection and supervision Department of Commerce exhibits at Chicago, Dallas (World Fairs), etc.; Oct. 1935 to Jan. 1938; Editor, World Electrical Markets, Electrical Division, Bureau Foreign and Domestic Commerce, Jan. 1938 to Apr. 1941; Export-Import Information Division—In charge Electrical Machinery, etc., Apr. 1941 to Oct. 1941; Public Utility & Service Industries Division, in charge Public Utilities Section, Oct. 1941 to Oct. 1942; Machinery and Metals Division, Bureau of Foreign and Domestic Commerce. In charge Electrical Machinery, Oct. 1943; Representative U. S. Department of Commerce, Board of War Communications for International Broadcasting, Oct. 1941 to Oct. 1947; Chairman, Communications Committee, Standard Commodity Classification; Member, Instruments, Furnaces, Electrical Machinery, Lighting Fixtures, Refrigeration Committees, Oct. 1943; Member, Task Group, U. S. Census of Manufacturers, Electrical Machinery, etc., Jun. 1945; Representative, Department of Commerce, Glossary Sub-Committee. Interdepartmental River Basins Committee, Mar. 1947; Member Board of Review Division of Liquidation, Department of Commerce—Hear and determine appeals from OPA cases, Sept. 1947; Representative, Department of Commerce, Electrical Supply Committee, Federal Bureau of Supplies, Chairman, Instrument Subcommittee—prepare specification (Federal), Sept. 1943; Representative, Department of Commerce, Krug, Harriman Committees, Marshall Approach Committees, Electrical Machinery and Electric Power Committees, Oct. 1947; Consulting Engineer—Whitehead-Craft Corp. (Structural Material), Sept. 1946; Export—Policy Committee—OIT—Re. quotas electrical machinery, 1947.

Ellsworth Joseph Hand, Federal Power Commission. Position: Electrical Engineer (P-5). Age: 46. Degree: B. S. (Electrical Engineering). Experience: Potomac Electric Power Co., 18 yrs. (1923-1941), as a generating station and substation operator. 1 yr. on statistical and insurance work. 1 yr. as night supervisor of entire system; U. S. Gov't, 7 years (1941-present); (1941-1943), Fed'l Power Commission on assignment to WPB Power Branch, acted as concurrence officer for power supply and equipment required for industrial projects, also reviewed foreign power projects; 1943-1947, FEA, which later became Office of International Trade in the Department of Commerce, Chief of Power Section; member of Industrial Commission on USSR Lend Lease; requirement commission for WPB Office of War Utilities, staff of section reviewed applications for export license and priorities for foreign projects and programs, licensing authority on operating and maintenance equipment for utilities; Military service: 1919-23, active duty in U. S. Marine Corps. Rank at expiration of enlistment, Sergeant—Honorable Discharge; 1923-27, Sergeant in the Fleet Marine Corps Reserves on inactive duty; Theta Tau Fraternity and former associate American Institute of Electrical Engineers.

C. E. Bennett, Federal Power Commission. Position: Chief, Division of Electric Resources and Requirements. Age: 59. Degrees: B. Sc. in EE, Univ. of Nebr., 1909; B. Sc. in EE, Univ. of Ill., 1912; Professional EE, Univ. of Ill., 1929. Experience: Westinghouse Electric Co., 1 year; graduate engineer course in design and testing of heavy electrical equipment; Electric Bond and Share Co., 5 years; Hydro Electric plant operator, design and construction, including about 2 years operation; reservoir control and initial operation after construction of Utah Power and Light Company's 3 largest hydro-electric plants; Canadian and General Finance Co., 9 years (1918-27) as chief operating engineer; assistant chief engineer or chief elec-

trical engineer of the company's generating stations; transmission lines and distribution systems in Spain and Mexico; City management and municipal plant operation, 2 years; City Manager and Supt of Electric Water and Port Utilities, Fort Pierce, Fla.; Federal Power Commission, 14 years (1933-present)—Various positions to Chief, Division of Electric Resources & Requirements; principal jobs, engineer on distribution cost survey, national defense network planning and St. Lawrence development planning; Professional papers: World Power Conference, London; International High Tension Conference, Paris; AIEE—Mexico; AIEE—Washington, D. C.; State Public Utility Commission Engineers, Washington, D. C.

Observers and Consultants at Conversations with Representatives of Technical Committee of CEEC in Washington during October and November 1947; Walker L. Cissler, C. W. de Forest, George Hamilton, R. M. Landreth, J. A. H. Torrey, V. M. White, Harriman committee consultant; Edward Falck, House Select Committee on Foreign Aid staff.

7. Petroleum

Chairman: John A. Loftus, Department of State. Position: Consultant, without compensation. Age: 36. Degrees: A. B., Ph. D. (Economics). Experience: July 1938, to Sept. 1938, Consultant and Economist to the American Trading and Production Corp., Baltimore, on Petroleum matters; Feb. 1939, to Sept. 1939, Instructor in Business and Economics at the University of Kansas; Sept. 1939, to Sept. 1940, part-time instructor in Economics at Johns Hopkins University; Sept. 1940, to Feb. 1942, Asst. Professor at Holy Cross College; Feb. 1942, to June 1942, Assoc. Professor in Economics, also working on a special research study on corporate structure of petroleum industry; June 1942, to Jan. 1943, Petroleum Price Economist in OPA, Petroleum Price Section; Jan. 1943, to Nov. 1943, Reporting Economist on Petroleum for the Office of Economic Warfare; Nov. 1943, to July 1944, Petroleum Specialist on international petroleum problems in the Division of Economic Studies, Department of State; 1944 to Oct. 1947, progressively responsible positions, including the position of Chief of the Petroleum Division in the Office of International Trade Policy; Dec. 1, 1947, to present, Consultant in the Office of International Trade Policy, Dept. of State.

Secretary: David E. Longanecker, Department of State. Position: Divisional Assistant, Petroleum Division, P-7. Age: 41. Experience: Specialist on domestic-machinery industries and trade, Bureau of Foreign and Domestic Commerce, 1927-41; divisional assistant, Dept. of State, Apr.-Sept. 1941; chief of section, Board of Economic Warfare, 1941-42; divisional assistant, Dept. of State, 1942-43; chief of section, Office of Foreign Economic Administration, Dec. 6, 1943; divisional assistant, Dept. of State, liaison officer, 1944; alternate chairman, Petroleum Facilities Coordinating Committee, 1945-; asst. chief of branch, Petroleum Division, 1946.

Members: Col. Gustav H. Vogel, QMC., Army-Navy Petroleum Board, United States Army, serial No. O12793. Position: Executive officer, Army-Navy Petroleum Board, Joint Chiefs of Staff. Age: 47. Degrees: B. S. from United States Military Academy, graduated 1920 MS (E) from Univ. of Michigan (automotive course) 1936. Experience: Colonel Vogel entered active military service as a commissioned officer immediately upon graduation from the Military Academy. Listed below is a brief record of his military service: 1921-30, company officer, battery commander, Coast Artillery, 1930-41, company officer, Company commander, assistant quartermaster, Chief of Plans and Training Branch, Motor Transportation Division, Office of Quartermaster General, January 1942-May 1942, Executive Officer, Motor Transportation

Division, Office of Quartermaster General; May 1942-September 1942, Chief, Motor Transportation Division, European theater; September 1942-October 1942, Deputy Chief, Area Petroleum Office, European theater; October 1942-August 1945, Chief, Petroleum Section; August 1945-December 1945, Deputy Executive Officer, Army-Navy Petroleum Board; January 1946 to present date, Executive Officer, Army-Navy Petroleum Board.

Max W. Ball, Department of the Interior. Position: Director, Oil and Gas Division, ungraded. Age: 62. Degrees: Colorado School of Mines, E. M., 1906; National University Law School, LL. B., 1914; National University Law School, LL. M., 1914. Experience: Chief geologist for Royal Dutch-Shell companies, 1917 to 1921; later made manager. President, Argo Oil Co. and predecessors, 1921 to 1928. Also during part of this period was president of Western Pipe Line Co. Consulting work in the field of petroleum geology and engineering, 1928 to 1943. Also from 1931 to 1944 was president of the Royal Royalties, Ltd. President, Abasand Oils, Ltd., 1930 to 1943. Department of the Interior mining engineer, Bureau of Mines, 1916 to 1917; Assistant Director, Petroleum Administration for War, December 1943 to February 1945. Industrial Specialist, PAW (special field assistant) February 1945 to April 1946. Director, Oil and Gas Division, December 1946 to present.

Walter James Levy, Department of State. Position: Economist (petroleum specialist) P-8. Age: 36. Degree: LL.D. Experience: Assistant to editor of press bureau 1936-1941; economist, 1942-1943; chief of oil section 1944-1945; special assistant to chief of Europe-Africa Division 1945, Office of Strategic Services; member, United States Petroleum Programming Group, London, 1945; member, United States Staff on Post-Hostilities Supply Negotiations With Sweden, Sweden, 1945; transferred to Department of State as special assistant, October 1, 1945; economist (petroleum specialist) Division of International and Functional Intelligence, 1946.

Carl N. Gibboney, Department of Commerce. Position: Adviser (international trade in primary commodities) P-8. Age: 48. Degree: Graduate, Ohio State University, College of Agriculture, 1923. Experience: 1946-48, 2 years work in international trade in primary commodities, Department of Commerce; 1943-45, 2 years Chief of Foreign Procurement Division, Foreign Economic Administration; 1923-43, 20 years' experience in agricultural production, marketing, and credit.

Alternates: Carroll D. Fentress, Department of the Interior. Position: Petroleum Technologist, P-7 (designated as Special Assistant to the Director of the Oil and Gas Division). Age: 36. Degrees: B. S., 1934, Massachusetts Institute of Technology; M. S., 1935, Massachusetts Institute of Technology. Experience: Chemical engineer, 1935-38 (Standard Oil Co.); group leader, research department, Standard Oil Co., 1938-42; United States Army, lieutenant, ordnance assistant, Army inspector of ordnance; assistant chief inspection division (captain); chief, process section (major, ordnance); assigned to Petroleum Administration for War, Interior Department, 1942-46; Petroleum Technologist, Oil and Gas Division, 1946 to present.

Edward Benjamin Swanson, Department of the Interior. Position: Assistant Director and Chief of Supply and Economics Branch, P-8. Age: 54. Degree: A. B. 1918, University of Washington. Experience: Private Secretary, and Administrative Assistant to Director, Bureau of Mines, 1920-24; Assistant Petroleum Economist, Bureau of Mines, 1924-25; Economic Analyst, Bureau of Mines, 1925-30; Chief, Petroleum Economics Division, Bureau of Mines, 1930-34; Board Member and Chief, Production and Refining Division, Petroleum Administrative Board, 1934-36; Associate

Director, Petroleum Conservation Division, 1936-41; Director of Research, Office of Petroleum Coordinator for National Defense; Director of Research, Petroleum Administration for War, 1941-44; Designated Acting Director of Petroleum Conservation Service, 1944; Director of Research, Petroleum Conservation, 1946; Assistant Director and Chief of Supply and Economics Branch, Oil and Gas Division, 1946 to present.

Robert H. S. Eakens, Department of State. Position: Chief, General Policy Branch, Petroleum Division, P-7. Age: 36. Degrees: B. A., M. A. Experience: Economist for oil company, 1937-40; fellow 1940-41, and lecturer in statistics, 1942, Columbia University; economist Petroleum Branch, Office of Price Administration, 1942-44; divisional assistant 1944-45 and assistant chief, Petroleum Division, Department of State, 1945.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: John Bauer, Gerald Cogan, A. E. Ernst, Harriman committee consultants; Robert Koenig, Harriman committee member; Richard Mote, Harriman committee staff; Arthur Stewart, Harriman committee consultant; John Fry, House Select Committee on Foreign Aid staff.

8. Iron and steel

Chairman: J. Joseph Palmer, Department of Commerce. Position: Consultant, Commodity Service Division. Age: 45. Degrees: A. B., M. A., and LL. B. Member of District bar. Experience: Has been responsible for the Department of Commerce work in iron and steel since August 1926; covers particularly study of foreign economics of steel in all parts of the world, including ERP countries.

Secretary: Isaiah Frank, Department of State. Position: Chief, Special Areas Section, International Resources Division (P-6). Age: 30. Degrees: B. S. S., M. A. Experience: Research associate, Columbia University, 1936-39; teaching fellow, 1939-40; instructor of economics, 1940-41, Amherst; Carnegie fellow, National Bureau of Economic Research, 1941-42; economic consultant, War Production Board, 1942; senior economist, Office of Strategic Services, 1942-44; U. S. Army, 1944-45, first lieutenant; transferred to Department of State as economist, 1945; Chief of Special Areas Section, International Resources Division, 1946, represented Office of Strategic Services on Interdepartmental Committee on Private Monopolies and Cartels, 1945; secretary of the Steel Interrogating Committee of the Washington Conversations, and member of the Interdepartmental Working Committee on Iron and Steel; member of Cartels and Private Monopolies Subcommittee of the Executive Committee for Economic Foreign Policy.

Assistant Secretary: Virginia H. McClung, Department of State. Position: Commodity Specialist, International Resources Division (P-4). Age: 34. Degrees: B. A. Experience: Junior Economist, Division of Research and Statistics, Federal Deposit Insurance Corporation, 1936-41; Assistant Economic Analyst, Division of Monetary Research, Treasury Department, 1941-42; Associate Economist and Statistician, Industrial Materials Division, Office of Price Administration, 1942-47; commodity specialist, International Resources Division, Department of State, 1947; work on Interdepartmental Working Committee on Iron and Steel.

Members: Robert Simpson, Department of Commerce. Position: Business Economist (P-6), European Division, OIT. Age: 30. Degree: A. B. Amherst College, June 1938. Experience: Sept. 1938-June 1939, National Institute of Public Affairs, Wash., D. C., National Resources Committee; Central Statistical Board. July 1939-Dec. 1940, National Resources Planning Board. Jan. 1941-July 1941, Office of Secretary of War, San Fran-

cisco. Aug. 1941-42, Office of Production Management, Iron and Steel Branch. Aug. 1942-May 1946, active duty USNR, Australia, Dutch New Guinea, Wash., D. C., Germany, U. K. July 1946-June 1947, National Housing Agency. June 1947 to date above.

Harold H. Weim, Department of Commerce. Position: Economist (P-6). Age: 32. Degrees: B. S. S., A. M., Ph.D. Metallurgy Iron and Steel Course at School of Engineering, University of Maryland, 1941. Experience: Department of Commerce, October 1939-November 1940, Economic Analysis; National Defense Advisory Commission, November 1940-June 1941, Economic Analysis; War Production Board, June 1941-February 1942, Economic Analysis; War Production Board, OPA, CS, February 1942-July 1943, Supply Analysis; War Production Board, OCR, August 1943-September 1943, Formulation of Programs; War Department, A.A.F., Wright Field, September 1943-February 1944, Demobilization Analysis; OPA, February 1944-May 1945, Durable Goods Industries Analysis.

Paul C. Hoover, Department of State. Position: Economist, Economic Section, Northern and Western European Branch, Division of Research for Europe, Office of Intelligence Research (P-2). Age: 33. Degree: B.S. (Physics). Experience: Junior Analyst, Office of Economic Warfare Analysis, Board of Economic Warfare, October 1942-April 1943; U. S. Army of Occupation, April 1943-December 1945; held responsible positions as Research Analyst and Economist in the Division of Europe, Office of Intelligence Research and in the Economic Section, Northern and Western European Branch, Division of Research for Europe in the Department of State, April 1946 to present.

Carlyle H. Strand, Tariff Commission. Position: Commodity specialist (iron and steel) (P-5). Age: 57. Degrees: B. S. and metallurgical engineer. Experience: Case School of Applied Science, postgraduate, Harvard University, 1907-11; U. S. Steel Corporation, Chicago, Ill., 1911-13; Pennsylvania Railroad Co., Altoona, Pa., 1913-14; Crown Cork and Seal Co., Baltimore, Md., 1918-19; Bureau of Aircraft Production, Pittsburgh, Pa., 1918-19; Bureau of Standards, Wash., D. C., 1919-20; Ford Motor Co., Detroit, Mich., 1920; Lackawanna Steel Co., Buffalo, N. Y., 1920-21; Ohio Forge Co., Cleveland, Ohio, 1921-23; U. S. Tariff Commission, Wash., D. C., 1923 to present, except 1940-41 when on part-time loan to Office of Export Control. During the entire period, primary work was on iron and steel. Since 1923, work has consisted chiefly of studies of tariff, foreign and domestic industries and international trade. Coauthor of Report No. 128 on Iron and Steel, U. S. Tariff Commission, 1938; Report No. 15 on Iron and Steel, U. S. Tariff Commission, 1946.

Alternates: Robert M. Weidenhammer, Department of Commerce. Position: Chief, Machinery and Metals Section (P-6). Age: 46. Degrees: Ph. D. in economics. Experience: Educated in French, German, Swedish, and U. S. schools; professor of economics, University of Minnesota, 1926-34; Riter and Co. (Dillon, Read & Co.), 1934-41; War Production Board, Brookings Institution, U. S. Department of Commerce; U. S. Government delegate at the meetings of the Iron and Steel and Metal Trade Committees of the International Labor Organization at Stockholm, Sweden, August 15-September 21, 1947. (Was made chairman of a permanent group to work out the international standardization of statistics of the iron and steel industries.) Completing, at present, a book on the world iron and steel industries, to be published by the Department of Commerce this year (about 500-600 pages).

Leon Goldenberg, Department of State. Position: Attaché (research) (FSR-4) Paris. Age: 43. Degrees: B. C. S., M. A., Ph. D. Experience: Lecturer in economics, Northwestern University, 1936-40; economic analyst, 1941-42; Chief of Unit, Board of Eco-

nomic Warfare, 1942-43; Chief of Section, Foreign Economic Administration, 1943-45; Chief, Northern and Western European Economic Section, Division of Research for Europe, November 1945-June 1946, Department of State; Assistant Chief of Population and Manpower Section, Division of Research for Europe, June 1946-October 1947, Department of State. Attaché (research) Paris, October 20, 1947 to present.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Hiland Bachellor, Harriman committee member; Richard Bissell, Harriman committee staff; Otis Brubaker, Harriman committee consultant; S. Morris Livingston, Harriman committee staff; William S. Morrison, Harriman committee consultant; Hector Prud'homme, William Remington, Harriman committee staff; Edwin B. George, Robert Landry, House Select Committee on Foreign Aid staff.

9. Inland transport

Chairman: John W. Tuthill, Department of State. Position: Assistant Chief of Shipping Division in charge of Inland Transportation Section, P-7, Foreign Service Officer assigned to the Department. Age: 37. Degrees: B. S., M. B. A., M. A. Experience: Instructor and Assistant Professor of banking and finance at Northeastern University from 1937 to 1940; Foreign Service Officer, unclassified, and Vice Counsel of Career on July 12, 1940, serving at Windsor, Mazatlan, and Ottawa. In December 1944 was assigned to the Office of the U. S. Political Adviser on German Affairs, AEF, where he worked on German economic and transport problems. He also served as Economic Adviser to the U. S. Delegation at the Meeting of the Council of Foreign Ministers at Moscow advising on all European inland transportation problems, and Political Adviser to Deputy of the U. S. Foreign Minister at the meeting of the Deputies, CFM, London, advising on economic and transport matters concerning proposed peace settlements with Germany and Austria.

Secretary: Doris Whitnack, Department of State. Position: Economist, P-6, Division of International and Functional Intelligence. Age: 29. Degree: B. A. Experience: Research Technician, National Resources Planning Board, 1939-41; Head, Economic Analysis Section (Transportation Economist), Office of Price Administration, 1941-44; Head of Transportation Section and Economist, Division of Geography and Cartography, and Division of International and Functional Intelligence, Department of State, 1944-.

Members: Thomas E. Anderson, Department of Agriculture. Position: Mechanical Engineer, P-4. Age: 49. Degrees: None. Experience: 1918-45, Texas & Pacific Railway as Car Builder, Shop Inspector, Car Foreman, Car Engineer. (From 1943 to 1944 served as Mechanical Officer, Car Department, for U. S. Railway Mission in Mexico, while on leave without pay from Texas & Pacific Railway.) 1946 to present has served as Mechanical Engineer (Railway Cars) in Transportation Corps of War Department and later in Department of Agriculture.

John C. Winter, Department of Agriculture. Position: Agricultural Transportation Economist, P-7. Age: 45. Degrees: None. Experience: 1944-1948, Chief, Transportation Facilities Division of Production and Marketing Administration with responsibility for planning and directing nation-wide studies to determine fields of greatest efficiency and adequacy of various methods of transportation, also analyses of wartime transportation problems to anticipate shortages of transportation facilities in order to initiate and develop conservation measures necessary to prevent break-downs. 1940-44 served as Assistant to Chief, and Acting Chief of Transportation Facilities Division. 1935-40, Traffic Expert in charge of Rate Department for Public Service Commission, State of North

Dakota, Bismarck, N. D. 1929–1935, Assistant Rate Expert, Board of Railroad Commissioners, State of South Dakota, Pierre, S. Dak. 1925–1929, Freight Clerk for C. & N.W. Ry. Co. and Sioux City Traffic Bureau, Sioux City, Iowa.

Paul Brown, Department of the Army. Office of the Chief of Transportation Corps reports that Mr. Brown attended only one meeting of this Committee and then only as an observer. (Virginia E. Sparks, Department of State, DP.)

James E. Glynn, Department of Commerce. Position: Chief, Transportation and Communications Branch. Age: 57. Degrees: B. S., M. S., M. E. Experience: Over 30 years' experience in the transportation field: 12 years, New York Central Railroad; 5 years, General Motors Corp.; 10 years, highway transportation, trucking, and warehousing; 3 years, officer, United States.

Alternates: Jacob J. Kaplan, Department of State. Position: Chief of Economic Section, P-6, Southern European Branch, Division of Research for Europe, Office of Intelligence Research. Age: 27. Degrees: A. B., A. M. Experience: Research and teaching assistant at Iowa State College, 1941–42, where he did research on farm credit and food rationing. Served in U. S. Army, Oct. 1942 to February 1946, where he was attached to the Office of Strategic Services in the capacity of an Economist. He was stationed one year in Washington where he was in charge of the Food Unit analyzing European food conditions; one year in England and Italy where he analyzed the food and agricultural developments in the Balkans and Italy; six months in Austria where he was in charge of the Economic Reporting Unit. He served as a member of the Combined Working Party on European Food Supplies. In Feb. 1946 he was appointed as an Economist in the Division of Europe, and Near East and Africa Intelligence, Food and Agriculture Section. In Nov. 1947, he was appointed to his present position.

Gustav Pollaczek, Department of State; position: Economist, P-5, Division of Transportation and Communications. Age: 52. Degrees: LL. D. Experience: Official with Austrian state railroads, 1916–23; executive in international freight agency, Vienna, 1924–31; consultant and author of books on international legislation, 1935–46; consultant and transportation specialist, Foreign Economics Administration, 1944–45; transportation specialist, Dept. of State, 1945.

Robert O. Swain, Department of State. Position: Special Assistant, P-6, Shipping and Inland Transport Division. Age: 37. Degrees: B. A. Experience: District supervisor (traffic surveys), Sr. Asst. Traffic Engineer in charge of state highway engineering facilities, consultant on traffic problems, Texas Highway Department; U. S. Army Corps of Engineers, Lt. to Major, 1942–46, army engineering, construction, Army, Corps of Engineers, Transportation Corps, European Theatre of Operation; 1½ years in Latin America, Transportation Advisor to Colombia, Venezuela, and Ecuador; presently, Chief of the Transportation & Communications Branch, Office of International Trade. Also consulting engineer to many large American mfrs. on warehouse and transportation problems, including construction, operations & admin. functions. While with General Motors, conducted comprehensive surveys of western European transportation facilities.

Gerald R. Gallagher, Office of Defense Transportation. Position: Assistant Director, Division of Manpower and Materials. Age: 44. Degrees: B. S. Experience: 1926–41, Lehigh Valley Railroad, Office and Field Engineering, on Chief Engineer's staff, supervisor, main line track & roadway maintenance; 1941–43, Bethlehem Steel Co., supervisor of plant car fleet maintenance, civil engineering Navy plant; 1943, Board of Eco-

nomie Warfare, survey of material requirements of railroads and other transport agencies in Africa to determine minimum requirements in steel & other metals & mftd. parts, Portuguese Purchasing Commission, assisted Lend-Lease agency on rail problem in Senegal; 1943 to date, ODT, Regional representative, Asst. Director, Railway Transport Division.

Henry H. Kelly, Department of State. Position: Assistant Director, Office of Transport and Communications, P-8. Age: 50. Experience, United States Army, 1918–19, overseas service; Assistant Chief, Automotive Division, Department of Commerce, 1923–1925; member of Automotive Trade Commission to Europe, 1925–28; Director of Asiatic territory for Hudson Motor Car Co., 1928–30; Assistant Chief, Division of Highway Transport, Bureau of Public Roads, 1930–35; Chief, Section of Safety, Interstate Commerce Commission, 1935–41; executive secretary, Central Motor Transportation Committee, Advisory Commission to Council of National Defense, 1941–42; Chief, Allocations Section, 1942–43; Director, Division of Materials and Equipment, 1943–45, Office of Defense Transportation; Regional Director for North America and American representative on European Central Inland Transport Organization, 1945–47; Assistant Director, Office of Transport and Communications, Department of State, 1947; and development; June 1945–Jan. 1946, in charge of rehabilitation of 4 German rivers, establishing offices, supervising design, construction and operation of heavy equipment to clear rivers, etc.; highway engineer, Public Roads Administration, 1946–47; special assistant, Shipping Division, Dept. of State, 1947.

Clarence S. Gunther, Department of Treasury. Position: Commercial specialist, Commercial Policy and United Nations Division, CAF 11, Office of International Finance. Age: 40. Degrees: B. S. Experience: August 1927 to January 1935, connected with Bureau of Foreign and Domestic Commerce in the Commercial Intelligence Division and in the Division of Foreign Trade Statistics; January 1935 to October 1943, commercial specialist; July 1945–December 1945, sr. adm. investigator, Procurement Division, Treasury Dept.; acting assistant chief, Lend-Lease Transportation Division; December 1945 to April 1946, chief liaison officer of the Italian technical delegation; June 1946 to present, served in liaison capacity with officials of Bureau of Customs and Dept. of Commerce on foreign trade matters, Treasury representative on agricultural panel of Committee for Reciprocity Information, alternate Treasury director of the U. S. Commercial Corporation and on numerous special committees dealing with commercial matters.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: William Flexner, Harriman Committee consultant; Max Milliken, Harriman Committee staff.

10. Maritime transport

Chairman: Walter Radius, Department of State. Position: Director, Office of Transport and Communications Policy, P-8. Age: 37. Degrees: A. B., M. B. A., Ph. D. (economics). Experience: Jan. to Dec., 1938, worked on a shipping study under a Rockefeller Fellowship; June 29, 1942, to date, progressively responsible positions in the field of transport and communications in the Department of State, including the positions of special assistant to the Director of TRC on the international aspects of shipping and inland transportation matters, adviser on inland transportation, Deputy Director of the Office of Transport and Communication, and the present position of Director. Represented the U. S. Government in dealings with the European Central Inland Transport Organization and the Rhine River Commission.

Mr. Radius has traveled extensively through England, Holland, Germany, France, Switzerland, Japan, Korea, Manchuria, China, etc.

Secretary: Lehman P. Nickell, Department of State. Position: Adviser on shipping, P-8. Age: 49. Degrees: B. S., M. S., Ph. D. Experience: Instructor in economics, University of Virginia, 1924–27; economist, business specialist, Chief of Inland Waterways Section, and asst. executive secretary and Chief Examiner of the Foreign Trade Zone Board, Dept. of Commerce, 1928–38; Chief, Special Studies Section and Asst. Director, Division of Economics and Statistics, Maritime Commission, 1938–42; Director, Division of Statistics and Research and Director of Vessel Activities and Records, operations department, War Shipping Administration and Maritime Commission, 1942–47; adviser on shipping, Shipping and Inland Transport Division, Dept. of State, July 1, 1947.

Members: Serge G. Koushnareff, Department of Commerce. Position: Asst. Chief, Transportation and Communications Division. Age: 53. Degrees: LL. B., B. S., M. S., Ph. D. Experience: 12 years service in clerical and executive capacity with United States Lines in New York, thereby acquiring thorough knowledge of steamship operation, freight traffic, marine insurance, and claims adjustments. Subsequent service with the Foreign Economics Adm. as Asst. and Acting Chief of the Transportation Division, directing movement of Government purchases abroad, including chartering of vessels, rate negotiations, warehousing arrangements, and transshipments. 2 years' service with the Department of Commerce in capacity of shipping policy adviser to the Director, and Asst. Chief of Transportation and Communications Division, Office of International Trade.

Huntington T. Morse, U. S. Maritime Commission. Position: Interdepartmental liaison officer (special assistant to Commission). Age: 58. Degrees: B. A. Experience: From 1915–1917, Atlantic Gulf and West Indies, checker to dock superintendent, S. S. Co. (Mallory Line); 1917–1919, U. S. Navy, QM3c to Lt. sr. grade., in charge of Naval Overseas Transportation Service, N. Y.; 1919–1925, U. S. Shipping Board and Merchant Fleet Corp., Director of Ship Operations, Asst. Special Commissioner for shipping activities in Europe, Director of Europe (head of European organization of the U. S. Shipping Board and Emergency Fleet Corporation); 1925–1932, Munson Steamship Line, asst. chartering manager, charge of operation of collier fleet of Munson Line, local mgr. Buffalo office, mgr. Munson Inland Water Lines, mgr. floating equipment, dir. N. Y. Canal and Great Lakes Corp., special representative of the president of the Munson Line on shipping matters of the company; 1932–1934, own business (brokerage (wholesale coal for paper mills)); 1934 to present, U. S. Shipping Board and Merchant Fleet Corp., U. S. Maritime Commission, Chief, Division of Ship Operations, Chief of Div. of Ship Operations and Ship Sales, member of Board of Trustees of Merchant Fleet Corp.; asst. to Commission on Maritime Commission Activities; asst. to chairman on Maritime Commission Activities, special asst. to Commission (interdepartmental liaison officer and foreign liaison officer on Maritime Commission Activities).

Jesse E. Saugstad, Department of State. Position: Chief, Shipping and Inland Transport Division, P-8. Age: 61. Experience: Instructor, Univ. of Wisconsin, 1910–18; U. S. Navy, 1918–19, ensign; shipping business, 1919–22; shipping research, 1922–26; asst. to v. pres., Merchant Fleet Corp., 1926–27, and Asst. Director, 1927–29, U. S. Shipping Board; special agent, Bureau of Foreign and Domestic Commerce, 1929–35; economic analyst, Dept. of State, 1935–38; Asst. Chief, Division of International Communications, 1938–44; Chief, Shipping Division, 1944;

consultant, Inter-American Maritime Conference, Washington, 1940.

Alternate: Harvey Klemmer, Department of State. Position: Attaché (shipping) London (FSR-2). Age: 47. Experience: 1918-1923, able-bodied seaman, U. S. Merchant Marine, 1932-35, director of research for American Steamship Owners' Assn., N. Y. C.; 1936-37, senior economic analyst, Dept. of State, analyzed effects of tariff reductions; 1937-42, Asst. to Commissioner, U. S. Maritime Commission. Spent most of time in Europe; 1942-1943, shipping consultant, War Production Board; 1943-47, economic adviser, U. S. Maritime Commission; 8-6-47 to present, attaché (shipping), London, FSR-2. Also assigned: Dublin, Paris, Bern, Brussels, The Hague, Berlin, Copenhagen, Oslo, Stockholm, Helsinki, Warsaw, and Moscow.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: Capt. Granville Conway, Harriman committee member; James McCullough, Harriman committee consultant (National Federation of Shipping); Max Milliken, Harriman committee staff.

The report submitted on maritime transport was reviewed by the Shipping Coordinating Committee (SHC). Its formal membership is as follows:

Chairman: Garrison Norton, Department of State. Position: Assistant Secretary of State (Presidential appointment). Age: 47. Degrees: A. B., history and literature. Experience: October 1923 to January 1941, employed with Arthur Young & Co., New York, N. Y. (from jr. accountant to partner); Sept. 1938 to June 1939, Civil Aeronautics Authority as consultant to the Chairman; May 1934 to Sept. 1935, deputy to Gen'l Mgr., HOLC.; U. S. Navy from Oct. 1940 to Nov. 1945 (Capt.); appointed to Dept. of State, Nov. 1945, as deputy director. Office of Transport and Communications Policy, later made Director of this same Office, and later still appointed as Assistant Secretary in charge of transport and communications affairs. Mr. Norton served as chairman, United States delegation to the International Civil Aviation Organization Commission on Multilateral Agreement, Geneva, Switzerland, November 3, 1947.

Vice Chairmen: W. W. Smith, United States Maritime Commission. Position: Chairman, United States Maritime Commission (Presidential appointment). Age: 59. Degree: Graduate U. S. Naval Academy. Experience: U. S. Navy, active service at sea and ashore, including both World Wars; commander of cruiser task force; director of Naval Transportation Service, 1909-46; 6/46 to present, Chairman, United States Maritime Commission.

Executive Secretary: L. James Falck, U. S. Maritime Commission. Position: Asst. Chief, Shipping and Inland Transport Division. Age: 36. Degrees: B. A. Experience: Clerk, Department of State, 1923-28; asst. special agent, Bureau of Foreign and Domestic Commerce, 1928-33; clerk, Navy Department, 1933-34; Securities and Exchange Commission, 1934-36; clerk, Dept. of State, 1936; economic analyst, 1937; divisional assistant, 1938-43; consultant, Inter-American Maritime Conference, Washington, 1940; Asst. Chief, Shipping Division, 1944; adviser, U. S. delegate, Maritime Preparatory Tech Conference, International Labor Organization, Copenhagen, 1934; special assistant to U. S. delegate, 28th (maritime) session of the International Labor Office, International Labor Organization, Seattle, Wash., 1946.

Asst. Executive Secretary: John W. Mann, U. S. Maritime Commission. Position: Asst. Adviser on Shipping, Shipping and Inland Transport Division. Age: 50. Degrees: LL. B., member of bar of D. C. Experience: U. S. Army 1916-19, 2d Lt., overseas service;

with U. S. Shipping Board and Maritime Commission, 1922-42; Director of Division of Foreign Charters and Ship Warrants, War Shipping Administration, 1942-45; Adviser, United Maritime Authority Planning Commission, London, 1944; Chairman, United Maritime Authority Shipping Facilities Control Commission, Washington, 1945; Observer, meeting of United Maritime Authority, London, 1946.

Secretary: G. Curtis Murrell, Department of State. Position: Committee Coordinating Assistant, CAF-9. Age: 30. Degrees: BA. Experience: U. S. Army, overseas service, Capt., 1942-46; recruitment and placement officer, 1946; Committee Coordinating Assistant, 1947, Department of State.

Members: Maj. Gen. Edward H. Leavey, Department of the Army. Position: Chief of Transportation. Age: 53. Degrees: BS; DL. Experience: Troop and River and Harbor Duty, Aug. 1917 to Nov. 1929; Asst. Dept. Engineer, Hawaii, Nov. 1929 to Sept. 1932; Deputy Administrator, Works Progress Administration, New York City, Aug. 1936 to Aug. 1937; Assistant Commissioner, Works Progress Administration, July 1940 to Dec. 1940; Deputy Chief of Staff, V. Army Corps, and Acting Chief of Staff, North Ireland Forces, Jan. 1942 to Nov. 1942; Chief of Staff Mediterranean Base Section, Nov. 1942 to Feb. 1943; Commanding, Mediterranean Base Section, Feb. 1943 to June 1943; Asst. Chief of Staff, U. S. Pacific Fleet, June 1943 to May 1945; Deputy Commander, U. S. Army Forces, West Pacific, May 1945 to Nov. 1945; Chief of Transportation, Nov. 1945 to date. The Works Progress Administration assignments involved dealing with State and local governments and local groups on higher levels. The North Ireland, England, Mediterranean and Pacific assignments involved dealing with both foreign government official and foreign non-official groups.

Thomas C. Blaisdell, Department of Commerce. (See Advisory Steering Committee.)

W. M. Callaghan, Rear Admiral. Department of the Navy. Position: Assistant Chief Naval Operations. Age: 51. Degrees: MS. Experience: June 1918-Aug. 1918: Duty U. S. S. *Wisconsin* and Destroyer Force, Queenstown, Ireland; Aug. 1918-Dec. 1918, Duty U. S. S. *Stevens*; Dec. 1918-July 1919; Duty U. S. S. *Allen*; July 1919-Jan. 1921, assisted in fitting out and served on U. S. S. *Hamilton* and U. S. S. *Nicholas*; Jan. 1921-June 1923, Consecutive duty of destroyers *Dent*, *Farquhar*, *Twiggs* and *Sloat*; June 1923-June 1925, post graduate course Annapolis, Maryland, and Columbia University; Oct. 1925-Sept. 1928, Duty U. S. S. *Concord*; Nov. 1928-May 1930, Duty Repairs Division, Bureau of Engineering, Navy Department, Washington; June 1930-May 1933, Duty U. S. S. *Saratoga* (Asst. Eng. beginning Dec. 1931); June 1933-May 1936, Instructor Dept. Marine Engineering, Naval Academy, Annapolis; June 1936-March 1938, Command U. S. S. *Reuben James*; March 1938-May 1939, Executive Officer U. S. S. *Henderson*; May 1939-Aug. 1941, Duty Ship's Movement Division CNO, Navy Dept. Washington; Aug. 1941-Sept. 1941, Naval Observer at American Embassy, London, England; Sept. 1941-July 1942, CNO; July 1942-Spring 1944, served on staff of CincPac; June 1944-May 1945, fitted out and commanded U. S. S. *Missouri*; May 1945-June 1945, duty on staff of CincPac; July 1945-Sept. 1945, duty Bureau Naval Personnel, Navy Dept., Washington; Sept. 1945-to date, Assistant Chief Naval Operations, CNO (Transportation and also Chief of Naval Transportation Service). Was awarded the Legion of Merit for work on the staff of the Commander in Chief of the Pacific Fleet.

Edward H. Foley, Jr., Treasury Department. Position: Assistant Secretary of the Treasury. Age: 42. Degree: LL. B. Experience: Admitted to New York bar, 1930; to United States Supreme Court, 1936; to District of Columbia bar, 1946. Managing clerk and attorney, Hawkins, Delafield & Longfellow,

New York, 1926-32. Attorney, Reconstruction Finance Corporation, Washington, D. C., 1932-33. Assistant general counsel and general counsel, Federal Emergency Administration of Public Works, Washington, D. C., 1933-37. Assistant general counsel, 1937-38; general counsel, 1939-42, Treasury Department, Washington, D. C. Member, Attorney General's Committee on Bankruptcy Administration, 1939; Board of Legal Examiners for Civil Service Commission, 1941-43. United States delegate and Chairman, Inter-American Conference on Systems of Economic and Financial Control, 1942. Commissioned lieutenant colonel, United States Army, August 1942; legal adviser to Quartermaster General, August 1942-August 1943; promoted to colonel, August 1943, and served as Joint Director of Finance Subcommittee, Allied Control Commission, Italy, September 1943-November 1944. Awarded Legion of Merit. Ordered to inactive duty to become general counsel, Office of Contract Settlement, Washington, D. C., December 1944. Assistant Secretary of the Treasury of the United States since April 1946.

Alternates: Brig. Gen. Paul Yount, Department of the Army. Position: Assistant Chief of Transportation. Age: 39. Degrees: B. S., C. E. Experience: River and harbor duty, 1930-32; student, Cornell University, College of Civil Engineering, 1932-33; student, Engineer School, 1933-34; instructor, engineering, United States Military Academy, 1934-38; troop duty, 1938-40; student observer, Chicago, St. Paul, Minneapolis & Omaha Railway, 1940-41; Chief Engineer, United States Military Iranian Mission, October 1941-March 1942; commanding officer, part of Karachi and Base Section, United States Air Force, C. B. I., March 1942-October 1942; general manager, Persian State Railway, October 1942-May 1944; general manager, Bengal & Assam Railway (Indian State Railway), May 1944-May 1945; commanding general, Advance Section (Ledo Road), IB theater, May 1945-September 1945; Chief, Commercial Traffic; executive; Assistant Chief of Transportation, October 1945 to date.

Thomas Hibben, Department of Commerce. (See Electric Power Committee.)

Huntington T. Morse, United States Maritime Commission. (See Maritime Transport Committee.)

Richard Parkhurst, United States Maritime Commission. Position: Commissioner, United States Maritime Commission, Presidential appointment. Age: 53. Degree: A. B. Experience: First World War, United States Navy, 1917-19; chief petty officer, 1919-29. Athenaeum Press of Ginn & Co., assistant to manager and manager, Cambridge, Mass., 1929-43. Appointed to Board of Boston Port Authority, subsequently its first vice chairman, then chairman, 1943-45. Given leave of absence from Board of Boston Port Authority to serve with the Division of Administration and Transportation of Office of Inter-American Affairs (included considerable maritime transportation affecting Latin America). February 1946 to present, Commissioner, United States Maritime Commission.

Capt. W. N. Mansfield, Department of the Navy. Position: Head of the Auxiliary Vessel Procurement Section of the Naval Transportation Service. Age: 48. Degree: Graduate of United States Naval Academy. Experience: Enlisted Navy, January 20, 1919. Appointed to Naval Academy, June 1920. After 2 years' sea duty received instruction in torpedoes at Naval Torpedo Station and in submarines at New London submarine base. Resigned United States Navy, July 1929. Employed as chemical sales engineer and set up plant in Buenos Aires for South American clients. Was mate on merchant ships in Atlantic and from 1934 to 1939 was assistant to marine manager and port captain of the Mystic Steamship Co., Boston, Mass. Called to active duty, November 1939. Assigned to a Merchant Ship Section of the

Naval District Division and was assigned additional duty as a member of the Joint Merchants Vessel Board. January 1942, assigned duty as aide to Director, Naval Transportation Service. Duties included the arming and defending of merchant ships. Was made the head of the Merchant Vessel Procurement Section of Naval Transportation Section. For services during the war was awarded letter of commendation with ribbon from Secretary of Navy and Secretary of War. After VJ-day duties as head of the Auxiliary Vessel Procurement Section of the Naval Transportation Service included collection and dissemination of information on merchant ships controlled or operated by the United States; procurement of merchant-type auxiliaries; disposal of those merchant-type auxiliaries not required by the Navy by returning them to the Maritime Commission. Also served as President of the Joint Merchant Vessel Board; as recorder and member of the Auxiliary Vessels Board; as alternate Navy member of the Shipping Coordinating Committee; as member of the Joint Maritime Commission-Navy Plans Committee; and member of the standing subcommittees of the Joint Logistics and Joint Military Transportation Committees.

Admiral J. F. Farley, Treasury Department. Position: Commandant, United States Coast Guard. Age: 59. Degree: Received commission as an ensign in the Coast Guard on June 10, 1912. Experience: Served on escort and convoy duty in the Mediterranean and between Gibraltar and the ports of Great Britain. Various assignments at sea. February 1925, assigned to Coast Guard headquarters as ordnance officer. March 1937-June 1942 served as chief communications officer at headquarters. During this time was technical assistant to the United States delegation to the International Telecommunication Conference, held in Cairo, Egypt, in February and March of 1938, served as the only United States representative at the European Broadcasting Conference held at Montreux, Switzerland, during March of 1939. Also served as delegate at the International subcommittee of the Third World Conference of Radiotelegraph Experts for Aeronautics, at Cracow, Poland, in May 1939. While at headquarters was a member of the coordinating committee of the Defense Communications Board and also served as an alternate member of the Board. In June 1942 became District Coast Guard officer of the Eighth Naval District, New Orleans, La., received the Legion of Merit for exceptionally meritorious conduct in the performance of outstanding services to the Government of the United States. Returning to Coast Guard headquarters in December 1943, served as assistant chief operations officer until December 1944, was reassigned to duty as chief personnel officer. January 1, 1946, appointed Commandant with rank of Admiral. Member of the United States Naval Institute, the Society of Naval Engineers, the Newcomen Society, the Society of Naval Architects and Marine Engineers and the American Geophysical Union of Washington, D. C.

Capt. H. C. Moore, Treasury Department. Position: Coordinator for Interdepartmental and International Affairs, Office of the Commandant, United States Coast Guard. Age: 46. Experience: Served for a time as instructor in the Department of Mathematics at the United States Coast Guard Academy, New London, Conn. Had various assignments at sea. Since June 1946 has been assigned to Coast Guard headquarters as Coordinator for Interdepartmental and International Affairs. Served as technical adviser on the United States delegation to the International Conference on North Atlantic Ocean Weather Stations, held in London during September 1946. Served as adviser on the United States delegation to the International Whaling Conference, held at Washington,

D. C., during November 1946. Was a member of the United States delegation to the international meeting on marine radio aids to navigation, held in New York City and New London, Conn., beginning April 28, 1947. During the period June-July 1947, served as adviser on the United States delegation to the International Congress of River Transportation, held in Paris, France, and represented the United States Coast Guard at the Fifth International Lifeboat Conference held in Oslo, Norway. Was awarded the Bronze Star Medal by Admiral Frank J. Lowry, United States Navy, Commander of the United States Eighth Amphibious Force, in the name of the President for "exceptional ability, resourceful leadership, and outstanding devotion to duty" as commanding officer of the U. S. S. *Duane* prior to and during the amphibious invasion of Southern France in August 1944.

11. Timber

Chairman: Edward I. Kotok, Department of Agriculture. Position: Assistant Chief of Bureau of Forestry, in charge of Division of Forest Research. Age: 59. Degree: B. S. in Forestry. Experience: 1910-1948, Agriculture Department, Forest Service; has had all operating experience relevant to forestry.

Secretary: William N. Sparhawk, Department of Agriculture. Position: Forest Economist, P-6. Age: 59. Degrees: B. A. in History-Economics; M. F. in Forestry. Experience: 1910-present, Forest Service (as Forest Assistant, Forest Examiner, Forest Economist). In present position as Principal Forest Economist plans and carries out research in forest economics, especially in field of forest resources of United States and world; prepares special reports on forests of designated countries for War Department, consultant to Civil Affairs Division of War Department in developing program for control of forests and forest industries of Japan, consultant and technical adviser to numerous other Government agencies on various phases of forest economics.

Members: Edward C. Crafts, Department of Agriculture. Position: Forest Economist, P-7. Age: 37. Degrees: B. F., M. F., and Ph. D., Forestry. Experience: From 1933 to present (with exception of educational furlough periods) has been continuously employed in the Forest Service in the following positions: Technician and Junior Range Examiner; Forest Ecologist; Forest Economist; and Chief, Division of Forest Economics. As Chief of the Division of Forest Economics, conducts the economic-research program of the Forest Service to furnish basic economic data essential to the formulation and development of forestry and range programs; also coordinates forest and range economic-research projects and programs between experiment stations.

Jacob Crane, Housing and Home Finance Agency. Position: Assistant to the Administrator, P-8. Age: 55. Degrees: B. C. E. Experience: 1942 to date, Special Assistant to Administrator on requests from foreign governments concerning housing matters; advises Administrator, and advises, in conjunction with other departments, such as State and Commerce, on international supply of building materials, equipment, and machinery and other international aspects of housing; 1940-42, Assistant Defense Housing Coordinator, CAF-15, Office of Defense Housing Coordinator; 1938-40, Director, Projects Division and Assistant Administrator, United States Housing Authority; 1933-37, consultant to PWA Housing Division, National Resources Board, FHA, and Suburban Resettlement; 1933, regional planner for TVA; 1921-38, private practice as consulting engineer and city planner in Chicago, Ill.; 1913-20, held positions as assistant engineer, sanitary and public health engineer; in charge of engineering and design of war housing project for United States Housing Corporation.

John F. Shanklin, Department of the Interior. Position: Director of Forests. Age: 44. Degrees: B. S. in forestry. Experience: September 1947 to present, Director of Forests; August 1944 to September 1947, Assistant Director of Forests; May 1942 to August 1944, special assistant to the Assistant to the Secretary in Charge of Land Utilization; June 1933 to May 1942, Forester Inspector and Forester with National Park Service, Department of the Interior; 1929-30, Michigan-Louisiana Lumber Industry, manager of woods and mill operations; 1928-29, Nichols & Cox Lumber Co., research in lumber fixation; 1926-28, Henderson Drying Equipment Corp., research in seasoning of wood.

Frank H. Whitehouse, Department of State. Position: Chief, Forest Products Section, International Resources Division. Age: 42. Degrees: A. B., M. A. Experience: Commodity Specialist, United States Tariff Commission, 1931-42; head of Interdepartmental Committee on Scrap Rubber, member of Interdepartmental Committee on Rubber, member of Subcommittee on Rubber of the Combined War Materials Board, member of Subcommittee on Rubber of the Postwar Economic Committee; United States Army 1942-45, lieutenant colonel, Chief, Paper, Printing, and Publishing Section, Production Division, Headquarters, Army Service Forces, member of (interdepartmental) Paper Requirements Committee; Chief of Agricultural Materials Section, International Resources Division, Department of State, 1945; Chief of Forest Products Section, 1946; member Subcommittee on Forestry and Forest Products of the Federal Committee on International Statistics.

Joseph L. P. Donahoe, Tariff Commission. Position: Chief, Lumber-Paper Division. Age: 57. Degree: LL. B. Experience: With Lumber-Paper Division of Tariff Commission since 1922; engaged in studies and investigations relating to resources, production, requirements and international trade in forest products.

Joseph L. Muller, Commerce Department. Position: Acting Chief, Forest Products Division, P-6. Age: 37. Degree: B. S. in Forestry, N. Y. State College of Forestry. Experience: Background includes several years in private lumber industry, and 10 years in Department of Commerce, the last 5 as Chief of Forest Products Section. Numerous publications in wood products fields.

Observers and Consultants at Conversations with Representatives of Technical Committee of CEEC in Washington during October and November 1947: A. C. Cline, Kenneth R. Davis, Harriman Committee Staff Consultants; Theodore Geiger, House Select Committee on Foreign Aid staff; Thomas Gill, Pack Forestry Foundation.

Chairman: Faith Williams, Department of Labor. (See Executive Committee on Economic Foreign Policy.)

Secretary: Jean A. Flexner, Department of Labor. Position: Labor Economist; Grade P-5. Age: 48. Degrees: A. B. and Ph. D. Experience: 2 years—U. S. Department of Labor, Labor Econ., Staff on Foreign Labor Conditions, BLS; Chairman, Western European and British Empire Section. 2 years—War Department, Senior Labor Econ., (Labor Utilization in War Plants and Labor Problems in occupied areas). 8 years—U. S. Department of Labor, Industrial Economist, Division of Labor Standards, (Labor Legislation, labor law administration, employment conditions). 4 years—Brookings Institution, Assistant on Labor and Internationalism, and the American Fed. of Labor. Publications: European Labor Force and ERP '47; Wage Funds and Wage Policies in Great Britain, '47 (Monthly Labor Review).

Members: Val R. Lorwin, Department of State. Position: Chief, European Section, Division of International Labor, Social and Health Affairs; Grade P-5. Age: 40. De-

grees: B. A. and M. A. Experience: Assistant in department of history, Ohio State University, 1929-30, Cornell University, 1930-32; with American Field Service in France, 1932-33; tutor of history, Brooklyn College, 1933-34; private research, 1934-35, assistant economist, National Recovery Administration 1935-37, Department of Agriculture, 1937-39; associate labor standards analyst, Department of Labor, 1939-41; economist, Office of Civilian Requirements, Office of Production Management, and War Production Board, 1941-43; U. S. Army 1943-46, 1st Lieutenant, overseas service; Office of Strategic Services 1944-45; transferred to Department of State as research analyst, Oct. 1, 1945; chief of European Section, Division of International Labor, Social and Health Affairs, 1946.

Ralph D. Hetzel, Jr., Department of Commerce. Position: Assistant to the Secretary, grade P-8. Age: 35. Degrees: B. A. and Ph. D. Experience: June 1933-January 1935, secretary to Governor of Pennsylvania. August 1937-June 1942, director, economic division, CIO. Assigned to following duties while first lieutenant, captain, and major: June 1942-June 1945, liaison officer, National Selective Service headquarters; July 1942-June 1943, manpower consultant, Labor Production Division, WPB; June 1943-November 1945, Deputy Vice Chairman and Acting Vice Chairman, Office of Manpower Requirements, WPB; November 1945-December 1946, Director, Office of Labor Requirements, CPA.

Alternates: David Lasser, Department of Commerce. Position: Special labor consultant, grade P-7. Age: 45. Degree: B. S. Experience: Five years with War Production Board and CPA Assistant Director, Labor Office, Office of Labor Advisory Committees.

Herbert A. Fierst, Department of State. Position: Foreign affairs specialist (public administration policy), grade P-7. Age: 33. Degrees: B. A. and LL. B.; member of bar of N. Y. Experience: Attorney for law firm 1939-40; associated consul, N. Y. Commission on Quasi-Judicial Administrative Agencies, 1940-42; attorney, Board of Economic Warfare, 1942; U. S. Army, 1942-46, captain, overseas services; chief of section, War Department, 1946; adviser to U. S. member, 5th session of the Council, United Nations Relief and Rehabilitation Administration, Geneva, 1946; foreign affairs specialist, Office of Assistant Secretary of State for Occupied Areas, 1946.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: Ford Hinrichs, Harriman committee staff; Gustav Peck, House Select Committee Foreign Aid staff.

(f) Country Committees

Coordinating group for country studies

Chairman: Henry Labouisse, Department of State (see Advisory Steering Committee on European Recovery Program).

Executive secretary: Leonard Unger, Department of State. Position: Political economist, grade P-6. Age: 30. Degree: B. A. Experience: Assistant research technician, National Resources Planning Board, 1939-41; divisional assistant (geographer), Department of State, 1941-43; agricultural geographer, head of unit, and assistant to adviser, 1944; political economist, 1946; U. S. member of the Economic Committee of the Commission of Experts for the Investigation of the Italo-Yugoslav Boundary, 1946; work for the Council of Foreign Ministers, 1946.

Members: Frederick Strauss, Department of Commerce. Position: Chief, European Division, Areas Branch, Office of International Trade, grade P-8. Age: 44. Degree: Ph. D. Experience: Apr. 1934-May 1941, member of the staff of the National Bureau of Economic Research, NYC. Jan. 1937-May 1941, Department of Agriculture, Office of Foreign Agric. Relations. May 1941-Mar. 1944, Chief of Iron and Steel Production Section (later Deputy Director, Planning and Research Staff, Office

of Civilian Requirements, WPB. Mar. 1944-present, entered as Chief of Planning and Control Staff and Assistant Director, Liberated Areas Branch of FEA (later changed to European Branch). Upon formulation of OIT in 1945 became European Policy Specialist, Office of World Trade Policy. After reorganization in 1946 was made Chief of the European Division, Areas Branch to present. In fall of 1946 was member of the United Nations subcommittee visiting the devastated areas of Europe.

Val Lorwin, Department of State. (See Manpower Committee.)

Wayne Jackson, Department of State. (See Organization and Administration Committee.)

William Koren, Jr., Department of State. Position: Chief, Western European Section Division of Research for Europe, grade P-6. Age: 38. Degrees: B. A., B. Litt. and M. A. Experience: Member of research staff, Foreign Policy Association, 1934-35; instructor in history, Princeton University, 1935-36, 1939-41; assistant professor of history, Harvard University, 1937-38; assistant professor of history and government, Wells College, 1941-; assistants to the director of research, Office of Coordinator of Information, 1941-42; divisional assistant, Department of State, 1942-43; U. S. armed services, 1943-45; research analyst and section chief, Western European Section, Division of Research for Europe, 1945.

1. Austria

Chairman: Harold C. Vedeler, Department of State. Position: Foreign Affairs Specialist, Division of Central European Affairs, grade P-6. Age: 45. Degrees: B. A. (University of Iowa), M. P. H. and Ph. D. (University of Wis.). Experience: Taught European history at various midwestern universities for approximately ten years; conducted research work in Munich, Nurnberg, Bamberg, Amberg, Wurzburg for one year; entered Department in 1943 and since that time has done extensive research work on the Central European countries with particular emphasis on Austria; material prepared has been used by top governmental officials in international negotiations, such as the Potsdam Conference; author of such books as *The Genesis of the Toleration Reforms in Bavaria under Montgeals*.

Executive Secretary: Charles Rogers, Department of State. Position: Divisional Assistant (Economist), Production and Labor Section, German and Austrian Branch, Division of Occupied Affairs, Office of Financial and Development Policy, grade P-6. Age: 33. Degrees: B. A. and M. A. and Ph. D. (International Affairs). Experience: June 1941 to Jan. 1942; Economic Analyst, Adm. of Export Control, Economic Defense Board; Jan. 1942 to Feb. 1944, Chief, Sweden, Switzerland Section (planned requirements for those countries from all Allied and overseas sources requiring analysis of Swedish and Swiss economies), Board of Economic Warfare, FEA; Feb. 1944 to Jan. 1946, Army Air Corps; Jan. 1946 to July 1946, Special Assistant on Int'l Aspects of Atomic Energy, U. S. Senate Special Committee on Atomic Energy; July 1946 to present, Divisional Ass't (Economist) responsible for negotiations of economic clauses of Austrian Treaty which has involved attendance at the London Conference of Deputies as Economic Adviser to the U. S. Deputy for Austria, the Council of Foreign Ministers at Moscow as an Economic Adviser, and the Austrian Treaty Commission, Vienna (1947); in addition, assists in the formulation and implementation of U. S. Relief programs in Austria, in the German and Austrian Branch in the Department of State.

Members: Karl H. Koranyi, Department of Commerce. Position: Business Economist (Int. Trade) Chief, Central European Section, P-6. Age: 45. Degrees: Doctor of Political Economy, University of Vienna and diploma, Academy for World Trade, Vienna.

Experience: Commerce and banking experience in Central Europe, foreign trade experience in U. S. A., staff member of Office of Commercial Attaché (American Embassy) in Berlin, Germany, and Paris, France, before the war. On detail with the U. S. Strategic Bombing Survey in Europe, and with the Trade and Commerce Branch, Office of Military Government (U. S.) in Germany. Business and pleasure trip in Continental Europe and North Africa before the war.

J. Herbert Furth, Federal Reserve Board. Position: Economist, Foreign Areas Section. Age: 48. Degrees: Doctor of Laws, University of Vienna. Experience: Practicing lawyer in Austria, 9 years; Professor of Economics at Lincoln University, Pennsylvania, 3½ years; Rockefeller Foundation, Social Science Research Fellow, 1 year. Board of Governors of the Federal Reserve System since April 6, 1943.

James E. Wood, Treasury Department. Position: Assistant Chief of the European Division, Office of International Finance, P-7. Age: 41. Degrees: Doctor of Philosophy (Economics, University of California). Experience: Employed by Treasury since June 1941. Worked on Foreign Funds Control and British Empire problems. Financial Attaché, U. S. Embassy, Lisbon, Portugal, May 1943 to Jan. 1946. Observer at Bretton Woods, 1944. Since Jan. 1946, specialist on Portugal, Spain and Tangier, and Germany and Austria; Assistant Chief of European Division having joint responsibility with Chief for administration and work of Division.

Staff: Joseph Rosa, Department of State. Position: Divisional Assistant (Economist) Economic Institutions Section, German and Austrian Branch, Division of Occupied Areas Economic Affairs, Office of Financial and Development Policy, P-6. Age: 42. Degrees: B. A. and M. A. (Economics). Experience: May 1936 to Dec. 1936, Junior Economist, Resettlement Administration; Feb. 1937 to Jan. 1938, Asst. Econ. Analyst, Wisconsin State Tax Commission; Feb. 1938 to June 1938, Research Asst. in land economics and taxation of natural resources, University of Wisconsin; July 1938 to May 1939, Research and Editorial Asst. on preparation of college text on "Financial Govt.," University of Wisconsin; Sept. 1939 to Apr. 1942, Economist, Bureau of Agriculture; Apr. 1942 to Apr. 1944, Research Specialist, U. S. Army, Finance Department; Apr. 1944 to May 1945, Acting Chief in Charge of Public Finance Planning, AF HQ U. S. Group Control Council, Austria; May 1945 to Aug. 1946, Chief, Public Finance Branch, War Dept., Allied Commission, Austria—in this position served as U. S. Representative on the Allied Commission on all matters having to do with Govt. Finance in Austria; Feb. 1947 to present, Divisional Asst. (Economist) in the German and Austrian Branch in the State Department.

Gerti Landauer, Department of State. Position: Economist, Central and European Branch, Division of Investment and Economic Development, Office of Financial and Development Policy, P-4. Age: 29. Degrees: B. A. (Economics). Experience: October 1942 to March 1943, Research Assistant in economics, Federal Reserve Bank; May 1943 to March 1945, Economist, Office of Price Admin.; March 1945 to May 1945, Economic Analyst, Office of Strategic Services, which was later merged with State Department. In this position analyzed Soviet foreign trade and national income with particular emphasis upon trade and other economic agreements with countries behind the "iron curtain" and effect of these agreements upon the satellites' economies; May 1946 to present, Economist in the State Department.

Everett G. Walk, Department of State. Position: Country Specialist, Central European Section, Division of Commercial Policy, Office of International Trade Policy, P-5. Age: 37. Degrees: B. A., M. A., and Ph. D. (Economics). Experience: 1938 to 1940, Instructor of Finance, University of Pennsyl-

vania; Oct. 1936 to Dec. 1941, Head Government Bond Section, Trust Dept. Pennsylvania Co. for Guaranty Mortgages; Dec. 1941 to June 1942, Chief, Priorities Section Ordnance Div., OPM; June 1942 to June 1944, Priorities Specialist, Prod. Ser. Br., Ordnance Dept., War Dept.; June 1944 to Nov. 1945, Capt., AUS, serving in Office of Strategic Services with responsibility for training men to handle foreign offices dealing in economics and banking matters; Nov. 1945 to present, held responsible position of country specialist responsible for the preparation of trade agreement negotiations in the Central European Section in the Department of State.

Erwin Strauss, Department of State. Position: Research Analyst, Central European Branch, Division of Research for Europe, Office of Intelligence Research, P-6. Age: 43. Degree: Candidate for Ph. D. (Economics). Experience: 1923 to 1931, Assistant to partner of banking firm, Berlin, Germany; Jan. 1935 to July 1935, travelling representative of Ralph B. Strassburger; July 1935 to Aug. 1938, Economic Analyst, Rural Elec. Admin.; Aug. 1938 to Aug. 1942, Financial Analyst, Securities and Exchange Commission; Aug. 1942 to Nov. 1946, Foreign Trade Analyst, Board of Economic Warfare, Foreign Economic Admin. (Upon liquidation of FEA in Oct. 1945 group transferred to Dept. of Commerce.) Nov. 1946 to present, Research Analyst, Central European Branch in the Department of State directing major research programs for the collection, analysis, and presentation in report form of data relative to social, political, historical, and economic aspects pertaining to Central Europe; 1936, served as Assistant to Executive Secretary, 3rd World Power Conference, Washington.

Myrtle Brickman: Department of Commerce. Position: Business Economist, P-2. Age: 30. Degree: B. A., George Washington University. Experience: Two years' experience in economic warfare (Blockade, FEA); two years in Commerce.

Margaret L. Bell, Treasury Department. Position: Economist, P-3. Age: 32. Degree: B. A., Majored in Economics. Experience: In present position for one year. Represent Treasury in above-mentioned working groups on Austria and Norway. Participate in ERP work under supervision of Chief of European Division of Office of International Finance—area specialization in Austria and Norway.

2. Belgium—Netherlands—Luxembourg

Chairman: Raymond Miller, Department of State. Position: Economic Counselor—FSO-1. Age: 52. Degrees: A. B., M. A., M. S. Experience: 1921-24, Western European Division, Dept. of Commerce; 1924-28, Assistant Comm. Attaché and Commercial Attaché, Paris and Brussels, Dept. of Commerce Foreign Service; 1928-33, Commercial Attaché, Brussels; 1933-34, Foreign Trade Adviser, Agricultural Adjustment Administration, Washington; 1934-35, Chief, European Division, Export-Import Bank, Washington; 1940-41, Foreign Trade Adviser, Advisory Commission to the National Defense Council, Washington; 1941-43, Director of Field Service, Dept. of Commerce, Washington; 1943-44, Assistant Director, Bureau of Foreign & Domestic Commerce, Dept. of Commerce, Wash.; 1944-46, Adviser on Economic Affairs, American Embassy, Brussels; 1946-present, Economic Counselor, American Embassy, Brussels.

Executive Secretary: Richard C. Breithut, Department of State. Position: Assistant Chief in charge of Western European Section, Division of Financial Affairs, Office of Financial and Development Policy, P-7. Age: 37. Degrees: B. S. M. A. (Economics). Experience: July 1933, Investment Analyst; Aug. 1933 to Jan. 1934, Research Associate, Columbia University and 20th Century Fund, Inc.; Sept. 1933 to Feb. 1939, Instructor in Economics, Brooklyn College and Western Reserve University; Feb. 1939 to May 1942, Economist, Federal Reserve Board and Treasury

Dept.; May 1942 to Dec. 1945, Lt. Col. and Chief, Analysis and Plans Br., Army Air Forces; Dec. 1945 to present, held responsible positions as Economist and Assistant Chief in the Western European Section, Division of Financial Affairs in the Department of State.

Members: Taylor Musser, Department of Commerce. Position: Finance Specialist. Age: 47. Degrees: B. S., M. S., Ph. D. Experience: Twelve years of work with United States Government on international economic relations, principally with FEA Tariff Commission and Commerce. College professor of economics. American Field Service Fellow in France.

Robert W. Bean, Federal Reserve Board. Position: Economist, Foreign Areas Section. Age: 31. Degree: A. B. Experience: With Board of Governors of the Federal Reserve System since September 22, 1941. In April 1944 assigned by United States Army to Office of Strategic Services and worked in Washington and London on various European economic projects; in November 1944 designated member of mission to Norway to study problems of the Scandinavian countries, Finland in general and Norway in particular. (Military service January 20, 1943, to March 5, 1946.)

George H. Willis, Treasury Department. Position: Chief, European Section, P-8. Age: 38. Degrees: S. B., A. M. Majored in Economics. Experience: Tutor and Instructor in Economics (Money and Banking), Harvard University, 1932-34; Accountant Arthur Andersen & Co., 67 Wall St., New York City, 1934-35; Economist, Foreign Research Division, Federal Reserve Bank of New York, 1935-40 (Western Europe, British Empire); War Production Board, 1941; Treasury Dept., Division of Monetary Research, 1941-42; Lt. U. S. Navy 1942-45, Contract Division, Bureau of Supplies and Accounts, 1942-43; Finance Sub-Commission, Allied Commission for Italy, 1943-45 (Military Government in Italy); Treasury Dept., Office of International Finance, 1945-47, European Division Ass't Chief, 1946; Chief, 1947 to present time (International Financial Work).

Staff: Clinton Knox, Department of State. Position: Branch Chief, Division of Research for Europe, Office of Intelligence Research—P-7. Age: 39. Degrees: A. B., M. A., Ph. D. (History). Experience: Instructor in European history, Morgan State College, September 1931 to September 1943; United States Army, September 1943 to March 1944; Research Analyst responsible for France and Low Countries, Office of Strategic Services, March 1944 to November 1945; held responsible positions as Deputy Section Chief and Branch Chief, Northern and Western European Branch, Division of Research for Europe in the Department of State, October 1945 to present.

Paul Hoover, Department of State. (See Iron and Steel Committee.)

Marcia Harrison, Department of State. Position: Divisional Assistant (Economist), Research and Statistics Section, Division of Commercial Policy, Office of International Trade Policy P-4. Age: 29. Degree: A. B. (English). Experience: Associate Business Economist, Office of Price Administration, November 1941 to August 1944; Foreign Economic Analyst, European (Liberated Areas) Branch, Foreign Economic Administration, August 1944 to August 1945; Economist, Bureau of Areas, Foreign Economic Administration, August 1945 to September 1945; Economist and Divisional Assistant (Economist), Research and Statistics Section, Division of Commercial Policy, performing responsible research and statistical work in European economics in the Department of State.

Elizabeth Otey, Department of State. Position: Economist, Europe, Africa, Near and Middle East Section, Division of Investment and Economic Development, Office of Financial and Development Policy, P-6. Age: 67. Degrees: A. B., Ph. D. (Economics). Experi-

ence: 1910 to 1933, active in suffrage, civic and political affairs; Dec. 1933 to Mar. 1934, Gov't Relief Director, Federal Emergency Relief Adm.; June 1934 to Feb. 1935, Associate Code Adviser, Nat'l Recovery Adm.; Feb. 1935 to May 1935, Director of Bryn Mawr School for Women Workers; June 1936 to July 1943, Associate Social Science Analyst, Social Security Board; July 1943 to Aug. 1944, Economic Analyst, Foreign Economic Admin.; Aug. 1944 to present held responsible position as Economist in the Europe, Africa, Near and Middle East Section, Division of Investment and Economic Development in the Department of State.

Walter Buchdahl, Department of Commerce. Position: Business Economist, P-3. Office of International Trade. Age: 40. Degree: Doctor of Jurisprudence, Erlangen, Germany. Experience: 2 years as economist with OIT, 8 months business analyst with Treasury. 16 months social science analyst (mainly economic problems) with OWI. Practical training and experience in American wholesale and retail business (6 years), studies in German Universities, thorough knowledge (from travel, studies, and practical experience) of Netherlands economy and laws, European economic conditions in general, western European import-export pattern. Thorough knowledge of the Netherlands language (as well as German and French).

Clarence Seigel, Department of Commerce. Position: Business economist, P-4, Office of International Trade. Age: 30. Degree: B. A. Univ. of Chicago, 1938 (also year of grad. study, University of Chicago, 1938-39. Experience: Sept. 1947 to present working on French economic and trade problems. July 46-Sept. 47, program analyst in Office of Housing Expediter. Made supply requirement studies on ferrous building materials. Nov. 45-July 46, Economist in Civilian Production Adm. Worked on industry studies. July 42-Oct. 45, served in Army doing general administrative work. Stationed in French North Africa from Jan. 43-Nov. 43, and in Italy from Nov. 43-Oct. 45. Nov. 41-July 42 economist in War Production Board. Worked on supply requirement studies for zinc and other nonferrous metals. June 41-Nov. 41, trainee with Surplus Marketing Adm., USDA. Worked on food purchase study in Kansas City, Mo., and helped install Food Stamp Plan in State of Michigan. June 40-June 41, clerk Census Bureau. Coded and edited 1939 census of population figures.

Frances M. Miller, Treasury Department. Position: Economic analyst, Office of International Finance, P-4. Age: 36. Degree: B. A., M. A. Majored in economics. Experience: Served in OIF since April 1945; member of Finance Division of OMGUS from July 1945 to Dec. 1945. Since beginning of 1946 have worked on northwestern European problem. At present area specialist in OIF for France and Netherlands, responsible to Chief of European Division.

Ellen Mahoney, Treasury Department. Position: Economic analyst, Office of International Finance, P-2. Age: 40. Degrees: A. B. (history and foreign languages), M. A. (economics with specialty in the international field). Experience: I have been employed by the Treasury for the past five years. At present I am an area specialist in the Office of International Finance (under the direct supervision of Mr. George H. Willis, Chief of the European Section). The countries for which I am responsible include Belgium-Luxembourg, Denmark, and Iceland.

Paul C. Parker, Treasury Department. Position: Economist. Office of International Finance, P-5. Age: 28. Degrees: B. A. (majored in economics). Experience: Has served as an economist with the Far Eastern Section of the Office of International Finance for two years, having principal responsibility for the Netherlands, East Indies, Philippines, Korea, and Japan. Served as advisor to the

U. S. delegate to the meeting of the United Nations Temporary Subcommission on the Reconstruction of Devastated Areas in the Far East in Mar. 1947 and as observer at the meeting of the Committee of the Whole of the Economic Commission for Asia and the Far East in July 1947. Was a member of the Special Trade Mission to Japan, June 1947.

3. France

Chairman: Woodruff Wallner, Department of State. Position: Associate Chief, Division of Western European Affairs, P-8. Age: 41. Degree: B. A. (Columbia). Graduate work at Columbia University; certificate from Sorbonne University; attended schools in France and Switzerland. Experience: Vice consul, Naples, 1935; Barcelona, 1937; Valencia, 1938; and Paris, 1939; third secretary at Paris in addition to duties as vice consul, 1940, also at Vichy, 1940-42; divisional assistant, Office of European Affairs, 1944; political and liaison officer, United States delegation, United Nations Conference on International Organization, San Francisco, 1945; country specialist, Division of Western European Affairs, 1945; assistant chief, Division of Western European Affairs, 1946.

Executive secretary: Ivan White, Department of State. Position: First secretary and consul, Paris, FSO-3. Age: 40. Degree: A. B. Experience: Appointed Foreign Service Officer, October 1, 1935; special assistant to secretary general, United Nations Monetary and Financial Conference, Bretton Woods, N. H., 1944; Paris, September 25, 1944, to present; liaison officer, inaugural meeting International Monetary Fund and International Bank for Reconstruction and Development, Savannah, 1946; first secretary and consul, Paris, July 18, 1947.

Maurice Levy-Hawes. (Mr. Levy-Hawes succeeded Mr. White on the latter's return to the Paris Embassy.) Executive secretary: Department of State. Position: Divisional assistant (economist). Western European Branch. Division of Financial Affairs. Office of Financial and Development Policy. P-5. Age: 34. Degrees: B. A. and M. A. (economics). Experience: December 1937 to September 1940, instructor in economics, Bard College, Columbia University; September 1940 to June 1941, lecturer in economics, Randolph-Macon College; January 1942 to February 1943, economist (conducting studies of wartime economic controls, chiefly in Germany, France, and United Kingdom), Office of Civilian Supply War Production Board; February 1943 to February 1946, United States Navy; February 1946 to present, economist, western European section in the Department of State.

Members: Taylor Musser, Department of Commerce. (See Committee on Belgium-Netherlands-Luxembourg.)

Albert O. Hirschman, Federal Reserve Board. Position: Economist, foreign areas section. Age: 33. Degrees: B. C., doctor in economic science, bachelor of commerce, and diploma in statistics. Experience: Rockefeller Foundation, research in international trade problems at University of California for 2 years; Carnegie endowment for international peace, research in China's monetary problems for 3 months; United States Army, attached to the Office of Strategic Services for 2 years, doing research on French and Italian economic problems, and spent time in those countries; Office of Business Economics for about 6 months; Board of Governors of the Federal Reserve System since November 4, 1946.

Frances Miller, Treasury Department. (See country committees—Belgium, Netherlands, Luxembourg.)

Staff: Clarence Seigel, Department of Commerce. (See country committees, Belgium, Netherlands, Luxembourg.)

Alfred Reifman, Department of State. Position: Economist, Economic Section,

Northern and Western European Branch, Division of Research for Europe, Office of Intelligence Research, P-5. Age: 28. Degrees: A. B. and M. A. (Economics). Experience: Economist, Office of Price Admin., June 1941 to Oct. 1942; U. S. Army, 1942 to 1944; July 1944 to Sept. 1945, Economic Analyst, Office of Strategic Services (prepared reports on economic conditions in liberated Western Europe); Oct. 1945 to present, held responsible position of Economist, planning studies of the international financial position and credit needs of the European Countries, in the Economic Section, Northern and Western European Branch, Division of Research for Europe in the Department of State.

Val Lorwin, Department of State. (See Manpower Committee.)

William Koren, Department of State. (See Coordinating Group for Country Studies.)

Leon Goldenberg, Department of State. (See Iron and Steel Committee.)

John Kean, Department of Commerce. Position: Business Economist (Foreign Trade) (P-3). Age: 26. Degrees: B. A., M. A., Economics. Experience: Four and one-half years as economist in the Department of Commerce, specializing on economic problems of France and French Overseas Areas. Member of Country Committee on France preparing for recent ITO Conference in Geneva. Author of numerous published and unpublished studies on the foreign trade of and economic conditions in France and French Overseas.

4. Greece

Chairman: William M. Rountree, Department of State. Position: Special Assistant for Economic Affairs, P-7, Office of Near Eastern and African Affairs. Age: 31. Degree: LL. B. (Columbus University, Washington, D. C.). Experience: August 1942 to November 1945, U. S. Foreign Service, American Legation, Cairo, Egypt, General Assistant to Principal U. S. Economic Representative to the Middle East. Has six years in Government fiscal program: Treasury; Budget Officer at Lend Lease Administration; served as assistant to Director of American economic operations in Middle East; representative on Anglo-American Middle East Supply Center.

Executive Secretary: John B. Lindeman, Department of State. Position: Assistant Chief in charge of British Commonwealth, Africa, and Middle East Section of the Division of Investment and Economic Development, P-7. Age: 35. Degrees: M. A. (Economics) A. B. Experience: September 1935 to October 1939, employed as salesman in various stores in North Carolina and Washington. Appointed to Department of Commerce as Economist in October 1939, where he served until March 1942. March 1942 to September 3, 1947, progressively responsible economic positions with the Office of Price Administration, including the positions of Associate Price Manager for control of prices on lumber and related products; Assistant Division Director in the Price Department. From September 3, 1946, to March 28, 1947, served as Head, Distribution and Control Unit in UNRRA, where, with two other unit members (one Russian and one English) visited countries receiving UNRRA assistance and appraised distribution. Surveys involved on-the-spot investigations in Austria, Yugoslavia, and Greece. From April 1947 to June 1947, reemployed in OPA as Assistant Director, Building and Construction. Appointed to American Mission for Aid to Greece on July 10, 1947, and later transferred to present position.

Members: Samuel Goldberg, Department of Commerce. Position: Business Economist (P-5), Office of International Trade. Age: 50. Degrees: B. C. S., L. L. B., Postgraduate work in economics and science. National University, Southeastern University. Experience: Specialized in Balkan and Near East affairs in Department of Commerce since 1924. Has traveled in Europe, Near East, North Africa, and Caribbean area.

J. Herbert Furth, Federal Reserve Board. (See Country Committees—Austria.)

George Willis, Treasury Department. (See Country Committees—Belgium, Netherlands, and Luxembourg.)

Staff: Arthur Beach, Department of State. Position: Chief, Economic Section, Near Eastern Branch, Division of Research for Near East and Africa, Office of Intelligence Research, P-6. Age: 40. Degrees: A. B. (Economics). Experience: July 1927 to June 1938, Assistant Archivist, Department of State. July 1938 to February 1942, Associate Archivist, The National Archives. February 1942 to May 1942, Administrative Officer, The National Archives. June 1942 to July 1943, Chief, Document Security Section, Board of Economic Warfare. July 1943 to December 1943 served as Representative of the Department of State on the Policy Committee of the Board of Economic Warfare. December 1943 to July 1944, Assistant Chief, Textile, Clothing and Leather Section, Foreign Economic Administration. July 1944 to February 1945, Economic Analyst, American Economic Mission to the Middle East. February 1945 to December 1946, Economic Analyst, American Embassy, Cairo, Egypt. December 1946 to present, Chief, Economic Section, Near Eastern Branch, Division of Research for Near East and Africa in the Department of State.

Charles Glendining, Department of State. Position: Economist, Far and Middle Eastern and African Branch, Division of Financial Affairs, Office of Financial and Development Policy, P-6. Age: 31. Degrees: A. B., M. A. (Economics). Experience: June 1942 to July 1943, instructor in Economics, Princeton University. July 1943 to May 1947, Middle East Treasury Representative, participating in negotiations for financial settlements on surplus and lend-lease property in Turkey and other Middle Eastern countries. May 1947 to December 1947, Economist, Far and Middle Eastern and African Branch in the Department of State.

John M. Kennedy, Department of State. Position: Country Specialist, Central European and Italian Section, Division of Commercial Policy, P-6. Age: 47. Degrees: B. S. (Economics). Experience: Salesman and buyer of cotton, March 1920 to April 1924. Newspaperman December 1924 to August 1926. United States Assistant Trade Commissioner for Department of Commerce in Italy, October 1929 to July 1933. Information Specialist, Department of Agriculture, December 1933 to July 1940. Agricultural Economist, July 1939 to September 1944. Held responsible position of Country Specialist for matters involving the commercial policy of the United States with Germany or Italy in the Central European and Italian Section, Division of Commercial Policy in the Department of State.

Beatrice S. Baum, Treasury Department. Position: Economist, European Division, P-4, Office of International Finance. Age: 27. Degrees: A. B. (Economics). Experience: Over 5 years with Office of International Finance. Since October 1943 has been area specialist. Present assignment includes responsibility to Chief of European Division for Greece and Sweden.

5. Italy

Chairman: Walter C. Dowling, Department of State. Position: Assistant Chief of Southern European Affairs, P-7 (FSO-3). Age: 42. Degree: B. A. Experience: Appointed vice consul 1931. Assigned as Staff Member, United States Advisory Council for Italy, 1944. Assistant Chief of Southern European Affairs November 8, 1945 to present.

Executive Secretary: William Stibravy, Department of State. Position: Assistant Chief, Eastern European Section, Division of Financial Affairs, Office of Financial and Development Policy, P-7. Age: 31. Degrees: A. B., M. A. (Economics). Experience: Associate Economist, Division of Monetary Re-

search, Treasury Department, May 1941 to May 1942. Divisional Assistant (economist) in the Division of Financial Affairs, Office of Financial and Development Policy from May 1942 to August 1943 and May 1945 to March 1947. Served with the U. S. Army from August 1943 to May 1945. In March 1947 appointed to present position of Assistant Chief, Eastern European Section, Division of Financial Affairs, Office of Financial and Development Policy.

Members: Katherine Jacobson, Department of Commerce. Position: Chief Latin Section, P-6. Office of International Trade. Age: 42. Degrees: B. Sc. (math.) London; M. A. (economics) UCLA, 2 yrs. post grad. work in economics and statistics at Columbia where residence for Ph. D. was completed; grad. work at London School of Economics, 1933-34. Experience: 1937-40 Instructor of Economics, Brooklyn College; 1940-42 member of staff of Consumer's Div. of Council for National Defense; 1942-47 Office of Agricultural War Relations setting up statistical system for allocation of food out of US supplies and until April 1947 served as Chief of the Coordination and Statistics Div. of the Office of Requirements and Allocations (under several reorganizations of the USDA). Sept. 1947 to present Chief Latin Section, OIT, specializing in economic structure and foreign trade of Italy, Spain, and Portugal.

Albert Hirschman, Federal Reserve Board. (See Country Committees—France.)

George Willis, Treasury Department. (See Country Committees—Belgium, Netherlands, and Luxembourg.)

Staff: Gesualdo Costanzo, Department of State. Position: Divisional Assistant, P-5 Eastern European Section, Division of Financial Affairs, Office of Financial and Development Policy. Age: 31. Degrees: A. B., M. A., Ph. D. (Economics). Experience: Research Assistant at the Brookings Institution, Washington, D. C., from June to November 1940, where he was an associate author of "Nazi Europe and World Trade." Served as an economist at the Bureau of Mines, 1940 to 1941. From July to October 1941, worked as an economist for War Production Board, where he set up the system for compilation and analysis of munitions production. Professor of Economics at University of Maryland from September 1941 to May 1942. Economist at the U. S. Bureau of Foreign and Domestic Commerce from May 1942 to February 1943. Naval Intelligence officer from February 1943 to April 1946. In April 1946 appointed to present position in the Department of State.

George Tesoro, Department of State. Position: Economist, P-6, Europe, Africa, Near and Middle East Section, Division of Investment and Economic Development, Office of Financial and Development Policy. Age: 43. Degrees: J. D., Dr. of Political Science. Experience: Corporation lawyer and tax expert in Rome, Italy, 1927 to 1938; also instructed economics and related subjects at the University of Rome, 1929 to 1935 and the University of Bari 1935 to 1943. General manager of a chemical concern in Geneva, Switzerland, 1939 to 1940. Prepared and announced Italian news broadcasts from New York 1941 to 1942. Taught economics and related subjects at Lawrence College, Appleton, Wisconsin, January 1942 to May 1942. Lecturer in economics and related subjects at American University, Washington, D. C., June 1942 to present. Worked in the Office of Economic Warfare and Office of Emergency Management analyzing relief and rehabilitation requirements for specific areas throughout the world, March 1943 to June 1945. Chief of Research Section of the Italian Division in the Office of Emergency Management, directing Italian economic situation, January 1945 to August 1946. Appointed to present position with the Department of State in August 1946. Studied the Italian economic situation extensively

and wrote several pamphlets and books on the subject. Member of American Economic Association; Royal Economic Society, London; Tax Institute; American Academy of Political and Social Sciences.

Jacob Kaplan, Department of State. (See Inland Transport Committee.)

Clinton L. Doggett, Department of State. Position: Economist, P-2, Economic Section, Southern European Branch, Division of Research for Europe, Office of Intelligence Research. Age: 26. Degrees: A. B. (Economics, M. A. (International Economics). Experience: Appointed to present position October 1946. Prepares interpretive and analytical research reports relating to the economic conditions of the countries of southern Europe.

Seymour Pollack, Treasury Department. Position: Economist, P-4, Office of International Finance. Age: 28. Degree: B. A., plus 1½ years of graduate school (economics). Experience: Four years' specialization in financial and economic research and policy work of U. S. Treasury relating to Italian economy. Three months overseas experience in 1945 in Treasury office in Italy to make first-hand survey of conditions in Italy following the liberation of northern Italy from the Germans. Acted as Treasury country specialist advisor to members of technical staff of Herter committee who desired information regarding administration plans for interim-aid program in 1947.

6. Scandinavia

Chairman: Robert Hooker, Department of State. Position: Associate Chief, Division of Eastern European Affairs, grade P-8. Age: 46. Degrees: A. B. and J. D. Experience: Assistant to Commissioner, U. S. Maritime Commission, 1941-43; executive assistant to Assistant Secretary of State, 1943; special assistant to the Director of Office of Transportation and Communications, 1945; Assistant Chief, Division of Eastern European Affairs, 1945; member, U. S. Delegation, International Conference on European Inland Transportation, London; adviser to U. S. member, 4th session of the Council, United Nations Relief and Rehabilitation Administration, Atlantic City, N. J., 1944; adviser to U. S. member, 5th session of the Council, United Nations Relief and Rehabilitation Administration, Geneva, Switzerland, 1946.

Executive Secretary: L. Randolph Higgs, Department of State. Position: Counselor, Bern, grade FSO-3. Age 38. Experience: Appointed Foreign Service officer, December 17, 1931; Helsinki, vice consul, third secretary, July 23, 1936-May 10, 1940; Stockholm, vice consul, second secretary, April 1, 1944-July 1, 1944; Helsinki, secretary of the mission, December 6, 1944-February 27, 1945; Stockholm, February 27, 1945-March 2, 1945; Helsinki, March 2, 1945-May 1, 1945; Stockholm, consul, second secretary, May 1, 1945-October 7, 1947; Stockholm, consul, first secretary, June 5, 1945-September 7, 1947; Bern, counselor, September 7, 1947, to the present.

Members: Grant Olson, Department of Commerce. Position: Business Economist (P-5). Age: 43. Degrees: A. B., Lutheran College, Decorah, Iowa; M. A., American University. Experience: Member of the staff of the American Consulate General, Stockholm, Sweden, 1927-29, working on trade promotion, commercial and economic reporting; 1930-36, Bureau of the Census, Division of Wholesale Distribution, and Field Supervisor business, agriculture and manufacturers censuses; Tariff Division of Bureau of Foreign and Domestic Commerce, trade-control analyst for Scandinavian and Baltic countries, 1936-40; Regional Division of Bureau of Foreign and Domestic Commerce, economic analyst for Scandinavian countries, 1940-42. Attaché, American Legation, Stockholm, Sweden, 1943-45. Assistant Commercial Attaché, 1945. Member of European Division, 1946 to present, handling Norway and Sweden.

Robert Bean, Federal Reserve Board. (See Committee on Belgium, Netherlands, and Luxembourg.)

George Willis, Treasury Department. (See Committee on Belgium, Netherlands, and Luxembourg.)

Staff: George Alsberg, Department of State. Position: Economist, Economic Section, Northern and Western European Branch; Division of Research for Europe, Office of Intelligence Research, grade P-4. Age: 32. Degree: A. B. Experience: Research in the occupational status of the Negro in Virginia in capacity of consulting engineer with the Virginia State Board of Education, April to September 1940. Served in the United States Army, 1942 to 1945. Appointed as an economist with the Department of State, September 1946, and to present position, November 1947. Attended school in France and Germany, 1931-32.

Richard C. Breithut, Department of State. Position: Economist, Western European Section, Division of Financial Affairs, Office of Financial and Development Policy, grade P-7. Age: 47. Degrees: B. S. and M. A. Experience: Investment analyst in New York, July to September 1933; research associate with Twentieth Century Fund, Inc., New York, October 1933 to January 1934, where he participated in a survey of the security markets; economic instructor (evenings) at Brooklyn College, Brooklyn, N. Y., September 1933 to June 1934; economic instructor at Western Reserve University, Cleveland, Ohio, September 1934 to February 1939; economist with the Federal Reserve System, Washington, D. C., February 1939 to July 1941; economist with the Treasury Department, Washington, D. C., July 1941 to May 1942; United States Army, May 1942 to November 1945, where he was Chief of the Analysis and Plans Branch with the Army Air Forces; appointed to the Department of State as an economist in the Western European Section in December 1945 and appointed to present position March 1947.

Eleanor G. Murphy, Department of State. Position: Divisional Assistant, Western European Section, Division of Financial Affairs, Office of Financial and Development Policy, grade P-5. Age: 38. Degrees: B. A. and M. A. Experience: Employed in various offices as an economist and statistician, 1935-36; economist with the Department of Commerce, War Plants Corporation, and War Assets Administration, November 1939 to October 1947; appointed to present position with the Department of State, October 1947.

Eddie W. Schodt, Department of State. Position: Research analyst, Northern European Section, Northern and Western European Branch, Division of Research for Europe, Office of Intelligence Research, grade P-4. Age: 33. Degrees: B. A. and M. A. Experience: Research assistant with Office of Strategic Services, Feb. 1942 to Sept. 1942, where he assisted the Chief of the Scandinavian Section in compiling and analyzing data and preparing reports on Scandinavia; counterintelligence officer with U. S. Army, Sept. 1942 to April 1946; appointed to present position with the Department of State in June 1946, where he has been analyzing and evaluating political and social materials on the Scandinavian countries.

Ellen Maloney, Treasury Department. (See County Committees—Belgium, Netherlands, Luxembourg.)

7. Switzerland—Portugal

Chairman: Auterbridge Horsey, Department of State. Position: 2nd secretary, Consul (FSO-3). Age: 37. Degrees: B. A., S. B. Experience: Special assistant at National Emergency Council, 1934 to 1936. Appointed Foreign Service officer April 6, 1938. Attached to office of President's special representative and Chief Civil Affairs Officer February 3, 1943, to September 19, 1944. Detailed to the Department September 19, 1944. Assistant Chief, Division of Western European Affairs.

Executive secretary: William G. Conklin, Department of State. Position: Country specialist, P-6. Division of Western European Affairs. Age: 42. Degrees: A. B., B. S. Experience: Library assistant at Princeton University October 1933 to September 1936. Vice Consul at Geneva and Antwerp April 1938 to February 1942. Economic analyst with the Foreign Economic Administration February 1942 to September 1945, where he analyzed and evaluated material concerning the economic position of the European enemy. Service as a member of the Combined Economic Warfare Agency in Cairo and Athens, 1944 to 1945. Transferred to the Department of State, October 1945, where he served as Acting Chief of the Export-Import Section. Assigned as country specialist in July 1946 and promoted to present position in August 1947. Prior to his appointment with the Department of State, 1936 to 1938, he studied subjects such as international law, international trade, commercial law, economics, history, and finance.

Members: Charles Barrett, Department of Commerce. Position: Business economist, P-3. Office of International Trade. Age: 30. Degree: AB in economics, Boston College, 1939. Experience: 3 years' experience in Bureau of Foreign and Domestic Commerce of which 17 months have been spent as a business economist on the Swiss country desk in the European Division. Three years in United States Army, of which 15 months spent in the European theater of operations. Albert Hirschman (see Country Committees—France).

James Wood (see Country Committees—Austria).

Staff: Edmund A. Da Silveira, Department of State. Position: Research Analyst, P-3; Western European Section, Northern and Western European Branch, Division of Research for Europe, Office of Intelligence Research. Age: 33. Degree: A. B. (Spanish). Experience: Taught Portuguese at the University of Washington, Seattle, Wash. September 1941 to June 1942. Research Analyst with War Department, Washington, D. C., June 1942 to October 1943. Served with U. S. Army, October 1943 to July 1946, where he did military intelligence work. Appointed to present position with the Department of State, October 1946.

Raymond Fernandez, Department of State. Position: Research Analyst, P-5; Economic Section, Northern and Western European Branch, Division of Research for Europe, Office of Intelligence Research. Age: 44. Degree: LL. B. Experience: Worked for a firm of importers and exporters in London, England, February 1921 to August 1922. Worked in various offices in Antequero, Spain, October 1922 to July 1925. Purchasing agent and expeditor for furniture manufacturers at Manila, Philippine Islands, July 1925 to May 1928. Aid to Administrative Director of the Legal Division, National Recovery Administration, Washington, D. C., July 1933 to August 1935. Senior Audit Reviewer in the Allowance Review Section, General Accounting Office, August 1935 to September 1942. Administrative Analyst, Board of Economic Warfare, Washington, D. C., September 1942 to June 1943. Chief, Foreign Administrative Services Division, Foreign Economic Administration, July to December 1943. Assistant Executive Officer, Foreign Economic Administration, January to September 1944. Economic Analyst, Department of State, Paris, France, September 1944 to November 1946. Research Analyst, Department of State, Washington, D. C., November 1946 to date.

Maurice Levy-Hawes (see Country Committees—France).

Nicholas Milroy, Department of State. Position: Economist, P-4; Economic Section, Northern and Western European Branch, Division of Research for Europe. Age: 37. Degree: M. S. (Economics and Business Administration). Experience: First Assistant

Manager, Foreign Department, Hungarian General Credit Bank, Budapest, Hungary, October 1936 to January 1940. Consultant on international banking and translator, May 1941 to June 1943. Served with Military Intelligence Division, U. S. Army, January 1943 to August 1945. Appointed as Economic Analyst, Foreign Economic Administration, August 1945. Transferred to Department of State as Country Specialist, July 1946; reassigned as Research Analyst, March 1947. Resided and attended schools in Hungary and Switzerland.

Fred Neter, Treasury Department. Position: Translator, CAF-7, European Division, Office of International Finance. Age: 34. Experience: Six months at Tariff Commission (American Economic and Financial Advisory Mission to the Minister of Finance at Venezuela). Three years in Latin American diplomatic headquarters. Two years with Foreign Funds Control, Treasury Department, Washington. Eighteen months with Treasury Department, Washington, devoted in part to special research work on the economic structure and development of the countries of the Iberian Peninsula, with particular emphasis on public finance, administrative controls, foreign trade, international financial position, and related phases of the respective national economy. In this connection, familiarity with the pertinent languages enhanced the scope of research activities considerably. Attendance at various international conferences (including First Annual Meeting of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development) only in the capacity of interpreter.

Seymour Pollack. (See Country Committees—Italy.)

8. Turkey

Chairman: Paul McGuire, Department of State. Position: Assistant Chief, Financial Affairs. Age: 33. Degrees: B. A., M. A. Experience: Business Economist, Petroleum Price Branch, OPA, June 1941 to April 1943; divisional assistant, Office of Adviser on International Economic Affairs, and Divisional Assistant and Economist, Division of Financial and Monetary Affairs, P-6, 2 years; Assistant Chief, Division of Financial Affairs, Far and Middle East and African Section, P-7, 21 months; Associate Chief, Division of Financial Affairs, P-8, 1 year. July 1938 to October 1939, Rate Analyst with Public Service Commission of Wisconsin.

Executive Secretary: Herbert Cummings, Department of State. Position: Assistant Chief, P-7. Age: 32. Degrees: B. S., M. A. Experience: Teacher of commercial subjects in high school, September 1937–May 1938; instructor in economics and accounting, University of Pittsburgh, September 1938–November 1941; Economist with Department of State, Division of Foreign Activity Correlation, November 1941–March 1943; Economic Analyst at Istanbul, Turkey, March 1943–December 1944; appointed to present position, January 1945.

Members: Samuel Goldberg, Department of Commerce. (See Committee on Greece.)

J. Herbert Furth, Federal Reserve Board. (See Committee on Austria.)

William L. Hebbard, Treasury Department. Position: Chief, British Empire and Middle East Section, P-7, Office of International Finance. Age: 35. Degrees: B. S., M. A. Experience: One year as special assistant to Director of Geneva Research Centre, Geneva, Switzerland (1938–39), specializing in European trade and investment problems (prior to Treasury employment); employed by Treasury since 1940; earliest work on U. K. investments throughout the world, problems of financing British war effort; in 1941 assigned to Manila (United States High Commissioner to Philippines) in charge of census of foreign-held assets in United States and Territories, Philippine Islands; in 1945 re-

turned to Washington; in charge of United Kingdom and British Empire work; in this position since that time.

Staff: Francis Boardman, Department of State. Position: Country Specialist, P-5, Near and Middle Eastern and African Affairs Section, Division of Commercial Policy. Age: 32. Degree: B. A. Experience: Teacher of English and Sociology at American University, Beirut, Lebanon, Syria, September 1938–September 1941; economic analyst, Foreign Economics Administration, April 1942–March 1944; economist with Department of State, July 1944; country specialist with Department of State, April 1945; from October 1941 to February 1942, traveled throughout the Middle East and India.

Charles Glendenning, Department of State. (See Committee on Greece.)

Gideon Hadary, Department of State. Position: Research analyst, P-5, Economic Section, Near Eastern Branch Division of Research for Near East and Africa. Age: 28. Degrees: B. S., M. S., Ph. D. Experience: Research consultant with the National Affairs Council, Chicago, Ill., May, 1940–June 1943; agricultural economist with Department of Agriculture, Chicago, Ill., and Washington, D. C., June 1943–November 1944; served with the United States Army, attached to the Office of Strategic Services in Cairo, Egypt, November 1944–December 1945; appointed to present position with the Department of State, January 1946.

Harry S. Weldberg, Treasury Department. Position: Economist, P-4, Office of International Finance. Age 38. Degrees: B. A., LL. B. Experience: Served as Treasury representative on the country committee in compilation of pertinent statistics on finance, trade, etc.; drafted sections of country study text; served as technical advisor to NAC staff committee on Maritime Commission credit to Turkey; prepared NAC staff committee paper on the par value of the Turkish currency; participated in interdepartmental meetings with Turkish committee; attended on questions concerning Turkish availabilities for meeting United States obligations.

9. United Kingdom and Ireland

Chairman: Avery Peterson, Department of State. Position: First secretary, consul, FSO-3. Age: 41. Degree: B. S. Experience: Trade Commissioner, Ottawa for Department of Commerce, August 11, 1930, to July 1, 1939; appointed Foreign Service officer July 1, 1939; served in London March 17, 1942, to December 15, 1947; appointed first secretary and consul, London, June 5, 1945; appointed to post in Stockholm December 15, 1947.

Chairman (Mr. Jackson succeeded Mr. Peterson on the latter's return to his post abroad): Wayne Jackson, Department of State. (See Organization and Administration Committee.)

Executive secretary: Herbert P. Fales, Department of State. Position: Assistant Chief, Division British Commonwealth Affairs. Age: 43. Degree: A. B. Experience: 1928–33, worked for the Security National Bank, Pasadena, Calif., was promoted to cashier; 1933–34, made special study of trust department of Northwestern National Bank & Trust Co. of Minneapolis, Minn.; July 8, 1937, appointed Foreign Service officer, July 8, 1937, to June 17, 1938, Berlin; July 19, 1938, to June 12, 1940, Vienna; October 6, 1944, to November 7, 1946, London; January 2, 1947, Assistant Chief, Division of British Commonwealth Affairs.

Members: John Cassels, Department of Commerce. (See Correlation Committee.)

Charles Harley, Federal Reserve Board. Position: Economist, International Economic Policy Section. Age: 35. Degrees: A. B., M. A. Experience: Board of Governors of the Federal Reserve System since March 18, 1941.

William Hebbard, Treasury Department. (See Committee on Turkey.)

Staff: John Lindeman, Department of State. (See Committee on Greece.)

Alex Rosenson, Department of State. Position: Assistant Chief, British Commonwealth Section, Division of Financial Affairs, Office of Financial and Development Policy, P-7. Age: 47. Degrees: B. S., M. A. (Economics); Graduate work in Economics. Experience: In retail clothing business from 1923-36; attending Universities of Chicago and California from 1936 to 1940; September 1940 to November 1940, research worker for Brookings Institution; Economist for the Federal Deposit Insurance, November 1940, to June 1942; appointed to the Department in June 1942, and since that time has held responsible positions in the economic field, including positions in the Divisions of Economic Studies and Financial and Monetary Affairs.

James H. Lewis, Department of State. Position: Country Specialist, Division of Commercial Policy, Office of International Trade Policy, P-6. Age: 35. Degrees: A. B. (Economics, Political Science, History), A. M. (International Law). Experience: Responsible positions within the Department of State from March 1936 to April 1942 in the economic field; served as Economic Analyst (Foreign Service), in the American Embassy, London, from April 1942 to March 1944, at which time he was reappointed to the Department as assistant in the Division of Commercial Policy, working on the initiation and execution of action in the field of commercial policy involved in the relations of this Government with the British Empire.

J. David Linebaugh, Department of State. Position: Attaché (Political Reporting), London (FSR-4). Age: 29. Degrees: A. B., M. A. Experience: 1942—Jr. Professional Assistant, Board of Economic Warfare; 1942-44—Administrative Assistant, Bureau of the Budget; 1943—attended first UNRRA conference as assistant to Secretary General; 1944—analysis of United States administrative relations with international organizations; 1944—appointed Divisional Assistant, Department of State; 1945—Country Specialist, State Department (Ireland); 1946—attended UN General Assembly, London; November 16, 1947—appointed attaché (Political Reporting) London.

Edward N. Cooper, Department of State. Position: Chief, British Commonwealth Economic Section, P-6, Division of Research for Europe. Age: 35. Degrees: B. A., M. B. A. (economics). Experience: July 1938 to July 1940, economist in the Federal Housing Administration; July 1946 to Oct. 1940, economist with the Temporary National Economic Committee; Oct. 1940 to Nov. 1941, economist in the office of the Secretary of Commerce, working on St. Lawrence seaway and power project studies—in this connection, appeared before Congress with the Director in the capacity of adviser on economic activity and growth, foreign trade, and transportation, material, and labor costs, etc.; Nov. 1941 to April 1946, economic business specialist with OPA; April 1946 to March 1947, deputy to the Assistant Director of the Conventional Program Division, NHA, working on economic studies relating to capacity and expansion possibilities of industries producing raw materials, impact of program on economy, etc.

Joseph H. Sweeney, Department of State. Position: Chief, British Commonwealth Branch, Division of Research for Europe, P-7. Age: 35. Degrees: A. B., M. S. in S. W., M. F. S., Ph. D. (European diplomatic history, international law and relations). Experience: Apr. 1935 to Oct. 1935, California State Relief Administration, as an intake supervisor of the Compton district; Nov. 1935 to Aug. 1936, WPA, as supervisor of intake and certification; Aug. 1936 to July 1941, California State Relief Administration, as field supervisor, 1941 to 1943, attending school; Dec. 9, 1943, to present in progressive responsible positions with OSS and the Department of State, including positions concerned with evaluation of material of

significant importance on Ireland and the Celtic peoples of northern France.

Leocade Leighton, Department of State. Position: Economist, British Commonwealth Branch, Division of Research for Europe, P-5. Age: 30. Degrees: A. B., M. A., Ph. D. (economics). Experience: Sept. 1939 to June 1940, jr. claims examiner for American Liability Insurance Co.; June 1940 to Sept. 1941, clerk at Civil Service Commission; Oct. 1941 to Mar. 1946, progressively responsible professional positions in the field of economic research; Mar. 1946 to Sept. 30, 1947, asst. to Director of the Program Determination and Review Branch, Veterans' Emergency Housing Program, NHA, responsible for economic aspects of industrialization program, such as market need and recommendations on specific application by producers for Government financial assistance; also directed economic research staff.

Frances L. Hall, Department of Commerce. Position: Business Economist, P-5. Age: 32. Degree: A. B. (University of Missouri). Experience: Consumption Level Enquiry, United States-United Kingdom, Canada-Ottawa and Washington, 1943; Combined Working Party on European Food Supplies, London, 1944 and 1945; served one year in London; special meeting on Emergency Food Problems, FAO, Washington, 1946; part-time instruction, Stephens College, 1938-40.

Cromwell Riches, Department of Commerce. Position: Chief, United Kingdom Section, P-6. Age: 44. Degrees: A. B., Reed College, A. M., Columbia University, Ph. D., Johns Hopkins. Experience: Chief, United Kingdom Section since May 1946; as U. S. Naval Officer served with European Advisory Commission, London, February 1944 to August 1945; assisted in tariff negotiations with the British, Geneva Conference on Trade and Employment, April 1947 to September 1947; instructor and associate professor of political science, Goucher College and Johns Hopkins University, 1927-41.

F. Lisle Widman, Treasury Department. Position: Economist, Office of International Finance, P-3. Age: 28. Degrees: M. A., international economics, B. J., journalism. Experience: British Empire Division, Office of International Finance, assigned to do research and give technical advice on financial questions relating to the United Kingdom and its dependencies. Participated in NAC Staff Committee Working Group on Implementation of Anglo-American Financial Agreement, in numerous interdepartmental discussions over the past year relating to this agreement, in the technical discussions with representatives of the British Government in August 1947, and in conferences with members of the United Kingdom Treasury Delegation in Washington on a number of occasions. Has cooperated in preparing studies of the British international financial position, of British exchange controls, of the significance of segmentation in Britain's balance of payments.

10. Western Germany

Chairman: Edwin M. Martin, Department of State. Position: Chief of Branch, Division of Occupied Areas Economic Affairs. Age: 39. Degree: B. A. Experience: September 1928-35, teaching assistant in political science, Northwestern University; April 1935 to September 1938, Bureau of Budget; September 1938-September 1941, Economist for Bureau of Labor Statistics; September 1941-June 1944, Director, Urgency Rating Division; June 1944-October 1945, Deputy Chief, Far East Division, and Chief, Economic Subdivision, OSS, on strategic intelligence problems with emphasis on economic matters (18 months); on detail from OSS to Department of State as adviser on Far East economic affairs, 4 months; adviser on Japanese economic affairs, 2 months; appointed Chief, Division of Japanese and Korean Economic Affairs, December 1945.

Chairman (Mr. Margolies served as Chairman while Mr. Martin attended the meetings of the Council of Foreign Ministers in London): Daniel Margolies, Department of State. Position: Assistant Chief, P-7, Division of Occupied Economic Affairs. Age: 37. Degrees: A. B., LL. B. Experience: September 1935 to June 1936, attorney, Resettlement Administration; June 1936 to June 1940, associate counsel, Subcommittee of the U. S. Senate Committee on Education and Labor, Washington, D. C.; June 1940 to October 1942, Chief Counsel, OPA; June 1942 to October 1942, Counsel for the Rubber Division, BEW; Oct. 1942-September 1943, Adm. Asst. in RFC; December 1943-June 1945, intelligence officer, OSS, Washington, D. C., and ETO, on military and economic intelligence concerning Germany during the war and, after VE-day, development of political, economic, and biographical data, 19 months; assistant to executive trial counsel of U. S. Staff at International Military Tribunal at Nurnberg trials, 18 months.

Executive secretary: Coburn Kidd, Department of State. Position: Country Specialist, Division of Central European Affairs, P-6. Age: 38. Degrees: M. A., Ph. D., LL. B. Experience: May 1940-March 1943, member of legal staff of Special Counsel, Trustees of Associated Gas and Electric Corp.; November 1943-November 1945, Economic Analyst with OSS; transferred to Department by E. O.; Mr. Kidd has traveled extensively Europe, British Isles; residence in France and Germany 1945, is said to possess a specialized and detailed knowledge of German economy, finance and industry.

Members: Karl Koranyi, Department of Commerce. (See Committee on Austria.) J. Herbert Furth, Federal Reserve. (See Committee on Austria.)

James Wood, Treasury Department. (See country committees—Austria.)

Col. Charles Blumenfeld, Department of the Army. Position: Special Assistant to the Under Secretary of the Army. Age: 40. Degrees: B. A., LL. D. Experience: Practising attorney, Chicago, Ill. 1930-1940; Chief, Civil Branch, G-4 Division, USFET (including coordination of US military and US Military Government activities in Germany from a logistic standpoint) (1946) Acting Deputy Director, Economics Division, OMGUS (November-December 1946); Bizone Germany Country Committee.

Don D. Humphrey, OMGUS. (Returned to OMGUS, Germany, personnel data at OMGUS headquarters.)

Staff: George Jacobs, Department of State. Position: Divisional assistant, P-5, Division of Occupied Area Economic Affairs. Age: 28. Degree: A. B.; graduate work. Experience: June 1939-September 1939 (school), July 1940-January 1942, WPA as statistical clerk and associate social economist; January 1942 to November 1943, associate statistician, WPB; November 1943 to present, with OSS and State in progressively responsible position concerned with economic analyses.

William Parker, Department of State. Position: Economist, P-5, Central European Branch, Division of Research for Europe. Age: 28. Degrees: A. B., M. A. Experience: June 1941-November 1941, economist, OPA; November 1941 to November 1943 in U. S. Army; November 1943 to November 1945, economist with OSS; December 1945 to October 1946, economic analyst with U. S. Senate, Special Committee on Atomic Energy; appointed to Department, January 1947, as economist, planning and conductive research and preparing analytical reports on Czechoslovakia and eastern Germany.

Fred Sanderson, Department of State. Position: Chief, Central European Section, Division of Research for Europe, P-6. Age: 33. Degrees: A. M. Ph. D. (also study abroad). Experience: November 1938-September 1943, Research associate and teaching fellow in economics at Harvard—concurrently em-

played by the Division of Agriculture Studies, Department of Agriculture; October 1, 1943, to present highly responsible positions in the field of economic research with the Office of Strategic Services, which function was later transferred to the Department of State. Mr. Sanderson was in charge of the agriculture and standard of living work in the European theater of operation. He worked directly for the Allied Control Council for Germany, SAAEF, the American Embassies, and other operating agencies, and represented OSS on the combined working party on European food supplies. Mr. Sanderson was born in Kassil, Germany, has traveled extensively, and speaks, reads, and understands German, French, and English. One of Mr. Sanderson's publications, *Methods of Crop Forecasting*, was awarded the David Wells prize in 1944.

June Boeckman, Department of State. Position: Economist, P-3, Division of Research for Europe, Central European Branch, Economic Section. Age: 29. Degree: A. B. Experience: October 1941–April 1944 served as Assistant Economist in OPA; May 1944–October 1945, served as Business Editor and wrote articles for Research Institute of America, New York, N. Y.; October 1945–December 1946, employed as Staff Assistant for the American Red Cross, stationed in Osaka, Japan.

Herbert H. Marcuse, Department of State. Position: Chief, German Section, Central European Branch, Division of Research for Europe, P-6. Age: 49. Degree: Ph. D., University of Berlin. Experience: Mr. Marcuse was born in Berlin, Germany, and attended school there. From 1932 to 1934 he served as a Research Assistant at the Institut de Recherches Sociales, Geneva, Switzerland; 1934–November 1942, he was Research Associate at the Institute of Social Research, New York, New York, during which time he wrote several articles and a book in addition to teaching at Columbia University. From December 1, 1942, to April 1943, he served with the former Office of War Information, advising on information policies to the employed in the European Axis countries; in April 1943, he transferred to the Office of Strategic Services, serving as Senior Intelligence Analyst on Germany and Central Europe. This function with personnel was transferred to the Department of State, July 1, 1946.

Stanley Sommerfield, Treasury Department. Position: Attorney in the Office of the General Counsel, P-2. Age: Date of birth May 16, 1919. Degree: LL. B. Experience: Mr. Sommerfield was a member of the Legal Division of the Treasury Department for approximately a year prior to entry into the active military service on February 18, 1943. In that capacity he worked primarily on foreign funds control problems relating to Latin American countries. Upon return from military duty in May 1946, he has been working upon all financial matters on Treasury interest concerning Germany and Austria. In that capacity he has been acting as a legal adviser to the Anglo-American Coal Conference, the USUK Conference on Revision of the German Bizonal Fusion Agreement, and the Treasury delegate to the Interdepartmental Committee on Occupied Areas Affairs.

Maj. William Reed, Department of the Army. (Data unavailable.)

Wilfred Garvin, Department of the Army. (See Food and Agriculture.)

Saul Nelson, OMGUS. (Returned to OMGUS, Germany. Personnel data at OMGUS headquarters.)

(2) Executive Committee on Economic Foreign Policy: subcommittees for ERP

(a) Working group on the relationship between the ERP and the UN and specialized organizations.

Chairman: Leroy D. Stinebower, Department of State. Position: Special Assistant to Assistant Secretary for Economic Affairs, P-8. Age: 43. Degrees: A. B., A. M. (Eco-

nomics). Experience: Instructor and assistant professor in economics Allegheny College, 3 years. Divisional Assistant, Division Chief, Economic Adviser, Deputy Office Director and Special Assistant to Assistant Secretary for Economic Affairs, in economic area of Department of State, 14 years, from March 6, 1934, to date. Served as: Technical adviser, Inter-American Conference for Maintenance of Peace, Buenos Aires, 1936; liaison with Joint Economic Commission between Canada and United States, 1941–44; adviser and executive secretary of United States delegation to United Nations Conference on Food and Agriculture, Hot Springs, Va., 1943; adviser, United States delegation, first session of the Council, United Nations Relief and Rehabilitation Administration, Atlantic City, 1943; Secretary of Commission, United Nations Monetary and Financial Conference, Bretton Woods; alternate United States representative, United Nations Interim Commission on Food and Agriculture; adviser to United States delegation on International Organization, San Francisco; adviser, United States delegation, Preparatory Commission of the United Nations Food and Agriculture Organization.

Members: Miriam Camp, Department of State. Position: Divisional Assistant, P-6, Office of the Assistant Secretary for Economic Affairs. Age: 31. Degrees: B. A., M. A. Experience: Economic analyst, Office of Price Administration, 1939–42; economic analyst, Board of Economic Warfare, Office of Exports, 1942 to 1943; economic analyst, United States Embassy, London, 1943 to 1945; economic analyst, Mission for Economic Affairs, United States Embassy, London, May to August 1945; Foreign Service Staff Officer, class 6, United States member of Secretariat of Emergency Economic Committee for Europe, United States Embassy, London, 1945 to 1947.

Otis E. Mullikin, Department of State. Position: Adviser, P-8, Division of International Organization Affairs. Age: 42. Degrees: A. B., M. A., Ph. D. Experience: Teacher in public school 1928 to 1930. Instructor, University of California, 1930 to 1932. Chief of Labor Division, Department of Agriculture, 1935 to 1943. Appointed Assistant Adviser on international economic affairs in Department of State, 1943; Assistant Chief, Office of Special Assistant to the Under Secretary, 1943; Assistant Chief, Division of Labor Relations, 1944; Acting Chief, temporary, Division of Labor Relations, 1944; Chief, Division of Labor Relations, 1944; adviser to United States delegation, 26th session of International Labor Conference, Philadelphia, 1944; Chief, Division of International Labor, Social and Health Affairs, 1944; technical expert, United States delegation, United Nations Conference on International Organization, San Francisco, 1945; consultant on State Department policy, 27th session, International Labor Conference, Paris, 1945; adviser on technical problems, United States delegation, first part of first session of the General Assembly, United Nations, London, 1946; Secretary General, United States delegation, International Health Conference, New York, 1946.

Thomas C. Blaisdell Jr., Department of Commerce. (See Advisory Steering Committee.)

Iver C. Olsen, Treasury Department. Position: Assistant Chief, Commercial Policy and United Nations Division, CAF 14. Age: 43. Degree: No degree, majored in economics. Experience: Research Analyst, Bureau of Foreign and Domestic Commerce, Department of Commerce, 1929 to 1933. Regional Financial Adviser, Public Works Administration, 1933 to 1940. Consultant, Division of State and Local Government, Department of Commerce, 1940. Special Assistant to the Director, Foreign Funds Control, Treasury Department, 1940 to 1943. Financial Attaché, American Embassy, Stockholm; Treasury Attaché, American Embassy, The Hague; 1943

to 1946. Office of International Finance, Treasury Department, 1946 to present.

Robert B. Schwenger, Department of Agriculture. Position: Agricultural Economist, P-7. Age: 41. Degree: B. A. (economics). Experience: 1932 to 1933 employed by University of Chicago on research in international economic relations. 1934 to 1935, Agricultural Adjustment Agency as statistician. 1935 to present, Office of Foreign Agricultural Relations occupying position of Agricultural Economist and since 1944 has been serving as Head, International Economic Studies Division. As Head of this Division directs research and investigations of international agricultural resources, trends and practices, is responsible for statistical coordination and analysis of world agricultural data compiled by the branch, directs and is responsible for special reports for use by Congress and other Government agencies.

(b) Working group on the relationship between ERP and ITO

Chairman: Paul H. Nitze, Department of State. (See Advisory Steering Committee.)

Members: Ben T. Moore, Department of State. (See Staff Group for Correlation Committee.)

George Bronz, Treasury Department. Position: Special Assistant to the General Counsel, P-7. Age: 37. Degree: LL. B. Experience: Mr. Bronz had ten years Federal Government experience in various legal positions prior to his appointment as an attorney in the Treasury Department in August 1943, since which time he has served continuously in a responsible legal capacity. The major portion of his duties in the Treasury have related to financial problems involving liberated areas formerly under the control of the Axis, especially those in Europe. Mr. Brown was in charge of Treasury legal activities in connection with the formulation and administration of numerous fiscal programs and controls established by the Army in occupied territory (North Africa, Italy, France, Germany) including monetary and banking reform, military currency problems, Army exchange problems, supplies, etc. Aside from a special assignment to Siam in March 1946 in connection with the establishment of a Siamese exchange rate, the only international conferences attended by Mr. Bronz have been as a result of his participation in the above-named committee. They are as follows: First session of the Preparatory Committee of the United Nations Conference on Trade and Employment, London, October–November 1946; second session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Geneva, May–August 1947; the United Nations Conference on Trade and Employment, Habana, Cuba, November 1947 to present time, where Mr. Bronz is a technical adviser on the United States delegation.

Morris Fields, Treasury Department. (See Executive Committee on Economic Foreign Policy.)

Oscar Zaglits, Department of Agriculture. Position: Agricultural Economist, P-6. Age: 50. Degrees: Doctor-rerum politicarum, Ph. D. (University of Vienna). Experience: 1922 to 1924, Executive Secretary and Bank Examiner, Federal Bank Commission of the Austrian Republic, Vienna, Austria. 1924 to 1939, Executive Director and Assistant to the Executive Director, State Mortgage Corporation for Lower Austria. 1939 to 1940, consulting work in the field of agricultural credit for British Ministry of Agriculture and Fisheries. 1940 to 1943, Agricultural Economist for Bureau of Agricultural Economics, Department of Agriculture. (Research on problems of international finance as related to agriculture, foreign and international credit, war financing and inflation control and post-war financial reconstruction.) 1943 to present, in charge of Finance and Trade

Policy Section, Office of Foreign Agricultural Relations, Department of Agriculture.

Henry Chalmers, Department of Commerce. Position: Consultant on Commercial Policy, OIT, P-7. Age: 55. Degrees: A. B. and A. M., Cornell; Ph. D., Brookings Institute. Experience: Formerly Chief of Division of Foreign Tariffs, BFDC; since 1941, Consultant on Commercial Policy; participant in various international economic conferences, including: International Customs Conference, 1923, as representative of Department of Commerce; World Economic Conference, Geneva, 1927, as adviser on commercial policy to Norman Davis; International Economic and Financial Conference, London, 1933, as adviser on commercial policy to Secretary Hull.

Lynn R. Edminster, United States Tariff Commission. (See Executive Committee on Economic Foreign Policy.)

(c) Working group on domestic controls needed to implement the ERP

Chairman: Donald D. Kennedy, Department of State. Position: Chief, International Resources Division. Age: 47. Degrees: B. S., M. A., Ph. D. (Economics). Experience: Instructor in Economics from 1924 to 1942. Price Executive, OPA, 1942 to 1944. Assistant general manager of steel company, 1 year. Chief of Commodities Division and of International Resources Division, May 1945 to date. United States representative, second meeting, Rubber Study Group, London, 1945; technical adviser, United States delegation, International Whaling Conference, London, 1945; chairman, United States delegation, conference on tin, London, 1946; adviser, United States delegation, first meeting of Preparatory Committee, International Conference on Trade and Employment, London, 1946; United States delegate, third meeting, International Rubber Study Group, The Hague, 1946; chairman, United States delegation, International Wool Talks, London, 1946.

Members: Charles P. O'Donnell, Department of State. Position: Divisional Assistant, P-5, Division of Commercial Policy. Age: 43. Degrees: A. B., M. A., Ph. D. Experience: Professor and head of politics department, De Paul University, 1927 to 1942. Industrial analyst, War Production Board, 1942 to 1944. Appointed divisional assistant, Division of Commercial Policy, Department of State, April 1944.

John S. Richards, Treasury Department. Position: Director of Foreign Funds Control, CAF-15. Age: 36. Degrees: B. A., M. A. (economics). Experience: Has been with Foreign Funds Control of the Treasury Department since December 1941. Has held increasingly responsible positions with this agency and became Director in August 1946. Represented the Treasury Department at the 34th annual conference of the National Foreign Trade Council at St. Louis in October 1947. Prior to joining Foreign Funds Control was employed for 6 years in various phases of the New England shoe industry.

Frank R. Garfield, Federal Reserve Board. Position: Chief, Domestic Business Section. Age: 46. Degree: B. A. Experience: Assistant professor of economics, University of North Carolina about 3 years. Board of Governors of the Federal Reserve System since June 17, 1929.

Charles W. Bucy, Department of Agriculture. Position: Attorney, P-8. Age: 45. Degrees: Certificate, Georgetown University, School of Foreign Service (economics), LL. B., Fordham University. Experience: Continuously employed in the Department of Agriculture, Office of the Solicitor, holding various attorney positions since 1935; 1946 to present in P-8 attorney position as associate solicitor in charge of marketing regulatory laws and transportation, Production and Marketing Administration.

Paul T. Homan, Council of Economic Advisers. Position: Economist, P-8. Age: 54.

Degrees: A. B. (Willamette University and Oxford University); Ph. D. (Brookings). Experience: Professor of Economics, Cornell University, 1927 to 1947. Research staff, Brookings Institution, 1933-35, 1937-38; economic adviser to War Production Board, 1941 to 1944; economic adviser to UNRRA, 1944 to 1945; economic adviser to War Assets Administration, 1945 to 1946; chairman, CEA staff committee for drafting report on "The Impact of Foreign Aid on the Domestic Economy"; author or co-author: Contemporary Economic Theory, 1928; the National Recovery Administration, 1935; the Sugar Economy of Puerto Rico, 1937; Government and Economic Life, 1939.

Walton Seymour, Department of the Interior. Position: Director, Program Staff, CAF-15. Age: 38. Degree: B. A. (University of Wisconsin). Experience: Junior statistician, North American Co., 1929 to 1934. Tennessee Valley Authority; assistant statistician, 1934 to 1936; associate rate engineer, 1936 to 1938; chief of the Rate Division, 1938 to 1941; director, Power utilization, 1941 to 1947. Department of the Interior: Director, Program Staff (also designated Director, Division of Power), 1947 to present.

M. Joseph Meehan, Department of Commerce. Position: Acting Director, P-8. Age: 46. Degrees: B. S., Georgetown University, 1927; Harvard University Littauer Certificate, 1938. Experience: Mr. Meehan's connection with the work had to do with the impact upon the domestic economy of our international transactions. This is within the field of operations of the O. B. E. which is responsible for the review and analysis of the domestic economy, including the preparation of the national-income accounts and the international balance-of-payments position of the United States.

(d) Working group on strategic materials

Chairman: William T. Phillips, Department of State. (See Staff group for correlation committee.)

Members: Karl L. Anderson, Department of State. (See Committee on Agricultural Machinery.)

James Boyd, Department of the Interior. (See Advisory Steering Committee.)

Carl Rolle, Army and Navy Munitions Board. Position: Industrial engineer, P-7. Age: 37. Degrees: B. S., M. S. Experience: 1933 to 1936, marine mechanical engineer at United Fruit Company, New York, New York. 1936 to 1942, development and service engineer (Met. and Mech.). Work involved development of new applications for nickel alloys in fields of engineering and military equipment and consumers durable goods. Involved consideration of design problems and practical manufacturing problems. Was design consultant to users of metals. Work required knowledge of machine and equipment design fundamentals, metal-fabricating processes, qualities, and properties of metals. Completed Reserve Officers Training Course at Pennsylvania State College in 1932. Called to active duty March 1942 with rank of captain (later rank of lieutenant colonel) and ordered to office of Under Secretary of War for duty with Army and Navy Munitions Board. Reassigned to Resources Division, HQ SOS (subsequently known as Production Division, HQ ASF). Work required broad knowledge of all metals and minerals, world sources, productive capacity of each source, current status of production, military and industrial uses, possibilities of substitution, methods of production and processing. Was liaison between tech. services and other agencies concerned with war production. Was Army member of Strategic Materials Comm. of ANMB and coordinated staff work to lay foundation for postwar activity with respect to materials; particularly physical stock-piling. Complete studies were made of needs of country for stock piles of strategic materials. October 1945, reassigned

to ANMB, and then detailed as Army Chief of Materials Division of ANMB.

Thomas D. O'Keefe, Department of Commerce. Position: Director, Commodities Division, P-8. Age: 46. Degrees: B. F. S., M. A., completed practically all requirements for Ph. D. in economics and international trade. Experience: About 25 years' experience in commodities and industries on a global basis.

Morris Fields, Treasury Department. (See Executive Committee on Economic Foreign Policy.)

W. G. Finn, Department of Agriculture. (See Committee on Fertilizer.)

(e) Working group on manpower report

Chairman: Faith Williams, Department of Labor. (See Executive Committee on Economic Foreign Policy.)

Members: Wilbur Cohen, Federal Security Agency. Position: Assistant Director, Bureau of Research and Statistics (P-7). Age: 34. Degree: Ph. D., 1934. Experience: 1934-35, research assistant to the Executive Director of the President's Committee on Economic Security, which drew the original Social Security Act; 1938, studied operation of European social security systems for Social Science Research Council; 1942, technical adviser to the U. S. Delegation to the First Inter-American Conference on Social Security, at Santiago, Chile; 1945, technical adviser to the U. S. Delegation to the second meeting of the Inter-American Committee on Social Security, Mexico City; 1946, adviser to the U. S. Delegation to the International Labor Conference on Maritime Problems, Seattle, Wash.; 1947, U. S. delegate to the Second Inter-American Conference on Social Security, Rio de Janeiro, Brazil; Federal Security Agency representative on the Subcommittee on Labor of the International Social Policy Committee; 1947, Director of Research, President's Advisory Commission on Universal Training; member of welfare policy committee of the American Public Welfare Association. Published reports and articles: "Unemployment Insurance and Agricultural Labor in Great Britain," "The First Two Years of Social Insurance in Mexico," "Foreign Experience in Social Insurance Contributions for Agricultural and Domestic Workers," and "Social Security in Chile."

Irwin M. Tobin, Department of State. Position: Chief, British Commonwealth Section, Division of Labor, Social and Health Affairs (P-5). Age: 34. Degrees: B. S., M. A., M. A. L. D., Ph. D. Experience: 1935, Director, World Affairs Council of Rhode Island; 1942, instructor, Rhode Island College of Education; 1942-44, assistant professor, Rhode Island State College; 1944, field representative, Office of War Information; 1944-45, intelligence officer, Office of Strategic Services; 1945, appointed Economic Analyst in Department of State.

George L. Warren, Department of State. Position: Adviser on Refugees and Displaced Persons (P-8). Age: 57. Degrees: A. B. Experience: 1919-28, Director of Personnel, Traffic and Purchasing for manufacturing company; 1928-38, Director, International Migration Service; U. S. Government expert, League of Nations Temporary Committee on Assistance to Indigent Aliens, Geneva; 1938, Assistant to American representative, Conference on Refugees, Evian, France; 1939, International Labor Organization Expert, Conference of American States. Member of International Labor Organization. Habana; 1938-44, President's Advisory Committee on Political Refugees; 1943, technical adviser to U. S. delegate, Meeting of Representatives of U. S. and British Governments to Consider the Refugee Problem, Bermuda; 1944 appointed consultant in Department of State; adviser on refugees and displaced persons and liaison officer with War Refugee Board; alternate on committees, U. S. Delegation, Second Session of the Council, UNRRA, Montreal; 1945, adviser, U. S. Delegation, Third Session

of the Council, UNRRA, London; 1946, U. S. Representative, Committee on Finances of the International Refugee Organization, U. N. Economic and Social Council, London; adviser to U. S. Member, Fourth Session of the Council, UNRRA, Atlantic City; also at Fifth Session, Geneva.

Val Lorwin, Department of State. (See Functional and Commodity Committees—Manpower.)

Collis Stocking, Department of Labor. Position: Assistant Executive Director for Program Development (P-8). Age: 47. Degrees: A. B., M. A., Ph. D. Experience: Five and one-half years U. S. Employment Service; Assistant Executive Director; Chief, Reports and Analysis Service; Chief Employment Specialist. Six years Social Security Board; Assistant Director, Employment Security; Chief, Research and Statistics Division; 9 years university professor, economics.

Jean Flexner, Department of Labor. (See Functional and Commodity Committees—Manpower.)

Duncan Wall, Department of Agriculture. Position: Information Specialist (P-6). Age: 45. Degree: B. of Journalism. Experience: 1934-37, Extension Editor at Oklahoma A. and M. College; 1937-38, Regional Information Representative, Agricultural Adjustment Agency. 1938-41, Chief, Regional Contact Section, Division of Information, Agricultural Adjustment Administration; 1941-44, Assistant Director of Information, Department of Agriculture; (Aug. 1945 to Nov. 1945, Economic Consultant, Department of Interior, to do research work and prepare a report on agricultural land resources of U. S. and their use); 1944-45, Principal Editor for Farm Reports, Inc., Washington, D. C.; 1945 to present, Head, Division of Foreign Information and Statistics, Office of Foreign Agricultural Relations, Department of Agriculture.

8. National Advisory Council: Staff Committee Director for ERP: Frank Southard, Treasury Department. (See Advisory Steering Committee on European Recovery Program.)

Secretary for ERP: Andrew M. Kamarck, Treasury Department. Position: Chief, National Advisory Council Secretariat (P-8). Age: 33. Degrees: B. S. in Economics, Harvard. M. A. in Political Economy and Government, Harvard. Experience: July 1939-April 1, 1940, International Section, Board of Governors, Federal Reserve System (November 1, 1939-April 1, 1940, on loan to U. S. Treasury). April 1, 1940-July 9, 1942, U. S. Treasury, international financial work. July 9, 1942-December 26, 1944, U. S. Army. (Assigned to Allied Control Commission, Italy, as adviser to Bank of Italy, and to Institute for Industrial Reconstruction; also economic adviser to vice-president of Allied Control Commission, in charge of economic matters in Italy.) December 26, 1944-February 14, 1945, in U. S. Treasury, Washington, D. C., international financial work. February 14, 1945-December 1945, Chief of Financial Intelligence, and deputy to Joseph M. Dodge, U. S. Representative on Finance Directorate, Allied Control Council, Germany. December 1945 to date, U. S. Treasury, international financial work. Attendance at international conferences: U. S. Treasury adviser to U. S. Treasury Representative, Economic and Social Council, U. N., June 1946; U. S. Adviser at Boards of Governors of International Monetary Fund and International Bank, September 1946.

Chairman for Staff Committee: John W. Gunter, Treasury Department. (See Advisory Steering Committee on European Recovery Program.)

Secretary: Allen J. Fisher, Treasury Department. Position: Assistant Chief, National Advisory Council Secretariat, (P-7). Age: 41. Degrees: B. S., L. H. M., Ph. D.; majored in Economics. Experience: Doctor of Philosophy in International Finance—1936. (Dissertation title, "The Sterling Area"; a

study of the international aspects of British monetary policy). Thirteen years of teaching experience in business administration, including economics, finance and international finance, at accredited universities. Financial consultant for the Commodity Exchange Administration, Department of Agriculture, 1937-1939. Professional research in the Division of Agricultural Finance, Department of Agriculture; also, in Office of the Chief Accountant, Securities and Exchange Commission. Work on international financial problem in the Treasury Department since September 1942. Research projects have included detailed analysis of the internal monetary financial conditions, banking systems, balance of payments positions and international financial relations of various countries. Country studies for use of Military Government have also been prepared. February 1945 to January 1947, Finance Specialist with Military Government, Germany, with assimilated rank of lieutenant colonel. Initially a member of the Foreign Exchange and Blocking Control Branch of the Finance Division; subsequently Chief of the Intelligence Branch of the Division of Investigations of Cartels and External Assets. Assignments overseas covered England, Germany, France, Austria, Belgium and Czechoslovakia. Participation in intergovernmental negotiations in the U. S. with the British on various matters pertaining to external assets in European neutral countries, and with the British and Canadians on inter-custodial problems relating to blocked assets. Overseas experience included negotiations in London with representatives of the British Government on matters pertaining to German external assets which were cloaked or otherwise secreted in neutral countries, as well as negotiations with representatives of the French and Belgian Governments and representatives of the Military Governments of Germany and Austria in the same general field.

Assistant Secretary: Harold H. Rosen, Treasury Department. Position: Economist (P-5). Age: 38. Degrees: B. S., M. A., in Economics. Experience: August 1938-April 1939, Financial Statistician, National Conference Board; May 1939-December 1941, economist, Brookings Institution; January 1942-July 1942, Economic Analyst, Board of Economic Warfare; July 1942-December 1943, Economist, War Production Board; December 1943-October 1945, Soldier, U. S. Army; November 1945-July 1947, Economist, Civilian Production Administration; October 1947 to date, economist, National Advisory Council, Staff Committee.

Members: Norman Ness, Department of State. Position: Director, Office of Financial and Development Policy (P-8). Age: 44. Degrees: B. A., M. A., Ph. D. Experience: Instructor in economics, University of Nevada, 1927-28; instructor, assistant professor and associate professor, Pomona College, 1928-42; research economist, National Planning Association, February-September 1942; economist in Costa Rica, 1942-43; Assistant Director of Division, Treasury Department, 1943-46; technical adviser, First Inter-American Demographic Congress, Mexico City, 1943; United Nations Monetary and Financial Conference, Bretton Woods, N. H., 1944; to U. S. Delegate, Inter-American Conference on Problems of War and Peace, Mexico City, 1945; United Nations Conference on International Organization, San Francisco, 1945; Chief Economist, Export-Import Bank, 1946; appointed to Department of State, August 1946; Delegate of the U. S. to the First General Assembly of the Inter-American Statistical Institute, Washington, D. C., 1947.

Clarence Blau, Department of Commerce. Position: Acting financial policy adviser (P-8). Age: 40. Degrees: A. B., Columbia College, 1926; LL. B., Harvard Law School, 1931; London School Econ., 1927-28. Experience: Law clerk and attorney with Bank

of U. S. in liquidation (including foreign business) 1931-34; attorney with various agencies of U. S. Government, 1934-43; attorney with OEI-FEA-OIT, handling foreign procurement, lend-lease, and UNRRA aspects of foreign food program; acting financial policy adviser, July 1946; on missions to Bahama Islands and Jamaica for Department of Agriculture, 1943, to negotiate agreements for the entry of foreign agricultural laborers to Brazil, Argentina, Chile, Peru, Ecuador, Guatemala, and Mexico, 1945, on food-procurement program; on staff of U. S. delegation to first board of governors meeting of IMF and IBRD, 1946; alternate adviser on U. S. delegation to FAO Interim Commission, 1946.

J. Burke Knapp, Board of Governors, Federal Reserve System (see Advisory Steering Committee on European Recovery Program).

Hawthorne Arey, Export-Import Bank (see Legislative Drafting Committee).

Walter C. Louchheim, Jr., Securities and Exchange Commission. Position: Adviser on Foreign Investment (P-8). Age: 48. Degree: A. B., Harvard College, 1921. Experience: 1921-31, active partner of New York investment banking firm and member of New York Stock Exchange; 1932-34, traveled in Europe, studied and wrote upon world economic and financial conditions; 1934 to date, member of staff of Securities and Exchange Commission, formerly Assistant Director of Trading and Exchange Division, now adviser on foreign investment, to advise the Commission and act as its representative to other executive departments and agencies in the field of international finance; 1943-44, member of interdepartmental technical committee on the International Bank and Monetary Fund; 1944, adviser to U. S. delegation, Bretton Woods Conference; 1945, adviser to U. S. delegation, inaugural meeting of World Bank and Fund, Wardman Park Hotel, Washington, D. C.; 1946-48, member of NAC staff committee and working groups; chairman of Subcommittee of NAC Technical Committee in charge of preparation of markets for World Bank bonds. Recently specifically engaged in preparing estimates and analysis of U. S. investments held by countries participating in the European recovery program.

Liaison: Jerome J. Stenger, Department of State. Position: Assistant Chief in Charge of Liaison Branch, Division of Investment and Economic Development (P-7). Age: 53. Experience: U. S. Army, overseas service, First Lieutenant, 1917-19; assistant manager of U. S. company in Paris, 1920-31; clerk in district accounting and disbursing office, Paris, 1934-40; in American Embassy at Paris, 1940-41; in American Consulate General at Paris, June-September, 1941; detailed to Port-au-Prince, Haiti, Sept.-Oct. 1941; appl. divisional assistant in Dept. of State, 1941-42; assistant adviser on other American Republics, 1943; Assistant Chief, American Republics Requirements Division, 1944; special assistant on Projects and Programs, Division of Foreign Economic Development, 1945; economist, 1946; special assistant (Export-Import Bank), 1946.

Alternates: Hubert F. Havlik, Department of State. Position: Chief, Division of Investment and Economic Development (P-8). Age: 43. Degrees: B. S., M. B. A., Ph. D. Experience: Clerk and accountant for chemical company, 1921-23; research assistant, Institute for Research in Land and Public Utility Economics, 1926-28; instructor in economics, Northwestern University, 1927-30; fellow and instructor in government and economics, Columbia University, 1930-42; Chief of Fuel and Power Section, Chief of Program Branch, and Executive Secretary of Committee, War Production Board, 1942-44; Chief of Lend Lease Division, and Deputy Assistant Administrator, Foreign Economic Administrator, 1944-45; secretary, U. S.-U. K.

negotiations on lend-lease and mutual aid, Washington, 1944; transferred to Department of State as Deputy Administrator Assistant, Office of Foreign Liquidation, 1945; Chief, Division of Lend-Lease and Surplus War Property Affairs, 1946; principal sec. of U. S. Lend-Lease Com. and chm. on specific lend-lease, surplus, and claims agreements, U. S.-U. K. economic negotiations, Washington, 1945-46; adviser and exec. sec., lend-lease settlement negotiations with India, France, Australia, Belgium, New Zealand, and South Africa, Washington, 1946; chmn., U. S. Patent Interchange Comm., 1946-; Acting Chief, Div. of Investment and Econ. Development, 1946; technical adviser on U. S. delegation to United Nations Conference on Trade and Employment, Habana, Cuba, 1947.

Hale T. Shenofield, Department of State. Position: Acting Assistant Chief for Lend-Lease and Surplus Property Branch, P-7, Division of Economic Property Policy. Age: 45. Degrees: A. B., M. A. Experience: Instr. in govt. U. of Toledo, 1928-29; sec., Commn. of Publicity and Efficiency, Toledo, 1929-33; dir. of financing and purchasing in co. govt., 1933-34; co. auditor, 1934-39; field representative, Brookings Inst., 1940-41; exec. sec., Joint War Production Comm., 1941-43; asst. treas. for econ. research org., 1943-44; dir. of div., Pa. Economy League, 1944-45; appt. asst. chief, Div. of Lend-Lease and Surplus War Property Affairs, Dept. of State, Oct. 1945.

Mr. MORSE. Mr. President, the next point I want to raise is a point in regard to the British loan. It seems to me that throughout the debate we have seemingly redebated and reshaped the British loan, and the impression has been left by some that if they had those days to live over they would not be in favor of the British loan. I want to say as one Member of the Senate, Mr. President, that I would today cast the same vote that I cast on the British loan, which was a vote for the loan. I am not as pessimistic about what has been gained and accomplished by the British loan as certain other people in the Senate seem to be. I want to refer to a speech made on August 7, 1947, the only material I was able to get quickly on the expenditure by Britain under the British loan. It is the speech by Hugh Dalton in the House of Commons, in which he reported upon the expenditure of the loan upon the basis of percentages that went to this item or to that item. I find that according to that statement 27 percent was spent on raw materials and petroleum, 25 percent went for food, that is to say, fruit, apples, oranges, lemons, raisins, and so forth; 14 percent went for machinery, including lathes, presses, grinders, looms, and so forth; 12 percent went for tobacco; 11 percent was spent for food for Germany, sent there by Great Britain; 7 percent was spent on ships; and 4 percent on films.

Here again we may say, using our hindsight, "Well, we would not have made just those expenditures if we had been running the British Government." But I think, Mr. President, that when you take the total record in England since we made the loan, and the use to which the loan has been put, it has been a rather efficient expenditure of the loan in the best interests of the British economy. The loan has helped England in her struggle to rehabilitate herself.

When you take into account, Mr. President, also the depreciation in the value

of the American dollar since the loan was made, I think you begin to understand why the loan did not last for the entire period we thought it was going to last, when we first made it.

I have been impressed as I have listened to the anti-British sentiments which have been expressed time and time again throughout this debate that part of the opposition to the Marshall plan grows out of the fact that some Members of the Senate do not like the socialistic policies of the British Labor Government. I do not like them either. But I do not propose to play right into Russia's hands and give any truth to her propaganda that we are trying to dictate the type of government and the type of economy that shall exist in England and Europe. I do not propose to aid and abet Russia in her propaganda attacks on America by laying down as conditions precedent to the adoption of the Marshall plan the principles of dollar imperialism which I think are inherent in the attacks which I have heard made during the course of this debate on the economic policies of Great Britain.

I certainly have no intention of giving any support to that plank of the economic platform of the National Association of Manufacturers, which plank has been accepted by some Presidential aspirants in this country to the effect that we should not grant any funds under the Marshall plan to any nation which proposes to use any of those funds in connection with the nationalization or socialization of any of her industries. I was shocked with the National Association of Manufacturers coming forward with such an advocacy of dollar imperialism and I was doubly shocked when some Presidential aspirants endorsed that principle.

We will completely fail in proving the superiority of our free-enterprise system to any system of socialism if we attempt to buy its acceptance on the part of the people of England and of other countries of Europe by laying down the requirement that no funds under the Marshall plan can be used by any country that seeks to socialize any of its industries. Every high-school student in this country knows that there are great differences between economic conditions in England and Europe and those that exist in America. Every high-school student knows that various degrees of socialism have existed for many years in Europe, particularly in Scandinavian countries, including Denmark. Every high-school student knows that the countries of Europe which are not blessed with an abundance of natural resources and which are unable even to raise enough food to sustain their people who are constantly faced with an economy of scarcity insofar as the necessities of life are concerned, have for decades adopted government regulations and controls over parts of their economy which we recognize to be socialistic in contrast with our free-enterprise system.

There is absolutely no chance no matter how many American dollars we make available to those countries to change their economic mores insofar as their acceptance of various degrees of socialism are concerned. Europe for many years

past has been, and I am convinced always will be, inclined toward socialism, as contrasted with the free-enterprise economy in America. However, what many Senators in the course of this debate have overlooked is that in England, in the Scandinavian countries, in the Lowlands, and in France individual liberty, personal freedom, civil rights, and the sacred value of human life are still preserved. Freedom from police-state methods, the preservation of the same personal liberties which we enjoy under our American Bill of Rights prevails in those countries to which the Marshall plan will be applied. It is over the preservation of individual liberties, personal freedoms, and human rights that the fight for freedom in the world today is all about.

The fight is not over whether or not England should be allowed to have a nationalized transportation system, or Sweden a compulsory health-insurance plan, or Denmark a social-security system, or France a public-housing program. It is not over whether or not the countries of western Europe shall be allowed a considerable amount of socialism. I say the fight for freedom and the right to live as free men and women in those countries has no relationship whatsoever to their self-imposed socialistic practices in respect to their economic systems. Rather, what the fight is about is over the question of the right of the peoples of England and western Europe to have preserved for them the freedom of self-determination.

I say most solemnly that we would be as guilty as Russia if we tried to impose upon the peoples of England and western Europe our system of capitalism. Russia is seeking to bribe the peoples of those nations into submission to the theories of communism on the promise that their material well-being will be best served by communism. If we should seek now to bribe the peoples of England and western Europe with American dollars, through the Marshall plan, to accept the American version of capitalism we would be as guilty of materialism as Soviet Russia.

I am at a complete loss to understand how Senators can so completely miss the vital points as to what the fight for freedom in the world today is all about. It has been missed so completely by those members of the Senate who want to lay down as a condition precedent to receiving any aid under the plan the requirement that no nation can use any funds under the Marshall plan in connection with nationalizing or socializing any industry within a given nation. I say such a proposed requirement is a condition of dollar imperialism. I say such a condition is a reflection upon the good faith and idealism and the belief of the great majority of the American people in that principle of democracy which stands for the self-determination of peoples.

There is another point I want to make in passing, and it is one which refers to the argument which has been made so many times in the course of this debate that we cannot afford the total cost of seventeen or twenty billions of dollars which undoubtedly will be involved in the ultimate cost of the Marshall plan.

I think we can afford it. I know that we can afford it, because I know we cannot afford to permit Europe to remain in a permanently collapsed condition for many years to come. We cannot afford to permit England to go down economically. We cannot afford in the interest of peace to withdraw from Europe. We cannot afford to permit ourselves to be encircled by communism. We cannot afford to let the pages of history record that in 1948 the American people walked out on their moral obligations to Europe and substituted selfish materialism for the spiritual values of democracy. We cannot afford to write such a page in history, because it would win for us the disrespect of generations upon generations yet to play their part in human history. We cannot afford to walk out on democracy itself.

Furthermore, let me point out that those in the Senate who are emphasizing so much the cost of the Marshall plan in dollars to the American people are overlooking that the cost of seventeen to twenty billion dollars is a small part of what it would have cost to carry on World War II for just six more months. In fact, I am informed that shortly after VJ-day we canceled \$63,000,000,000 of war contracts which had been entered into to produce the materials of war destruction, had the war lasted 6 months longer.

If it had lasted 12 months longer it would not have cost twice \$63,000,000,000, but I am informed that the cost would have been at least three times that much, or about \$190,000,000,000. If it had lasted 24 months longer it would not have cost twice \$190,000,000,000 but from three to four times that much.

Would our economy have survived another 2 years of the war? I think so. There is no doubt about the fact that we would not be enjoying the standard of living that we enjoy today had it lasted two more years. There is no doubt about the fact that if the additional costs of two more years of war had been imposed upon us we would be living under controls today almost as strict as those that prevail in Great Britain. I fear that if the war had lasted 2 years longer and had cost us from five hundred to seven hundred billion dollars additional that it might have cost us, we probably today would be exercising such strict Government regulations over certain segments of our economy that it would be necessary to pin the label of socialism on those regulations.

However, we were spared the devastating destruction which the people of western Europe suffered, including the people of England. Now we are asked to contribute over a 4-year period what will probably total about \$20,000,000,000 needed in reconstruction and economic rehabilitation for peace. What do we hear? Some voices crying out—we cannot afford it. It will wreck our economy. It is not fair to the American taxpayers. I dissent. I refuse to accept that isolationist point of view. I refuse to resurrect the arguments made in the Senate during the 1920's when we, as a Nation, failed to live up to the obligations of making the sacrifices necessary to win the peace following the First World War.

We were not alone in that failure. England and France also failed in helping to win that peace—not by refusing to go along with the League of Nations which was our principal failure. Rather the crime against the peace which England and France committed following the First World War was in helping Germany rebuild her war machine which led to Hitler totalitarianism. I do not want to see my country repeat the mistakes that we made in the Senate of the United States during the 1920's. I think the defeat of the Marshall plan would be part and parcel of repeating some of those mistakes. I am supporting the plan because I think it is an essential part of the total program necessary to win the peace.

Now let me say a word about our Greek policy. All through the debate there have been a great many critical statements made about the policy we are following in Greece. If the Grecian issue were before us again today, I am perfectly willing to let the RECORD show that I would not run out on the vote I cast at the time the Greek crisis was first presented to us. I would cast the same vote today. I think the action that we took in the Grecian matter served as a clear notice on Soviet Russia that we intended to defend the peace and enforce the peace from Soviet aggression.

I want to close, Mr. President, on this matter before I make a few comments on the speech made by the Senator from Idaho [Mr. TAYLOR] the other day. I think we not only should pass the Marshall plan as reported to us by the unanimous vote of the Foreign Relations Committee of the Senate but I think it very important that the Republican leadership of the House proceed in long sessions, day and night, to consider the plan and to pass it at an exceedingly early date.

I think time is of the essence. That point has been made over and over again by the proponents of the plan in the Senate debate.

I am greatly alarmed, Mr. President, by two things I read in the newspapers. I have had no official notice of the plans of the House of Representatives, but one disturbing thing is that apparently there is little chance of getting this Marshall plan through the House of Representatives before April 10, and probably not until after April 18. That latter date is the date of the Italian elections.

As a Republican, Mr. President, I want to express my great disappointment at any such course of action being contemplated—if it be contemplated—in the House of Representatives by the Republican leadership. I want to say as one Republican that I sincerely hope that, if that is the present intention of the Republican leadership of the House, it will reconsider the matter. I think it of utmost importance that the plan be passed in the House of Representatives within the next few days. I think it can be so passed if the leadership of the House will give it a clear right-of-way and subject it to full debate and to an early vote.

The impression is being created in those parts of the country in which I have been speaking recently that the

strategy is to push it through the Senate and then stall it in the House. I say sincerely to those responsible for the policies of the Republican Party in the House of Representatives that I can think of no greater mistake they could make, as far as gaging American public opinion is concerned, than to delay beyond the next few days the passage of the Marshall plan in the House of Representatives.

Second, I think they will wake up to discover Nation-wide resentment for any delay caused by trying to attach to the plan arrangements for relief and aid in other parts of the globe. I refer specifically to China. I think the Marshall plan and aid to China are separate and distinct subjects. I think the House of Representatives ought to go along with the Marshall plan on its merits and then be willing to take up a so-called Chinese plan on its merits separate from the Marshall plan. It is generally conceded that the main effect of combining with the Marshall plan a Chinese aid plan in the House of Representatives will be a costly delay, making it impossible to take action on the issue prior to the Italian elections on April 18.

Do I think the Italian elections are of importance? Yes, I do. I think they are of tremendous importance. I think they are of tremendous importance psychologically to all the countries in western Europe. I think they are of tremendous importance to America's national self-interest. I think they are of tremendous importance to our national security. I think we have an opportunity, through the Marshall plan, to demonstrate to the people of Italy, France, Great Britain, and to the other beneficiaries under the Marshall plan that we intend to carry through the objectives of winning the peace. In Italy the people know that we know the precarious condition in which they presently find themselves, with the elections taking place on April 18. We should not be guilty of once more being too late. I know it is not appreciated particularly for a Member of the Senate, and particularly one of my liberal brand of republicanism, to be giving gratuitous advice to the Republican leaders in the House of Representatives. But I am not only a Member of the Senate; I am also an American citizen. Speaking for a moment as an American citizen, I say to the Republican leadership of the House, "Give us a demonstration now of your statesmanship and proceed to handle this matter in day and night sessions so that it can be passed at the earliest possible time and as long as is humanly possible before the Italian elections."

I think it can be and should be done certainly not later than April 1. I think if the Members of the House unite in recognizing the importance of the measure to the welfare of the country it can be done within 10 days. The fight for freedom in Italy and western Europe is worth the effort that is called for upon the House of Representatives.

I want to close my remarks, Mr. President, with a few comments on the speech made by the Senator from Idaho [Mr. TAYLOR] which was made during my absence from the Senate. I did not have an opportunity to hear the speech

and did not have an opportunity to vote on his proposal, but the RECORD shows that had I been present I would have voted against his proposal.

I think the Senator from Idaho knows that I have a deep personal fondness for him. I think he knows that on a great many issues we see eye to eye, particularly on those issues in our domestic field which seek to improve the lot of the common men and women of America, the great mass of our average citizens, the worker, the farmer, the white-collar group, the people in the low-income brackets, as well as see to it that the property rights and political rights of people in the so-called higher bracket are also adequately protected under our system of government by law. Thus he and I have found ourselves in agreement on labor legislation, social security legislation, veterans' legislation, civil-rights legislation, conservation of natural resources, and great pieces of legislation which seek to advance the general welfare and which aim at protecting the weak from the exploitation of the strong. My friend from Idaho knows, however, that two men could not possibly hold more diverse points of view and be so completely in disagreement as we are on issues of international policy. I want to make perfectly clear for the RECORD the fact that I give to the Senator from Idaho full and complete credit for being 100 percent sincere and intellectually honest in taking the position which he takes on international policy. I also want him to understand that as he would protect me in my right to my views, so I would protect him in his right always to express his views. He has a right to fight for acceptance of his views under the guaranties of our constitutional democracy—although if he were in Russia he would not have any such protection. His right to freedom of speech which he enjoys here would be lost to him in Russia.

I do feel, Mr. President, that I cannot let the Senator's speech stand in the RECORD without any word of opposition from me at all to the tenor of his speech. I think the vote on his amendment was a great rebuttal to his speech and, in a sense, an adequate answer. Nevertheless, I want to put into the RECORD just a brief answer to the Senator from Idaho. I note what the Senator said on page 2464 of the RECORD, second column, last paragraph:

Mr. President, the word "Communist" reminds me of something. I realize that by taking the position I am assuming, namely, that the Russians are not absolutely hopeless, that it is possible to get along with them, I am laying myself open to the charge of being a Communist—a Communist sympathizer, at least. The distinguished senior Senator from Texas made that very plain a moment ago when I asked him whether he would want to see the veto abolished if a majority of the members of the United Nations were Communists. He retorted that he was not as much of an expert on communism as I was.

Mr. President, I dare say I may be subject to that, as I have stated, but I have made up my mind to that, and I warn all my colleagues, that I am not going to take it lying down. If they want to accuse me of being a Communist sympathizer, if they want to call me "red," and one thing and another, by insinuation or innuendo, Mr. President,

I say, let them beware, because I shall come back in kind.

I understand the Senator's sentiments. I know what it is to have labels pinned on me which have no foundation in fact. I know the tactics back of political smears. I know, as the Senator points out, that one does have to fight back at appropriate times and in appropriate places when unfair political tactics are used against one. I do not intend, in debate with the Senator from Idaho or with anyone else, to indulge in the type of accusations or innuendoes or name calling which he stated in his speech he knew he would subvert himself to as the result of the long speech he made in the Senate on Tuesday and Wednesday of this week.

I would not call the Senator from Idaho a Communist if I believed he were a Communist, and I do not believe he is a Communist. I think I indulge in no impropriety, however, when I say that my reaction when I got through reading his speech was this. I asked myself this question: I wonder what argument and propaganda that Kremlin would have put in the speech made by the Senator from Idaho if it had been written in the Kremlin, that is not found in the speech?

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. MORSE. I am very happy to yield.

Mr. TAYLOR. I merely wish to thank the Senator for not calling me a Communist.

Mr. MORSE. I want to expound on the point. I wish to repeat, I sincerely and honestly do not think that the Senator from Idaho is a Communist, and I want to say further that I have no question as to the patriotism of the Senator from Idaho. But I do wish to say, just as sincerely and honestly, that he has presented to the Senate a speech which follows from beginning to end what in my judgment is the present Communist line in America, to be found in all the Communist publications in America.

Mr. TAYLOR. Will the Senator yield?

Mr. MORSE. I yield.

Mr. TAYLOR. I pointed out in my speech the other day that any one who did not agree to this bipartisan coalition on foreign policy had to be following the Communist Party line, because the Communists disagree with it. I happen to differ with it, to therefore I am following the Communist Party line.

Mr. MORSE. That is the only point I wish to make, Mr. President. We have to analyze the speech of the Senator from Idaho from the standpoint that it sets out with clarity, it seems to me, the position of Soviet Russia on the Marshall plan. It sets forth the Communist line without any variance. I wish to say, in concluding this speech, that I think the Senator from Idaho has performed a great service in this debate by making clear the choice we have before us, namely, are we going to follow the Communist line in America, and submit to the aggressive policies of Russia as Russia proceeds to run roughshod over the liberties of freemen the globe around, or are we going to say that we are ready to make perfectly clear to Russia that through the Marshall plan we are willing to draw the issue. It can

become a very serious issue, but I think the issue will be more serious if we permit Russia to continue, through her aggressive policies, to proceed to trample one group of free people after another under her heel.

I do not have to dwell on the point by pointing out in detail that ever since the end of the war Russia has continued to have her way in every country which she has decided to take over and subject to Communist dictatorship. The list is taking on Hitler proportions; Poland, the Balkans, Yugoslavia, now Czechoslovakia, Finland in the balance, and many divisions of Russian troops presently mobilized in Yugoslavia, Russian zones of Europe with the Italian elections coming on April 18. It is not a pretty picture for peace.

If one reads the speech of the Senator from Idaho, he will look in vain to find anything in it which is favorable to his own country, but there is one praise after another for the foreign policy of Russia.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. TAYLOR. He will not find that I have praised the foreign policy of Russia or anything Russia has done. I merely state the facts as I see them, in an attempt to show that the Russians have been justified in being afraid of us and, therefore, in pursuing an aggressive policy, as I pointed out in my speech the other day. When I was asked by the junior Senator from California [Mr. KNOWLAND] if I did not have some defense to make or something good to say about our foreign policy, or if I did not have something bad to say about Russia, I told him I would leave the business of telling people what the matter with Russia was to the prejudiced American press, and to about 90 other Senators—I raise the number now to 91—and let them tell the people what is the matter with Russia. That is what they have done, and that is why we are now on the verge of war with Russia, because of all this propaganda that has been dished out.

Mr. MORSE. Mr. President, all I care to say in reply to the Senator from Idaho is that I have not any doubt that he has attempted in his speech to present the facts as he believes them to be, but my great startlement is over the fact that he thinks what he has presented are the facts in regard to both Russian and American foreign policy. He has only presented Russian propaganda and Russian misrepresentations as facts.

Mr. TAYLOR. Mr. President, I made those remarks on the floor of the Senate, and no Senator chose to argue with me.

Mr. MORSE. As I explained to the Senator, I was not present when he made them. I answer him now and I deny the soundness of his alleged facts. I judge, as I read the RECORD, that the general feeling at the time he made his speech was that the vote itself would be an adequate rebuttal to the Senator from Idaho—which at that time I think it was. It spoke more eloquently than any words could. A vote of 74 to 3 against the Senator from Idaho.

Mr. President, I am about through. However, I could not let the speech of the Senator from Idaho stand in the RECORD without making the comments on it I have presented. I wish to say that I think the Senator from Idaho is correct about one thing; the situation in the world tonight is serious, and it has been made serious because since the end of the war there has been no substantial evidence presented by Russia of any willingness on her part to cooperate as a friendly ally in the interest of protecting freedom the world around.

Oh, what a bill of particulars one could draw if he desired to start drawing up a bill of particulars against Russia. However, one has to call attention to only one phenomena, and if the Senator from Idaho, I submit, were behind that phenomena—I refer to the iron curtain—if he were behind that iron curtain in Russia, he would not enjoy the great privileges and liberties I will fight to retain for him and others who share his views in this land so long as they conform to our system of government by law.

Mr. TAYLOR. Mr. President—

Mr. MORSE. One more word and I will yield.

I only want to say, Mr. President, that until Russia demonstrates a willingness to lift that iron curtain and proceed to permit the public gaze of the world to cast itself on her internal practices insofar as the liberties of individuals are concerned, I must continue with the assumption that she has no friendly intention toward America or toward freedom-loving peoples in western Europe. I must continue with the assumption that when she starts to mass her troops as she is doing, that when she follows the course of action she is following in the nations she has trod over, to which I have already referred, she in fact has no friendly aspirations in promoting the peace of the world. That is why the junior Senator from Oregon, sad as it makes him, must say again, as the Presiding Officer here now has heard me say before: I think that in this hour the American people must unite in the interest of national security. We as a people must unite behind such programs as the Marshall plan for economic defense and for the military defense which I think will eventually have to flow from it. We must unite to protect freedom in the world in order to make it perfectly clear to the Government of Soviet Russia that her program of aggression must halt. Serious as that statement is, Mr. President, let me say that, in my judgment, the loss of freedom which would result from Russia encompassing the world with Russian communism would bring greater disaster to the world than even another armed conflict.

I now yield to the Senator from Idaho.

Mr. TAYLOR. Mr. President, I must say that it seems to me the junior Senator from Oregon is being used as the stalking horse by the Republican Party against the new party movement, as he was used in the last election against the Democrats. The Republicans sent the Senator from Oregon into States where liberal Democrats were running

knowing that the Senator from Oregon had a reputation as a liberal. He had the respect and confidence of labor voters, of liberal groups, and he went into States where liberal Democrats were running against reactionary Republicans, and he told the boys, "Now vote for the Republican," and they did, and the result was that many good men were left home, largely through the instrumentality of the junior Senator from Oregon.

I am sorry to see him follow the common procedure of not answering the arguments put forward, but rather accusing anyone opposing this bipartisan foreign policy of being communistic.

Mr. MORSE. I am perfectly willing, Mr. President, to let the record speak for itself as to whether or not the Marshall plan is not a complete answer to the unfortunate speech made the other day by the Senator from Idaho.

I close by assuring the Senator from Idaho that I am proud of the fact that I am not being used as a stalking horse by those forces in America which are supporting the Wallace ticket.

During the delivery of Mr. MORSE's speech,

Mr. BREWSTER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. BREWSTER. In connection with what the Senator from Illinois has said, was not that precisely what the Senate was told when we made the \$4,000,000,000 British loan? We were told that it was to be for the economic rehabilitation of England, and that in the next 4 years it would accomplish that great objective. Yet what has been the result?

Mr. LUCAS. I understand that the Senator from Maine is for the Marshall plan, and that he intends to vote for it.

Mr. BREWSTER. I have stated that I shall vote for the Marshall plan in order to buy time, until we can get an administration with the intelligence and integrity to straighten out this situation; and I expect to do so.

Mr. LUCAS. Of course, the Senator from Maine always has a plausible excuse to get away from the real situation before us. I heard the Senator from Maine on the radio the other night. He did a commendable job. But when he was pinned down he finally stated, "Yes; I am going to vote for the Marshall plan."

Mr. BREWSTER. I stated the reasons why I was going to vote for it; and the audience of a thousand people in New York, without regard to partisanship, as the Senator saw, stopped the show.

Mr. LUCAS. Yes; they cheered everyone on that program.

Mr. BREWSTER. When I made the statement that we needed intelligence and integrity in the administration, that is what they responded to, to a single man.

Mr. LUCAS. If intelligence and integrity are going to be discussed, the Senator from Illinois could talk a long time about that, too. Whenever integrity and intelligence in this administration are discussed, I think the Senator from Maine had better keep very, very quiet about that particular thing.

Mr. BREWSTER. I was the one who brought up the matter, and I am willing to discuss it as long as the Senator from Illinois desires.

Mr. LUCAS. We will turn the Senator over to Howard Hughes.

Mr. BREWSTER. Is the Senator from Illinois now leaving the Chamber?

Mr. LUCAS. No; I shall stay; I shall be very glad to. The Senator from Oregon has the floor.

Mr. BREWSTER. The only comment I shall make upon the Senator's statement—and he fully realizes the question of personal privilege which he raises—

Mr. LUCAS. I did not raise any question of personal privilege at all; the Senator from Maine did.

Mr. BREWSTER. The Senator will permit me to continue, please. The only comment I shall make is that this afternoon one of the fruits of such an investigation has been shown, when a man was convicted in the District of Columbia court—the second highest man who was in charge of procurement in our air forces under this administration—convicted of three charges of commission of perjury, in addition to all the other defalcations of which he is apparently guilty and of which he is now being charged. That is one of the fruits of the matter.

The report regarding that investigation has been deferred until this proceeding in the courts is completed. When that report is filed—to the amusement of the Senator from Illinois—

Mr. LUCAS. To the amusement of the Senator from Maine—

Mr. BREWSTER. It will be proper for the Senator from Maine then to make a statement regarding the situation; and I hope the Senator from Illinois will do me and his country the justice of listening to that statement. I do not believe this is the proper time for that question to be raised, and the Senator from Illinois knows that very well.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. It is my understanding that the Senator from Oregon has the floor, and I have not heard him yield for any further colloquy.

The PRESIDING OFFICER. The Senator from Oregon has the floor. Does he yield; and if so, to whom?

Mr. MORSE. Mr. President, I always try to be generous in the use of my time. I recognize that these two Senators have involved themselves in what appears to be a debate between them on matters quite irrelevant to what I was discussing. I do not wish to deny them any courtesy at this time; but may I at least have a ruling from the Chair as to whether the colloquy may appear at the end of my remarks, instead of breaking into my remarks on the Marshall plan?

The PRESIDING OFFICER. The colloquy will appear at the end of the speech of the Senator from Oregon.

Mr. LUCAS. Mr. President, will the Senator yield to me?

Mr. MORSE. I will; but I hope the Senator from Illinois appreciates the sit-

uation and will do what he can to cooperate.

Mr. LUCAS. I will. I wish to cooperate with the Senator from Oregon and with the Senator from Maine. I apologize to the Senator from Oregon for interfering so long in the presentation of his remarks. I did not bring up the subject.

After the conclusion of Mr. MORSE's speech,

Mr. TAYLOR. Mr. President, I should like to ask the Senator from Oregon if he has not heard the debate which has gone on in the Senate. It has all been absolutely materialistic, aside from the flowery presentation of the Senator from Oregon. Speakers have emphasized over and over again that we are after markets with the Marshall plan. Just before I took the floor the other day it was plainly stated that we had to have markets or our capitalistic system would collapse. Nothing was said about aiding democracy abroad, or protecting democracy at home. Only today the junior Senator from Minnesota [Mr. THYE] asked the Senator from Missouri [Mr. KEM] some questions—only he did not really ask questions—he made flowery statements about what this great Marshall plan was going to do, and finally when the Senator from Missouri pinned him down, and asked him directly "What is your question?" the Senator from Minnesota said, "Well, if we do not have the Marshall plan what are we going to do with all our excess wheat?" And that is what the whole program is based on.

Mr. BREWSTER. Mr. President, I shall address myself briefly to the question which is before the Senate, the pending amendment calling for a reduction in the amount of the authorization for the Marshall plan.

I was disturbed to hear the Senator from Oregon suggest that anyone who raised a question regarding the plan was mercenary. I regretted that, because it seems to me that necessarily we in this body must be mercenary.

Mr. MORSE. Mr. President, I ask the Senator to yield so the junior Senator from Oregon may say that he is satisfied that when the Senator from Maine reads his whole remarks tomorrow even the Senator from Maine will agree that the interpretation he is now placing on the remarks of the Senator from Oregon are not warranted.

Mr. BREWSTER. I certainly do not wish to do the Senator from Oregon an injustice, but I think I have listened to practically all his remarks. I profoundly agreed with his emphasis upon spiritual things. But I think that in the same book where we are instructed to think of those things, we are also instructed to think of other things. If the Senator will recall the incident connected with Mary and Martha he will remember that it was shown that there was need to be careful about other things as well as spiritual things.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MORSE. I am sure the Senator from Maine, upon reflection, will recall that one of the main points I made in support of the Marshall plan was its eco-

nomical advantages, so far as self-interest economically is concerned. I particularly referred to the language beginning toward the bottom of page 18 of the bill, I think it is line 21, and occupying all of page 19, which seeks to make sure that American business interests will enjoy economic advantages under the Marshall plan, by what amounts, may I say for purposes of illustration, to another cost-plus arrangement.

Mr. BREWSTER. It seemed to me that the remarks to which the Senator from Oregon refers were somewhat inconsistent with the other emphasis which he laid upon a word—and I recall the word "mercenary," perhaps with undue sensitivity, since it seems to me that we in this body are constantly mercenary with our own people. We have proposed a reduction of \$2,500,000,000 in the current budget. That is mercenary. That is trying to reduce the amount which we must take from the American people to pay the expense of the Federal Government. If we are going to make reductions of that character in the interest of the welfare of the American people, it seems to me that we may appropriately consider also what is to be done with the appropriations for our friends across the seas.

I also feel that we in this country can hardly be considered mercenary when not only did we make vast appropriations for the war, amounting to more than \$300,000,000,000, leaving us with a \$250,000,000,000 debt, but we made actual gifts, as they amounted to, in excess of \$40,000,000,000 to our friends across the seas before the war ended, and \$22,000,000,000, I believe the figures are, since the war ended. We are now considering further appropriations. And whether or not any certain figure is a magic figure—I think the Senator from Michigan made quite clear that it was but an educated guess, but that the committee did the best it could—I am sure the members of the committee will accord to others the privilege, as we possess also the responsibility, of forming as well as we can an impression as to the accuracy of the estimates.

This plan started, as Senators doubtless recall, with an estimate from the European nations of \$27,000,000,000 for the plan. It was later reduced to \$22,000,000,000, and later reduced to \$17,000,000,000, and still later reduced, when the Senator from Michigan eliminated the nasty old dollar sign for a 4-year total, to \$6,800,000,000, and then by another reduction by the calendar of 3 months to the point of \$5,300,000,000.

Now it seems to me that everyone in this body is responsible for considering whether or not that precise figure may be correct. I am quite sure that we do not yield to anyone in our respect for all those at home and abroad who have studied this problem and have made recommendations regarding it, including the Hariman Committee, the State Department, and the Committee on Foreign Relations. But I am somewhat allergic to these figures because there are still ringing in my mind the masterly and always eloquent words of the Senator from Michigan when, with equal logic and equal oratory, he persuaded us that the \$4,-

000,000,000 for the British loan was precisely the amount which in 4 years was not only going to afford relief, but was going to bring about economic rehabilitation which would remedy all their economic ills. I must say that I did not yield to his logic at that time, and voted against the British loan. It seems to me that every development since that time has completely vindicated the wisdom of those who accepted the idea of making a gift to Britain at that time of either one billion or one and one-half billion. They believed that it would have advanced them much further along the line toward the recovery which we all so much desire.

But lest I be charged with prejudice in suggesting that not only has the British loan not accomplished the purpose for which we were told it would be used, but that it has been diverted to other purposes, and in order to establish that fact, I will call to testify no American, but one of the most distinguished of British statesmen, the Honorable Winston Churchill. I shall quote his language regarding the diversion of the British loan to purposes other than the high objective with which it was advanced here on this floor, and suggest that we must bear that in mind in determining whether or not safeguards have now been inaugurated to avoid a similar diversion of the advances which are now proposed.

Mr. KEM. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. KEM. I was not a Member of this body at the time the late lamented UNRRA was under consideration. I should like to ask the Senator from Maine if eloquent voices were raised in its behalf.

Mr. BREWSTER. They certainly were; and it was pointed out at that time that in 1919 an exactly similar proposition was made to the administration under Woodrow Wilson. He repudiated the idea of associating the United States Government with other nations in a relief program 90 percent of which would be furnished by America. We went upon our own, and the great Wilson program was carried out under the direction of Herbert Hoover. It cultivated more good will than has been gained by all the \$20,000,000,000 we have spent in the 2 years since the end of the last war.

Mr. KEM. The Senator from Maine has an uncanny memory. I should like to ask him if the Bretton Woods agreement was highly recommended when it was presented.

Mr. BREWSTER. It certainly was.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. TOBEY. I plead guilty, and I have no apologies to make, either.

Mr. KEM. I have no doubt the Senator voted for the entire program. I should like to ask the Senator from Maine if the plan for the Bank of International Settlements was also highly recommended.

Mr. BREWSTER. It was.

Mr. KEM. Have any of those programs worked out according to the plans at the time they were presented?

Mr. BREWSTER. They have not been adequate to accomplish the purpose. I

may say that the Export-Import Bank, to which I shall refer in a moment, seems to me much better calculated to assist in some of these programs than the method we are now pursuing.

Mr. KEM. Have any of the programs we have just referred to accomplished any appreciable results?

Mr. BREWSTER. I would not want to enter into a discussion of that question, because that would involve the whole program. I have no doubt that they have done some good, but it is certainly sufficient to say that they have not accomplished the end which we all have in view, and we are still engaged on that great enterprise.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. VANDENBERG. The Senator from Missouri has referred to the uncanny memory of the Senator from Maine. I wish to prove that it is uncanny. He has referred to the eloquent appeal which I made to the Senate in behalf of the British loan. I was attending the Paris Peace Conference at the time of the British loan, and if the Senator received any impression of an eloquent appeal to him it must have been by telepathy.

Mr. BREWSTER. My recollection of the statement of the Senator from Michigan to me in person was that he had reluctantly come to the conclusion that he must support the British loan. Am I correct in that recollection?

Mr. VANDENBERG. Did the Senator leap from that conclusion to the assured conclusion that the Senator from Michigan must have made an eloquent speech on the subject?

Mr. BREWSTER. I think his slightest utterances are eloquent, and they have been impressive.

I appreciate the indulgence of the Senator from Michigan when he stated that he could not blame any Senator for voting against the British loan, although he felt compelled to lend his support to it.

Mr. VANDENBERG. The record shows that the Senator from Texas [Mr. CONNALLY] and I were paired on the roll call. I heard none of the debate. I came to a long-distance conclusion, and the Senator reached his judgment on the subject without any assistance from the Senator from Michigan.

Mr. BREWSTER. I certainly shall not raise any question of recollection as between the Senator from Michigan and myself; but I had quite clear recollections of my discussions with him before he departed on his trip. I am quite willing to accept his amendment as to his eloquence. I have no doubt it would have been adequate if it had been heard.

Whoever it was in this body who presented the British loan certainly argued with great eloquence that it would accomplish two objects, first, relief, and second, rehabilitation. We were told that in the 4-year program which would ensue that would be the result of that advance.

I wish to read what Winston Churchill said regarding the use of that loan, in order that we may be warned of the pitfalls which await advances of this char-

acter. This is the statement of Winston Churchill on August 19, 1947, regarding the use of the British loan:

But there are other reasons why the loan has been ineffective. Owing to the follies and indecision of the Socialist Government, a great part of the loan has been spent, not on the reequipment of our industry nor upon the import of basic foodstuffs.

Instead, much has been frittered away in American films and tobacco, and in large quantities of foods and fruits, which, however desirable as indulgences, were not indispensable to our active recovery.

When you borrow money from another country, for the sacred purpose of national rehabilitation, it is wrong to squander it upon indulgences.

Why wait till the 12th hour is near before taking the measures which every prudent housewife would have taken in her own home as soon as she understood what was happening?

The Government had the knowledge, but they had neither the sense nor the decision to act. They were too busy planning and making their brave new world of controls and queues, of hordes of officials and multitudes of regulations.

They exhausted what energies they had, and consumed their time and thought in carrying out their party fads, in choking the House of Commons with partisan legislation, in disturbing, discouraging, and even paralyzing business enterprise by nationalization schemes of no productive value, but which cast their threatening shadows and interferences far and wide over the whole field of British industry.

Those were the considered words of Winston Churchill as to the fruits of the \$4,000,000,000 British loan, which has been exhausted in the first 19 months, instead of in the 4 years for which it was planned.

I come now to a more recent testimonial, by Geoffrey Crowther, of the London Economist. Again, lest I be charged with prejudice as to the diversion of the British loan, I call him also to testify. He is a long-recognized figure in British economic and social life. I wish to read what he had to say regarding the British loan and the dangers it presents if we go further along this line. These are his words, published in the past month:

Britain faces bankruptcy. In the past 2 years they have as a community overspent their income to the extent of \$4,000,000,000, and the rate of overspending was almost twice as large in 1947 as in the preceding year.

Can Britain afford \$800,000,000 for Government expenditure overseas, or to feed a million mouths in the services in return for no productive work? It is easy to make a case for keeping 2,000,000 Government servants, but if 500,000 were returned to industry would the gain in output not ease the burden of controls?

No one will criticize the Government for wishing to build better schools, new hospitals, and more and better houses. But it is not usual to add a bathroom to the house just as the receivers walk in.

Mr. VANDENBERG. Mr. President, when the Senator from Maine will yield, I wish to refer to our previous colloquy, because I am in the position of being forced to present my apologies to the Senator. I find that before I left for Paris I had presented a discussion of the British loan in a general way on the floor of the Senate. The able Senator from Iowa [Mr. WILSON] has called it to my

attention. The Senator from Maine is entirely correct in the statement he made.

Mr. WILSON. Mr. President—

Mr. BREWSTER. Mr. President, along with the statement of the Senator from Michigan, I think it appropriate to incorporate in the RECORD, if the Senator from Iowa will excuse me for a moment, some of the statements of the Senator from Michigan which appear in the CONGRESSIONAL RECORD at pages 4079 to 4082:

In my opinion, this measure may prove to be a decisive factor in determining whether we are to live in a world of decent commercial opportunity or whether we are to attempt survival in a world of bitter economic strife and in a world of government cartels which might make any sort of peace impossible.

The fundamental American purpose in this loan is to provide Britain with about 70 percent of the foreign exchange she will require in a transitional period of perhaps 5 years, the balance coming from other available sources—to do what? To permit her to abandon these restrictive controls.

Of course, Mr. President, the controls today are more onerous than the ones at that time.

The Senator from Michigan continued as follows:

I do not consider that I am voting a precedent for any other loan, because there is no other loan which could involve the factors embraced in this one. Mr. President, the committee's report is very distinct on this point, and I read from it one sentence:

"It has been made clear to the committee that the British loan is in no way a precedent for other loans, because the proposed credit to Britain is intended to meet a particular problem that does not exist with respect to any other country in the world."

Mr. President, I do not question the utter sincerity with which those words were uttered, nor the bringing to bear upon the matter all the wisdom and experience and background and the wide range of knowledge which had been acquired by the Senator from Michigan. But I feel that it is incumbent upon all of us to seek to appraise this problem in the light of the conditions which have developed.

I wish to proceed with the quotation from Geoffrey Crowther, in the London Economist, in further comment upon the dissipation of the British loan. He said:

It is not usual to add a bathroom to the house just as the receivers walk in.

This statement will no doubt be contested. Why speak of Britain's only assets when there is every chance that by midsummer the Marshall plan will have been passed by Congress and assistance will be assured for the next 18 months at the least?

He suggests that this aid is to go on for 18 months.

I read further:

Even Sir Stafford Cripps has said today that the only hope lies in American assistance, to give Britain the necessary time to bring about the restoration of normal conditions.

But he goes on to say:

But herein lies precisely the danger. Continual borrowing can have the same effect as continual drinking. The borrower—like the drunkard's—sense of reality tends to fade. Britain has already had the Amer-

ican loan and the Canadian loan and will get the South African loan. All have been necessary but all have helped to mask from government and people alike the country's true economic straits. A standard of living has been maintained, reserves have been eaten up, expenditures undertaken on a scale which is quite out of accord with Britain's real economic position. And what guarantee is there that the Marshall plan may not be used in the same way?

Mr. President, these are the words of a most distinguished Englishman, written in the *London Economist*.

He states further:

The only proper, the only long-sighted, the only courageous course would be for Britain to pursue now the policy it would pursue if the Marshall plan were reduced to a half or a third and to use the surplus thus created to build up reserves, modernize industry, develop economic integration in Western Europe and undertake now the program of hard living and hard working in which, in the long run, salvation alone will lie.

Mr. President, those are the words spoken by an Englishman, and they are worthy of ringing around the world as the only solution for the economic ills of any country on this earth.

As to the more specific problem in regard to the question of an educated guess, I shall be specific, with the suggestion that there are two items, which have come to my attention, which it seems to me are easily susceptible of bridging the gap between the pending amendment and the amount in the bill as recommended to the Senate.

I have not personally ever believed that the balance-of-payments approach was wise. I have felt that it resulted in an inevitable amount of legerdemain that no one could control; that when we adopt the balance-of-payments approach it becomes utterly impossible to determine what is wise and what is unwise. I should much prefer to see the approach made on the basis of the relief which every American is happy to furnish—relief for those who are hungry—and, second, to have the remainder of the program for economic rehabilitation upon the basis of specific aid and grants for specific projects. That is the only sound course if we are really convinced of the wisdom of our devotion to free enterprise. The moment we speak from government to government, we adopt the very totalitarian approach which we are fighting. Yet as the matter is presented here, and as I have previously said, under the circumstances there seems in the 9 months remaining before there may be a change in the Administration, no other course under our constitutional processes in the conduct of our foreign relations, and with the world in the situation we now face, than for us to go on with this program, hoping and praying that greater wisdom will be used in its administration than has been demonstrated in the case of the loans heretofore advanced.

But when we come to the question of amount, accepting the theory of the balance of exchange, there have been two items which have come to my attention in my study of the voluminous documentation of this situation and all the re-

ports and in all the statistical volumes with which we have been inundated—and I think the Foreign Relations Committee discovered the extent of those matters when it was obliged to date its reports from day to day, and when it discovered that a report which had been received 4 days earlier was already outdated. In other words, there has been a constantly changing panorama. So I think no one needs to be concerned if there is evidence that something remains to be considered.

Mr. President, it was the clear conviction of Winston Churchill that the previous loan had been ineffective, and that much of it was frittered away on items not indispensable to British active recovery. I think the Senator from Oregon, in his recitation of percentages, indicated that rather clearly, because I am quite sure that the rehabilitation of England was not advanced by the approximately 20 percent of that loan which was devoted to tobacco and to films. So we have ample evidence that there was possible a reduction which would have enabled us to make a saving of a billion dollars in that other loan, and still accomplish every measure of rehabilitation which was desired.

But what of the present loan, now under discussion, and of the question of whether it could properly be reduced \$1,300,000,000? I am going to suggest two items on which alone this amount could be saved in the balance of payments, as presented to us by the 16 European nations now seeking our aid. One of them is in the construction of ships alone. I think it is very proper to consider that, since our own State Department in their recommendations in this matter eliminated four to five million tons of shipping which the European nations had proposed to construct, on the ground they were not justified in going forward with the construction of those ships when there were other matters that had such overriding priority. That meant a saving of almost a billion dollars. The European countries had proposed 15,000,000 tons of shipping to be built during the next 4 years. That would require 6,000,000 tons of very precious steel produced either in Europe or in America. They expected to get 2,000,000 tons of that steel from us. That would require the diversion not only of materials but of manpower.

We had a report from the European countries that every country in Europe outside Italy had a shortage of manpower, so that when they were diverting this labor to the construction of ships, meanwhile more than a thousand ships are tied up in our harbors waiting only for cargoes to put them on the seas, so that there is absolutely no excuse for the construction of millions of tons of shipping in Europe during the critical period of the next 2 or 3 years when every bit of their resources and of their manpower should be dedicated to the primary purpose of restoration.

They are operating their shipyards at twice their normal construction rate. They have now in their yards under construction 5,000,000 tons of shipping.

They have contracted for 6,000,000 tons more. The State Department allowed those two items of 11,000,000 tons of shipping to go along in the program. That 6,000,000 tons of ships alone, at \$150 to \$190 a ton, which is the cost in the European yards, will be more than a billion dollars—that one item alone. It seems to me that everybody concerned either with the American merchant marine, as we indicated we were the other day, or with the welfare of America and of Europe, may properly say that they shall defer the construction of the extra 6,000,000 tons of shipping until they are in a better condition.

I might say that some of the ships of Holland at the present time are being traded to Finland and to Poland for supplies, which means that some of the steel and some of the ships are going behind the iron curtain. That again is a further unfortunate phase of the ship construction matter.

I have one item of a similar character, which is a matter even more unwarranted and unwise. The item deals with the air. England in the last 2 years has allocated \$600,000,000 to establishing air supremacy, not in military, but in commercial aviation. That seems to me to be utterly unwarranted, and many in Britain feel the same as I do. A careful reconsideration of the whole program is under way, but it should receive the impulsion of the Administrator of this vast fund to persuade them that when last year alone they lost \$40,000,000 in the operation of their imperial airway, in seeking to drive the American flag from the air, it was utterly unwarranted when we were putting up the money that alone enables them to carry on.

We recognize their desire for shipping, we recognize their desire to be in the air; but when they allocate \$600,000,000, I wonder what would happen if I should stand here on the floor and propose that \$600,000,000 should be dedicated to commercial aviation in the United States? I would be laughed at. It is 5 to 10 times what we are putting into commercial air, and yet Britain in her bankruptcy calmly allocates \$600,000,000 to commercial air, and she lost \$40,000,000 last year in a vain attempt to establish British commercial aviation.

These two items alone will account for the \$1,300,000,000 which it is proposed by the amendment shall be taken from the amount provided in the bill which is now pending. It seems to me we may well give careful thought to being charged with being mercenary or lacking in the spiritual emphasis, which the Senator from Oregon so properly and so eloquently portrayed. We, too, are concerned with spiritual values, and "too often in recent years, liberal governments have been wrecked upon the rocks of loose fiscal policy." Those are the words of Franklin D. Roosevelt, in 1932, I think those words are as wise today as when they were uttered, and they are as wise in England and in all the other governments of Europe as they are here.

I speak in no disparagement of our British friends. They face great problems, but they must also realize that we

face great problems, and if the Government of Britain could not use the British loan of \$4,000,000,000 for the purpose for which it was designed, as everyone understood, what hope have we that some of the other governments of Europe that are in a far more serious plight will be able to be more prudent in their expenditure, unless the Administrator of the fund shall conduct it with far more zeal, with far more regard to the primary interests concerned? I have thus far not seen, in the glittering generalities with which this has been approached, a recognition of that peril and that problem.

These are the reasons why I feel we may be warranted in authorizing the sum of \$4,000,000,000 instead of the \$5,300,000,000 proposed for the first 12 months of the loan, realizing they will be back, that in another year the entire program will again be before Congress.

I want to add this final word, not for ourselves, because we shall be here to pass on this next year, but for the governments of Europe, that they will be very ill-advised if they take any advantage of any lack of, let us say, Yankee prudence on the part of the American administrators, if they take advantage of that as they did in the British loan, as is now confessed openly by all. If they take advantage of that, it may cause a reaction which will be very disastrous to all the things that we desire. So in closing, not only to caution the administrators of the fund, but also the European governments concerned, I say that it will behoove them in the next 9 months to exhibit something of that regard for the dollar and for the fundamental principles enumerated by Geoffrey Crowther, in the London Economist, the principles of hard work and devotion to duty, rather than to seek constantly their recovery at the expense of the American taxpayer, who cannot indefinitely continue to carry on.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Ohio [Mr. TAFT].

Mr. CONNALLY obtained the floor.

Mr. MORSE and several other Senators requested the yeas and nays.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Ohio.

Mr. TAFT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Dworshak	Johnson, Colo.
Baldwin	Eastland	Johnston, S. C.
Ball	Eaton	Kern
Barkley	Ellender	Kilgore
Brewster	Ferguson	Knowland
Bricker	Flanders	Langer
Bridges	Fulbright	Lodge
Brooks	George	Lucas
Buck	Green	McCarran
Butler	Gurney	McCarthy
Byrd	Hatch	McClellan
Cain	Hawkes	McFarland
Capehart	Hayden	McGrath
Capper	Hickenlooper	McKellar
Chavez	Hill	McMahon
Connally	Hoey	Magnuson
Cooper	Holland	Malone
Cordon	Ives	Martin
Downey	Jenner	Maybank

Millikin	Revercomb	Thomas, Utah
Moore	Robertson, Va.	Thye
Morse	Robertson, Wyo.	Tobey
Murray	Russell	Umstead
Myers	Saltonstall	Vandenberg
O'Connor	Smith	Watkins
O'Daniel	Sparkman	Wherry
O'Mahoney	Stewart	Wiley
Overton	Taft	Williams
Pepper	Taylor	Wilson
Reed	Thomas, Okla.	Young

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. CONNALLY. Mr. President, I inquire if the pending question is the amendment offered by the Senator from Ohio.

The PRESIDING OFFICER. The Senator is precisely correct. The question is on agreeing to that amendment.

Mr. CONNALLY. Mr. President and Members of the Senate, this has been a notable debate and one which has probably been staged on a level which has surpassed anything of its nature in many years.

The task which we have assumed is a great one. It is a colossal program, from a financial standpoint, to aid western Europe and western Germany. It is colossal because the problem before us is colossal. In my opinion, not since the Thirty Years War has the world been in such a state of chaos, such a state of flux, such a state of uncertainty as it occupies today.

Mr. President, what is this plan and why has it been presented? As is well known, the program is to extend relief in two phases to the nations of western Europe and to western Germany. It is not to afford them temporary food, temporary relief to tide them over the winter, and leave them after the winter shall have passed in the same situation which they occupied before the winter began. It has two aspects: One is, of course, to furnish temporary food, temporary fuel, and other temporary relief measures to alleviate suffering, relieve hunger, and somewhat abate the chaos through which those nations have passed.

Why should we do that? Why is it our task? The chief reason for the action is that today the United States is the only country on earth which is capable of extending relief on the level on which it has been extended and of looking forward into the years with sufficient economic, political, and military strength if need be, to carry out and follow up the program.

Mr. President, I look upon this measure as being somewhat of a prolongation of our war obligations. We fought the war and spent \$260,000,000,000. Why did we wage that war? We did not wage it in order to gain territory for ourselves. We did not expect reparations and we have so far gained none. We did not fight the war to bring other nations or other peoples under the yoke of the United States. We fought it largely for the purpose of preserving democracy and freedom in the world and to prevent aggression by totalitarian and military powers against the democracy and freedom of other nations of Europe. That was a part of the war, that was a part of the war cost. But when the war ended, for the time being, at least, by the combatants laying down

their arms, we did not complete the purpose we had in mind in waging the war. Why save the democracies, why save the liberties of people, unless they are to be carried on into the years of peace, to be the servants and the agencies of the free governments of the world?

Mr. President, this program has in it, in addition to the immediate relief measures, provisions of an economic character. I say to the Senator from Maine [Mr. BREWSTER] who just concluded some very interesting remarks, that the economic sections of the bill do not necessarily mean grants. It is within the discretion of the Administrator as to whether they shall be loans or whether they shall be investments with long-term repayment, or shall take some other form of extending aid in those directions.

The purpose is to make it possible for these nations, after they shall consume the temporary food and relief, to rebuild their economies, to get back on their feet, to secure the strength and the prowess to rebuild their economies and stand upon their own feet.

Mr. President, the Senator from Ohio [Mr. TAFT] has offered an amendment cutting the authorization from \$5,300,000,000 to \$4,000,000,000. From the remarks of the Senator from Ohio, I fail to understand what particular standard he took in arriving at the \$4,000,000,000. He argued about the British loan, which only indirectly has anything to do with the present issue. He argued about the International Fund, which is still pretty much intact and undisturbed, which has no direct relation to the pending bill.

What did the Committee on Foreign Relations do about the amount? We did not pull this amount out of a hat. The committee did not merely go out and look at a lot of figures on the board and say, "We will take \$5,300,000,000." The Committee on Foreign Relations examined this question with as much care and with as much pains and with as much interest and industry as it has devoted to any question which has been discussed since I have been a member of the committee.

We had a standard. When Secretary Marshall made his memorable speech at Harvard University suggesting the plan, Great Britain and France called a meeting of the 16 beneficiary countries. Their preliminary estimates and requests were for \$29,000,000,000. The State Department of our Government and the executive department soon scaled that down. They screened it and scaled it down to \$22,000,000,000.

We were not satisfied with that. We provided further screening and further scaling, until it went down to the point of \$17,000,000,000, to be expended over the 4½ years. But in order to meet the existing situation, and to meet the views of the Senate, we took out of the bill the \$17,000,000,000 authorization and left it open, merely authorizing such funds as the Congress might desire to appropriate in the 4-year period.

How was the \$17,000,000,000 figure arrived at? The matter was submitted to the Harriman committee, headed by the Secretary of Commerce, Mr. Harriman, a businessman of large means, wide experience, and sound economic views. That

committee was composed of some of the most distinguished businessmen, economists, and publicists within the United States. It was not a partisan committee; membership on the committee was not restricted to Democrats or Republicans, but after a broad view of the whole economic and business field, these men were selected for their character, their experience, and their public spirit. One of our distinguished former Members, Mr. La Follette, was an active member of the committee, and served as its secretary or vice president, or in some other capacity.

After literally weeks of work upon the problem, the committee agreed upon an estimate of \$17,000,000,000. In their judgment that amount could safely be expended by the United States without weakening or shattering our national economy.

Mr. KEM. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield briefly to the Senator from Missouri.

Mr. KEM. My question will be very brief.

Mr. CONNALLY. Very well.

Mr. KEM. I should like to ask the Senator whether Secretary Harriman, testifying before the committee, had this to say:

We must frankly face the fact that the ERP will add to our difficulties in trying to control inflation.

Mr. CONNALLY. Of course, if the Senator reads that and says the Secretary made that statement, he did make it. Of course we all know this program involves difficulties to us, it involves the difficulty of spending all the money we are putting into it. I should prefer that we did not have to do that. I should prefer that there should be no appropriation, if such could be the case.

But we face realities. We do not face myths, and ghosts, and shadows; we face realities. Of course it is going to cost us something, and I may say to my distinguished friend from Missouri that it may also result in hazards and chances. No man can say that this program, or any other program of its kind, will work out perfectly. We may have great disappointments; it may fail in some particulars; I grant all that; but if we should not do what is proposed, what would we want to do? Would we want western Europe, one of the fairest regions on earth, to go down into gloom and disappointment and confusion, and perhaps become the victim of totalitarianism? Men with hungry stomachs and weary bodies and cold bodies are apt to yield to the seductive allurements of totalitarian arguments, looking out to grasp any hope, any promise, any expectation they think they may achieve by embracing a new doctrine.

Of course it is going to cost money, it is going to cost the taxpayers money, it is going to cost other people money, but if we by this measure can contribute to the stability of western Europe, if we can contribute to the stability of the earth, if we can contribute even slightly to the prospect of peace and to the security of peace in Europe, it will be worth all the sacrifices we make; it will be worth all the money we spend.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. KEM. I should like to ask the Senator if we have not already yielded to many seductive allurements, to use his striking phrase, in connection with UNRRA, the Bank for International Settlements, the Bretton Woods agreement, the Export-Import Bank, the temporary loan, and so forth.

Mr. CONNALLY. So far as the Export-Import Bank is concerned, I think that is a good institution. I do not think it is on the basis of extending temporary relief and aid.

Mr. KEM. Of the long list, is that the only one the able Senator from Texas would undertake to justify?

Mr. CONNALLY. I did not say that. The Senator gave me a chance to answer for only one. Let me say to the Senator that while I greatly admire the distinguished Senator from Ohio, who made a very interesting address today, and respect his views and his ability, as well as his courage, much of the address of the Senator from Ohio was in favor of cutting down the amount practically to the level of relief, because he said that one reason why he wanted the figure at \$4,000,000,000 was that that was about the same amount that we had been spending in past years.

What have we been spending money for in past years? Does the Senator want another NRA?

Mr. President, I hope the Senator from Missouri will listen. There is no use in my explaining things to the Senator from Missouri if he is not going to listen.

Mr. KEM. I am hoping the Senator from Texas will get around sooner or later to the question I put to him.

Mr. CONNALLY. I have answered the Senator's question, or I am trying to answer it now, but if the Senator neither listens nor observes and follows my answers, there is no use in the Senator from Texas wasting his time on the distinguished Senator from Missouri. [Laughter.]

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield for one question?

Mr. CONNALLY. Yes.

Mr. ROBERTSON of Virginia. Is it not a fact that if we appropriate and spend in the next 12 months all the proposed \$5,300,000,000, our exports in that period will not exceed the exports of 1947, although our domestic production is increasing, and the scarce item of steel, if we do not have any strikes, will in 1948 be the greatest in our history?

Mr. CONNALLY. The Senator is correct. The exports for 1947 were so tremendously high that what he says is entirely true.

Mr. WHERRY. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. I yield.

Mr. WHERRY. May I ask the able and distinguished Senator from Texas—

Mr. CONNALLY. The Senator may ask me anything after that introductory part of his question. [Laughter.]

Mr. WHERRY. My question is asked by reason of the query propounded by the Senator from Virginia whether the

over-all exports will not be less, possibly, than those of last year. Let us take that assumption as correct. I should like to ask the distinguished Senator from Texas if it is not a fact that the over-all figure is not the important figure. The important point is: Will there be a continued export of commodities which are in scarce supply? I wish to ask the Senator if he has any information on this particular subject which he can give us based on the Harriman report.

I happen to have had considerable experience in the Small Business Committee with the subject of steel. There is a tremendous shortage of steel. The shortage of steel today is greater than it has ever been before. The shortage of steel is so great that building construction is affected. Pipe lines for the carrying of petroleum cannot be built. Many other important projects are delayed because of the shortage of steel.

I wish to ask the Senator from Texas whether the Harriman report deals at all with commodities which are really in scarce supply. The Senator from Maine [Mr. BREWSTER] spoke of the shipbuilding program and the need for steel in connection with it.

The Marshall plan now under consideration would cover the construction of great power dams. As I understand, if the plans now under consideration are carried out, there will be a \$5,000,000,000 investment in power dams and power projects in the participating countries. There will be another \$5,000,000,000 program of electrical distribution. In the next year, and in the full 4-year period, as the program advances, much of the material needed for such purposes will come from the United States.

My question is as follows: Did Secretary Harriman, whom the distinguished Senator from Texas praised highly—and I think deservedly so—in his testimony make a statement, or can the Senator find anything in the report relative to the export of scarce materials? It seems to me that that is something which will have an impact upon our domestic economy. How great is the export of such materials to be? What attention was paid by the Harriman committee to the impact upon our domestic economy by reason of such exportation? Statements have been made concerning the needs of the countries involved, but what will be the effect upon our domestic economy of supplying those needs with materials in scarce supply in our own country?

Mr. CONNALLY. I will say to the Senator that in considering the bill, and in deliberations upon it, the committee had in mind scarce materials, and we tried to provide, as best we could, that scarce materials would be conserved. One angle of it was that we provided that many of the commodities should be bought in South and Central America; not in our own domestic markets.

Mr. WHERRY. That refers to grain particularly. Very little, if any, steel could be obtained in South or Central America.

Mr. CONNALLY. I shall read the Senator certain figures with respect to steel in a minute. If the Senator wants information respecting steel, I shall give him as much information as I can.

Mr. WHERRY. I am more particularly interested in steel than in any other one thing at the present time. I agree with the Senator that there will be off-shore purchases of commodities in South America—grain and agricultural products. But I am primarily interested in the impact upon our domestic economy, as I previously stated, if we send scarce materials abroad. I asked the distinguished Senator from Michigan [Mr. VANDENBERG] to give us a break-down of the amount of steel that was going from the United States, and he said he would secure the information. I have not yet been able to secure it. I wonder if the distinguished Senator from Texas has the figures?

Mr. CONNALLY. I do not have them at hand. I shall secure them for the Senator.

Mr. WHERRY. I could not secure them from the State Department nor from the Foreign Relations Committee.

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ROBERTSON of Virginia. If we have no strike this year it is estimated that we will produce 96,000,000 tons of steel, which is far above our steel production during the war.

The Senator from Texas asked: "If we do not aid the 16 nations of Europe to become self-supporting, and help preserve their democracy, what is the alternative?" He answered his own question by saying that the alternative is bound to be a military establishment on our part. What amount of money would be involved in that? He said it would be \$10,000,000,000. Why would not that be inflationary? If we exchange butter for guns, that has always made butter higher in cost, has it not? That has been the experience in Russia. Shoes and clothes and everything else are higher there, because they have put so much money into the military establishment.

Mr. WHERRY. Mr. President, will the Senator again yield to me?

Mr. CONNALLY. I yield.

Mr. WHERRY. I think when we are discussing what are the needs of the countries over there we also should survey with the same degree of diligence what is the availability of supplies here. I have the report on the European recovery program. It contains the latest figures up to the Paris Conference. It sets forth what countries need steel, and how much they require.

Let us begin with Ireland. An allocation by the CEEC of \$2,500,000 is made to Ireland. What are the figures with respect to production and so forth in Ireland? The figures are not available. We may ask for the amount of ore mined, but we find in this report the words, "not available." If we ask about pig iron we find the words "not available." Figures for crude steel production—"not available." Steel, finished—figures "not available."

We turn to Italy and ask the same question.

In all cases of questions dealing with iron and steel production we find the words "not available," "not available," "not available."

We turn to Luxemburg. Luxemburg wants \$43,000,000 worth of steel. If we ask for the figures as to ore mining, pig iron, crude steel, the answers to all the questions again are, "not available," "not available," "not available."

We come now to the Netherlands. Forty three million dollars worth of steel is asked by the Netherlands.

Mr. CONNALLY. I do not mind yielding, Mr. President, but I do not like to yield so that a Senator may make a lengthy dissertation upon what is contained in a book.

Mr. WHERRY. I shall be glad not to take any more time of the distinguished Senator. I was very much interested in the statement he made, and it prompted my questions.

Mr. CONNALLY. The Senator has an advantage. He has the book in front of him and is reading from it. I do not have the book.

Mr. WHERRY. I shall be glad to give it to the Senator from Texas.

Mr. CONNALLY. It seems to me quite peculiar that one who has all the information in front should ask questions of some one who does not have the information available to him.

Mr. WHERRY. I may suggest to the distinguished Senator from Texas that he made the statement that the Harri-man committee surveyed the economy of the United States, and went into the figures of steel production down to the last ton. Now I have here the figures which were prepared before the Paris Conference. The needs of various countries are set forth, but their own production figures are not available. If the Senator has any figures which give the break-down for the countries to which steel allocations were made at the Paris Conference, or for any time prior thereto, I should like to have them. I have not been able to obtain them from the State Department, or from the Foreign Relations Committee. My humble opinion is that they are not available. Therefore the figures with respect to steel, in my opinion, are certainly not authentic, that is, so far as the need of the various countries for steel is concerned.

Mr. CONNALLY. I thank the Senator for his very great contribution.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CONNALLY. I shall yield to the Senator in a moment. I have some information respecting iron and steel which I can give to the Senator from Nebraska. It is not in complete detail, but, for example, with respect to scrap iron—

Mr. WHERRY. There is no scrap iron leaving this country anywhere at this time, and it is not contemplated under this plan. If it is, I should like to know about it. I have investigated the steel business. We are investigating every ton that is leaving the country. There is not one ton of scrap iron being exported anywhere at this time.

Mr. CONNALLY. That ought to satisfy the Senator.

Mr. WHERRY. The Senator was quoting figures with respect to scrap iron.

Mr. CONNALLY. It was estimated that 2,000,000 tons would be exported.

Mr. WHERRY. No scrap iron is leaving this country at the present time.

Mr. CONNALLY. I am willing to scrap the scrap iron.

Mr. WHERRY. They asked for 1,399,000 tons, and it was cut out entirely, so there is no scrap iron going across the water.

Mr. CONNALLY. All of which proves what I said.

Mr. WHERRY. What?

Mr. CONNALLY. That in screening the programs we cut down everything we could so far as scarce materials are concerned. The Senator has just pointed out where we cut down 1,399,000 tons.

Mr. WHERRY. The same committee increased finished steel from 449,000 tons to 1,150,000 tons, and that is what we are trying to find out about.

Mr. CONNALLY. Finished steel has given employment to American labor and American plants, whereas the scrap or rough steel has not done so. That ought to contribute somewhat to our economy. We are interested in getting our people at home back to work, as much as we are interested in working in the Senate.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield. I hope the Senator will not ask me about his plan, because I am not prepared to discuss it.

Mr. CAPEHART. I am quite aware of that fact, but I would like to ask this question: Of the \$5,300,000,000 to be appropriated under the bill, what percentage does the Senator feel will be spent during the next 9 months for purely relief purposes, and what percentage for purely recovery purposes?

Mr. CONNALLY. I will say to the Senator that those matters of detail will, of course, be under the jurisdiction of the Administrator, but I feel that a large percentage of the initial appropriation will go for relief.

Mr. CAPEHART. Would the Senator say that perhaps 75 percent would be for relief?

Mr. CONNALLY. I do not think it would amount to that much. I have the figures here if the Senator is interested in them. I have a long list of the countries. Is the Senator interested in any particular country?

Mr. CAPEHART. I was only interested in the total amount. Would the Senator say that the percentage would be as high as 75 percent?

Mr. CONNALLY. The estimate is that there will be a total of \$4,899,000,000 for relief-type commodities and services. The total estimated for recovery is \$1,900,000,000. That was based upon \$6,800,000,000 for a 15-month program. We have since reduced that to 12 months and the amount to \$5,300,000,000.

I was about to quote further with respect to iron and steel, but I notice that the Senator from Nebraska has vanished.

Mr. CAPEHART. Mr. President, I do not care for the break-down.

I should like to ask one further question: Does the Senator from Texas agree with the statement which the able Senator from Michigan made yesterday—that relief will inevitably dominate the program most of the way during the next 9 months?

Mr. CONNALLY. I said so awhile ago.
Mr. CAPEHART. Relief will dominate for 9 months?

Mr. CONNALLY. I believe that naturally the most pressing problem will be relief of those in want and those suffering from hunger. When they get some food in their systems they will be more likely to go to work.

Mr. CAPEHART. If it is impossible to put the recovery program into effect for 9 months or a year—and I believe that was the opinion of the able Senator from Michigan, and I believe that the Senator from Texas agrees with that opinion—

Mr. CONNALLY. I do not entirely agree. The recovery program will perhaps not get into full blast in 9 months, but there will be some progress toward recovery.

Mr. CAPEHART. What I am trying to say is that if it is impossible to get the long-range recovery program going in 9 months or a year, and if out of the \$5,300,000,000, 40 percent is for long-range recovery, we might well get along with \$4,000,000,000 for the next 12 months.

Mr. CONNALLY. I thank the Senator for his speculation; and that is all it is.

Mr. CAPEHART. It is no more speculation than the \$5,300,000,000.

Mr. CONNALLY. That may be, too.

Mr. CAPEHART. It is all speculation.

Mr. CONNALLY. It is speculation, that is true; but the figures have been repeatedly screened by those who ought to know—first by the State Department and then by the Krug committee, who had reference to our own economy here at home, as to whether it would be an undue burden on it—then by the Harriman committee, composed of the most distinguished economists and public men in the United States; and finally by the Committee on Foreign Relations, for which I hope the Senator has some respect.

Mr. CAPEHART. I assure the Senator that I have a great deal of respect for the Committee on Foreign Relations. However, I hope that during the next 30 years their record of recommendations of schemes for this Nation to enter into will be more successful than it has been for the past 30 years. I feel certain that it will, with the able Senator from Michigan as chairman of the committee.

Mr. CONNALLY. If the Senator is here 30 years from now, we shall try to advise him at the end of that time.

Mr. WHERRY. Mr. President, will the Senator yield for one further observation?

Mr. CONNALLY. I yield.

Mr. WHERRY. Does the Senator know whether or not the Department of Commerce has made any survey of the steel needs of this country since the war?

Mr. CONNALLY. The Senator knows the answer to that question. Why is he asking me?

Mr. WHERRY. I just wondered if the Senator knew.

Mr. CONNALLY. The Senator knows. I do not propose to waste any of my time answering something which the Senator already knows.

Mr. WHERRY. Does the Senator from Texas know?

Mr. CONNALLY. I assume that it has.

Mr. WHERRY. I should like to point out that it has not. The subcommittee which has handled the investigation of steel in this country had this to say a few weeks ago:

The subcommittee notes that export quotas as determined by the Department of Commerce at the present time are based upon guesswork rather than on reality, inasmuch as no official over-all survey of domestic requirements has been made since the early war days.

Mr. CONNALLY. Of course not. Nothing else has been done except the war effort. We were at war.

Mr. WHERRY. How does the Harriman committee know what the economy can stand?

Mr. CONNALLY. I shall read the statement to the Senator, if he will be patient. The Senator is a wonderful parliamentarian, but he becomes impatient. He lets his intellectual horse run away with his physical feet.

Mr. WHERRY. Does the Senator mean that my mental footwork is out-distanced by what I can do physically?

Mr. CONNALLY. No; the other way around.

Mr. President, in answer to the Senator from Nebraska, who interrogated me as though he were cross-examining a witness in a justice-of-the-peace court—at which I am sure he is an adept—this is what the Harriman committee says with respect to iron and steel:

We propose to supply 3,100,000 tons of iron and steel, valued at \$290,000,000, during the first 15 months of the program.

That must be cut down now to 12 months.

That is just over half the amount estimated in the Paris conference.

Mr. President, that is what I am telling the Senate. We are cutting the program everywhere we can. We are screening it and reducing it.

Included are 2,100,000 tons of finished and about 1,000,000 tons of crude and semi-finished.

Mr. WHERRY. Was the program submitted on the basis of the Paris figures?

Mr. CONNALLY. No.

Mr. WHERRY. The 5.3 billion is not figured on that basis at all?

Mr. CONNALLY. Not at all.

Mr. WHERRY. On what basis is it figured?

Mr. CONNALLY. On the basis of \$17,000,000,000, after we got through the screening process, and cutting it down.

Mr. WHERRY. The \$17,000,000,000 was allocated after the Paris Conference.

Mr. CONNALLY. The Paris Conference met in July, I think, and started with \$29,000,000,000. The Senator knows that. He reads the newspapers. He knows that the figure started at \$29,000,000,000. When I first rose I explained that it started with \$29,000,000,000, which was reduced to \$22,000,000,000, and then a further reduction was made to \$19,000,000,000. Finally, in the committee, it was reduced to \$17,000,000,000.

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Mr. WHERRY. Could it not have been reduced by another three or four or five billion dollars, if it is based upon the needs set forth in the Paris Conference? If those figures did not mean anything, how was the figure of \$17,000,000,000 arrived at?

Mr. CONNALLY. We cut out a great many things that we thought they could do without.

Mr. WHERRY. Why can it not be further reduced?

Mr. CONNALLY. We can cut it all out, if the Senator wants to vote that way, but I do not favor it.

The Senator from Nebraska says, "Why not cut out some more?" I wonder where he would make the reduction, what particular thing he would cut out. These allocations and these total amounts were not fixed by some individual member of the committee saying, "I have iron in my State, I want some more iron in this program," or by a man interested in cotton saying, "We have not enough cotton in this program. Let us put some more cotton in it," or a Kentucky man, with a plug of tobacco in his pocket, saying, "Wait a minute; I want some more tobacco for this."

Mr. WHERRY. That is provided in the bill.

Mr. CONNALLY. I know it, but they might have gotten more.

Mr. President, this was undertaken to be a well-balanced program. They looked over the economic needs of these western European countries and western Germany, and they tried to reach a sound appraisal.

Of course, there is no absolute certainty of just where the line is going to be drawn, just how many bales of wool or just how many bushels of wheat will be needed. Those matters are subject to revision from time to time by the Administrator himself, in view of the necessities, and also in view of our own conditions here at home. If there should be a scarce material in the United States—and I hope the Senator from Nebraska will listen to me, Mr. President.

Mr. WHERRY. I am listening.

Mr. CONNALLY. I want him to listen with both ears, not with just one.

Mr. WHERRY. Mr. President, I admit that it takes both ears to listen to the Senator from Texas. [Laughter.]

Mr. CONNALLY. I thank the Senator. If he will listen twice, he will be better off than if he listens only once.

Mr. WHERRY. I thank the Senator.

Mr. CONNALLY. Mr. President, if it should develop that in this country there were some scarce material that we were badly in need of, to such an extent that we could not afford to export it, we could stop exporting it at once, under the provisions of this bill. The Administrator has the right to stop it, and the President of the United States, as the over-all administrator of all this program, would have the right to stop it, and could stop it at the very moment he discovered that situation.

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. ROBERTSON of Virginia. I call the Senator's attention to the fact that after the Harriman committee's report

was submitted, our steel manufacturing plants opened additional production facilities which will add 6,000,000 tons of steel to our annual production—which is twice what the Harriman committee reported for a 15-month period.

Mr. CONNALLY. I thank the Senator. That is very helpful, and I hope the Senator from Nebraska will hear it.

Mr. WHERRY. Yes; just before the Marshall plan comes in, we get that announcement.

I know exactly what the steel production is and what the steel available for export is. I say to the Senator that the report of the Small Business Committee was worked out with expert information and advice which shows that there is a shortage; and I say to the Senator that the problems, not only of the small-business man but of other businessmen, in regard to obtaining steel are acute now and will be more acute by the time this bill is passed.

Mr. CONNALLY. Mr. President, for that matter, they have always been acute and they always will be acute, and that will result in the production of more steel, and will keep the mines open.

Mr. BALL. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. BALL. The Senator from Texas has been telling us of the very careful screenings, through the various committees, in regard to the estimates made at Paris. I wonder if he can tell us how it happens that, whereas the CEEC report, on page 45 of volume 2, estimates their total import requirements of tobacco for the first 15 months at 242,000 tons, on the other hand in this careful screening process we come out with a recommendation, on page 22 of the committee report, for 298,000 metric tons of tobacco in the first 15 months—an increase of 56,000 tons over the estimate of total imports as made by the countries themselves at Paris.

Mr. CONNALLY. I say to the Senator that I should be glad to explain that in detail. I have the information. But the Senator from Kentucky [Mr. BARKLEY], who comes from a great tobacco-producing State, will discuss that later in his remarks. So I ask the indulgence of the Senator from Minnesota in that respect, and ask him to wait until that time.

Mr. BARKLEY. Mr. President, I am not going into the details as to how this particular amount was arrived at. I did not put it in the bill; I did not put it in the report.

But it is a fact which all of us understand that among the things that ought to be exported from the United States to the 16 countries is tobacco. The item of tobacco has been included by the State Department because it is essential that these countries have that much tobacco in working out their economy, a part of which is based on an incentive use of this commodity.

Various remarks have been made here today because tobacco is included. I should like to remind the Senate that tobacco pays into the Treasury of the United States \$1,200,000,000 a year in taxes—five times as much as the amount the tobacco costs, and one-quarter of the

entire expense of this bill for the first year. One quarter of the entire expense of this bill is paid into the Treasury of the United States by tobacco. I should like to have any Senator point to any other crop that pays that much money into the Treasury of the United States. However, that is not the reason why tobacco was included in this list.

All of us know that over an historic period, tobacco has been exported to Europe. I can remember when large quantities of it were shipped overseas. There were many government monopolies. The Spanish Government itself in years past bought 55,000,000 pounds of tobacco and used it as revenue, for treasury purposes. The same is true of Italy and France, and of Holland and Great Britain.

This item of tobacco is included in the allocations under the State Department's figures, although tobacco is not used any more than any other commodity is used in the bill, in order that, in the first place, these countries may have the use of this commodity for the purpose of undertaking to establish factories in Europe that will manufacture the finished products which they want and need, and of course it will incidentally absorb a part of the surplus amount of that commodity in the United States.

We must recognize the fact that these people must have their morale stimulated, and we know that since the war the use of American tobacco and American cigarettes has largely supplanted the use of other tobacco and other cigarettes and other forms of the finished product in all portions of Europe, and that is especially true of Germany and France and Italy.

Tobacco is so important there, and has become so important since the war, that it is almost a medium of exchange. There have been times when one could take a carton of cigarettes in Germany and almost buy a house and lot with it. Of course that is a slight exaggeration, but it is so important that they have this commodity that we cannot deny them the use of it, not only in order that they may stimulate the manufacture of tobacco, in Europe, into cigars and cigarettes and smoking tobacco and chewing tobacco, but also in order that their morale may be stimulated by means of their ability to get this commodity, which they need and must have, just as any American workingman needs it and wants it in his economy.

That may not be a satisfactory explanation of the figure in the report, but it is the basis of the allocation of tobacco for the people of these 16 countries.

Mr. CONNALLY. Mr. President, the State Department in its report says that the exports from the United States for 1948 and 1949 to the participating countries will probably be of about the same order of magnitude as in 1946 or 1947. They have not increased it any. They state that for the past 2 years the United States has had ample supplies of tobacco, and that imports to the participating countries from the rest of the Western Hemisphere are expected to be less than prewar, and that the Depart-

ment of Agriculture estimates that the total supply of the participating countries will be lower in 1947 and 1948 than it was in the prewar period, and so forth.

Mr. BALL. Mr. President, will the Senator yield briefly?

Mr. CONNALLY. I yield briefly. However, I wish to conclude soon.

Mr. BALL. I have not yet heard, however, how the estimates in regard to the tobacco requirements of these countries have increased 56,000 tons for the first 15 months. I suspect that, quite incidentally, the fact that we have a surplus of tobacco had something to do with that.

As a user of tobacco, I can appreciate not only the tax that we pay on it, but also the fact that it is very comforting sometimes. But it seems to me that nearly 300,000 tons of tobacco is a tremendous amount of stimulant.

Mr. CONNALLY. That is a lot of tobacco; but if one likes tobacco, it is not so much. [Laughter.]

Mr. President, I always enjoy yielding to Members of the Senate for questions, but one may hunt through all the reports and find some small isolated item that is perhaps out of line, and want to know about it. He finds an item of calico, and he wants to know why we do not send two yards of calico. I cannot answer all those picayune questions. I am not prepared to do it. I do not want to take the time of the Senate tonight to review statistical matters. Senators have all the figures, because they have been hunting for them. They have been going through the record with a fine-tooth comb. We can hear one of the Senators saying, "If we can just find something that does not look exactly right, we can put over the Taft amendment, and that will save a lot of money for the Treasury. I can then go back home with the applause of a willing, if not an admiring, constituency."

Mr. President, I have more figures on tobacco. These are along a similar line, and are furnished by the Secretary of Agriculture. He details about the same levels on tobacco.

Mr. BARKLEY. Mr. President, will the Senator yield at that point for a question?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I do not want to prolong the matter with regard to tobacco, but it is an interesting fact that when the Senate was considering the interim relief bill last fall, certain agricultural commodities, such as prunes, plums, and citrus fruits, together with other varieties were taken care of and are now being shipped, or have been shipped, under that program. There is nothing extraordinary about the fact that there is an allocation in the pending measure for tobacco.

Mr. CONNALLY. Oh, no.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield in a moment.

Furthermore, when the 16 countries made their estimates, western Germany was not included. Later on we included it. Of course, that raised the percentage of tobacco.

I yield to the Senator from New Jersey.

Mr. SMITH. I was going to make the point the Senator has just made. As I understand, the CEEC figures did not include western Germany.

Mr. CONNALLY. That is correct.

Mr. SMITH. The other figures did.

Mr. CONNALLY. That is correct.

Mr. SMITH. That accounts for the discrepancy.

Mr. CONNALLY. The Senator is correct. I thank him for interrupting me.

Mr. President, I shall have to hurry along. I wish to say as a member of the committee, that one of the purposes of the bill is to render temporary aid, to relieve suffering, to banish fear, to relieve them of anxiety about communistic infiltration and encroachment. The other purpose is to make it possible for the nations to regain their independence, economic as well as political, to recapture their fortunes, and to stand upon their own feet. What has the bill done in that regard? The bill provides that each of the countries shall enter into a contract with the Administrator. The contract will set forth what they obligate themselves to do. One of the obligations will be that they shall endeavor to balance the governmental budget. Another is that they shall endeavor to stabilize the currency. There are other requirements of that general character, written with a view to placing them on a sound business basis.

In addition to the individual contracts, there is a multilateral contract with all the beneficiary governments, obligating each of them jointly and severally to undertake to reach the high goals set before them, so that they may be able to stand upon their own feet.

Mr. President, suppose they do not do as they agree; suppose they are not faithful to the obligations they assume. The Administrator has authority to terminate relief. The President has authority to terminate relief in those cases. That is the penalty. We do not propose to give them money continually through the years, unless they do their part. Tonight I should like to emphasize that.

I wish every politician and statesman in the 16 countries might hear what we say. We expect the countries of Europe rigidly to live up to their obligations. We expect them to do their utmost to achieve the objectives and the aims which we have in mind. If we are willing to hand over several billions of dollars for their rehabilitation and rebuilding, they must likewise sacrifice, suffer, and stint in order to reach the goals we have set, and in order to accomplish the objectives of the pending measure.

Mr. President, the Senator from Ohio today made a most interesting speech to the effect that he wants to cut the authorization from \$5,300,000,000 to \$4,000,000,000. Upon what basis does the Senator from Ohio make that proposal? Is it merely upon his own estimate? Is it merely his idea of how much should be spent and how much should not be spent? Has he the support of any economist who has made estimates? Is it based upon the work of a committee of businessmen or publicists who have studied the question and made a report?

Has it any foundation at all except that it is merely what the Senator from Ohio thinks about it?

I have high respect for the opinions of the Senator from Ohio. I have high respect for his ability. I am somewhat at a loss to understand how he arrived at the figure of \$4,000,000,000. Was it merely by figuring it on a piece of paper? Was there any reason for it? No, Mr. President, we shall have to have more than the dictum of an eminent Senator, even of a Senator as eminent as the Senator from Ohio. I might follow the Senator in some things, but I would not want to follow him when he wanders around in the financial world, unless he furnishes me with some basis for his estimates, some clear argument justifying his proposal.

I have already briefly pointed out that the pending measure has the backing of the Harriman committee, of which it may be said that a finer group of businessmen has never been assembled in the Capitol. It also has the backing of the Krug committee, which says that the exports can be sent to foreign countries without hampering our own economy. It had the backing of the Nourse report, which went into the economic aspects of the situation. The figures have the approval of the State Department which has screened these matters, and which has had reports from all over Europe, including a report by Ambassador Lewis W. Douglas, one of the most eminent diplomats in our service, a man of large affairs, formerly a Member of the Congress, a financier, president of one of the great insurance companies, and president of McGill University. He is stationed in Europe, and has been in contact with all the nations during the negotiations and since. He approves the figure of \$5,300,000,000, and he approves the bill.

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. CONNALLY. Yes, indeed.

Mr. TAFT. Is the Senator aware of the fact that the Harriman committee estimate was at least \$200,000,000 lower than that of the State Department, and that the State Department disregarded it?

Mr. CONNALLY. I do not know about the State Department. I know the Harriman committee made an estimate that was higher than that of the Committee on Foreign Relations.

Mr. TAFT. No; I beg the Senator's pardon.

Mr. CONNALLY. Oh, yes.

Mr. TAFT. The report of the Harriman committee is approximately \$5,750,000,000. The report of the committee is now approximately \$6,000,000,000.

Mr. CONNALLY. There is some confusion arising from the difference between 12 months and 15 months.

Mr. TAFT. But the testimony shows that the Harriman committee report was at least \$200,000,000 less than the figure recommended by the State Department. With due respect to the Senator, the Foreign Relations Committee did not screen those figures. It accepted the State Department figures without question.

Mr. CONNALLY. Oh, no.

Mr. TAFT. The committee has not screened those figures. The committee cut the \$6,000,000,000 down to \$5,300,000,000 only because of the change from 15 months to 12 months. Furthermore, as the Senator is aware, the Harriman committee report on required imports into western Europe is very much less than the State Department figures. They have also had a lower figure on exports from western Europe, but their estimate of the imports required into western Europe is very substantially below the figure accepted by the committee from the State Department.

Mr. CONNALLY. I do not regard the State Department as sacred. It makes many mistakes; I know that. I have been a member of the Foreign Relations Committee for many years. I do not fall down and worship the State Department. I simply cited the fact that one of our eminent diplomats, Mr. Douglas, had been in Europe and conferred and had arrived at the same estimate.

The Senator from Ohio is completely answered when I remind him that this authorization of \$5,300,000,000 is not an appropriation. It simply means that the Senate gives its consent to the Congress, if that body desires to make an appropriation within those limits. Tomorrow or next week, if this bill should pass, the Appropriations Committee could appropriate the \$4,000,000,000 which the Senator from Ohio suggests, and there would be no violation of the terms of the act. All this bill does is to liberate the two Houses and commit them to appropriate any amount up to the limit of the authorization. In any year in the future, whenever the Congress or those in authority shall conclude that we are spending too much money or are proposing to spend too much money in Europe, all they have to do is to reduce the appropriation. They have the right and the power to cut off all appropriations.

Mr. KEM. Mr. President, will the Senator yield?

Mr. CONNALLY. In a moment.

I agree with the Senator from Ohio that there is no obligation upon either branch of the Congress by reason of this authorization except for the 12-month period. The countries of Europe which are involved are supposed to take notice of our congressional and constitutional limitations. They know that no matter what the authorization may be Congress must make the appropriation each year, and that if it does not desire to appropriate a thin dime, no power on earth can compel it to do so.

I now yield to the Senator from Missouri.

Mr. KEM. I should like to ask the Senator from Texas whether, in his opinion, there is any moral commitment extending beyond a 1-year period.

Mr. CONNALLY. Not so far as I am concerned. It might be said that by reason of debating this bill and of all the publicity which accompanies it there might be some little lingering feeling that we ought to vote for it. But we are not here to indulge in fantasies; we are here as Members of the Congress, with a perfect right to discontinue the appropriation whenever we wish to do so.

Mr. KEM. Would the Senator agree with the Senator from Michigan [Mr. VANDENBERG] that if the 16 countries of western Europe shall perform their part of the undertaking, the Members of the Congress then will be under some moral obligation to continue to make appropriations?

Mr. CONNALLY. No. The Senator from Michigan did not say that. He said he might feel under some moral obligation. He did not say anything about Congress having such an obligation.

Mr. KEM. Does the Senator think our responsibilities would be higher—

Mr. CONNALLY. That is not for me to pass on. I should hate to pass on those things, even concerning the Senator from Missouri. I should not want to pass on his moral responsibilities. I am sure he has no immoral responsibilities.

Mr. KEM. I hope the Senator from Texas is not imputing to the Senator from Michigan any higher moral sensibilities than are possessed by the Senator from Missouri.

Mr. CONNALLY. I am sure that if the Senator's sensibilities are as high as they look, he is right along with the Senator from Michigan. But what the Senator from Michigan said was that if the countries involved should live up to the unilateral contract and the multilateral contract, on the faith that we mean this program to continue, and an appropriation should be requested for its extension for another year, he thought he would have some moral obligation to support it. That is what the Senator said.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. CONNALLY. Yes.

Mr. KEM. I should like to ask the Senator from Texas whether he agrees with the Senator from Michigan in the statement to which he has just referred.

Mr. CONNALLY. If the Senator had been listening, instead of talking to the Senator from Nevada [Mr. MALONE], he would have heard me say that I agreed with the view that we can discontinue an appropriation whenever Congress desires to do so, with no obligation of any kind on the Senate or the House.

Mr. KEM. Moral or otherwise?

Mr. CONNALLY. I said any kind. That ought to cover it.

After all, Mr. President, the Senator from Ohio is protected. But suppose Congress shall not appropriate as much money as may be needed. Then there would have to be another authorization requested, which we probably would not get if the Senator from Ohio should be here. It is all subject to the Congress, to the Administrator, to the Secretary of State, to the President. If it were revealed that we were spending more money than was necessary, it could be stopped tomorrow. If the recipients were not receiving enough, the amount could not be increased one dime without going before the Appropriations Committee, being cross-examined, and dragged around by Senators on the other side of the aisle.

Mr. President, why is this program necessary? My view is that the condition of the western nations of Europe

and western Germany is a part of the aftermath of war. They were not among those that were wounded. They were not among the casualties. Their cold bodies are not sleeping out on some hillside. But the war laid its indelible marks upon them and helped to destroy their economy, their homes. Their public and private finances have been distracted. In the past few years two or three great nations have cut down their food supply to the point where there is widespread suffering. In Italy, in France, perhaps even in Great Britain. We thought it was cold here in the past 2 or 3 months because we had a little snow and a little cold wind. But that is nothing as compared with the condition of a man in a shack who has not enough to eat and not enough fuel to keep himself warm. Mr. President, is not such a man a ready victim for communism? Is he not a ready recipient of totalitarianism? Will he not listen to the persuasive voice which tells him: "Join us. We will divide up the wealth of the world. You will get something to eat; you will get some fuel."

Mr. President, that has already happened in many of the satellite countries.

So the problem involves the wreckage of war. We want to finish the war, not alone upon the battlefield, but out yonder in the economic, social, and political world.

Mr. President, I want to see the countries of western Europe so strengthened and so rebuilt that they may determine their own political future. I want them to determine it, however, free from the pressures of hunger and want and suffering. I want them to determine that future with enlightened intellects, and free wills, and with a free choice. I do not want to see them driven along as the people of Czechoslovakia were driven along, by foreign pressures.

It is said there have been no armies there. No, there have been no armies there, perhaps. Whether there were armies there or not, they had pressures on them that were as strong as armies, and there was always out yonder a little ways off a Red army, ready to strike if the occasion should come.

So, Mr. President, I want these countries to stand on their own feet and make their choice. We want to see democracy live, but democracy cannot live without something to eat, something to wear, and a fire to keep it warm. We have to give these people an opportunity to lead a normal political life.

Many of these countries were ravaged, many of them were stripped, much of their wealth and their plants and their homes were destroyed. Western Germany is particularly in that class. I want to see western Germany rehabilitated. It was once a great area. It has been very closely fitted to the economy of Europe. It is the economic heart of Europe. I want to see western Europe regain its strength and stand upon its own legs. Therefore there are included in the program all three zones, those of Great Britain, the United States, and western Germany.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. Would the Senator be in favor of an amendment providing that the Administrator agree with the participating countries as to whether or not they might halt temporarily, until the Administrator could make a survey, the further dismantling of the plants in this very section the Senator would like to see rehabilitated?

Mr. CONNALLY. We yesterday discussed the plants and their dismantling. I do not think it would be wise to amend the bill in regard to that, because the people are working there, and the only information I get is that there are only a few of the plants being dismantled, under an agreement made at Potsdam.

Mr. WHERRY. Mr. President, what I am asking is, would the Senator, as a member of the Committee on Foreign Relations, see any objection to submitting an amendment on the floor of the Senate directing the Administrator to confer with the participating countries, and entering into an agreement simply to halt the dismantling of the plants which are still there to be dismantled under the Potsdam agreement, or any subsequent agreement, until the Administrator made a survey, so that temporarily they could halt the dismantling of them, and a survey could be made by the Administrator, providing he made an agreement with the participating countries. What is wrong with that?

Mr. CONNALLY. There may not be anything wrong with it, but I do not believe this bill is the place for it. Answering the Senator's question, I should not favor putting it in the bill.

Mr. President, do we want to see western Europe destroyed? I do not. The people there are a great people, a people of high intellect, energy, courage, ability to fight if need be, they are great industrialists. It is a land which has produced great poets and writers and universities. I want to see western Europe survive.

Mr. President, would anyone here like to see Great Britain go down in ashes and in ruins? I hope she will not. Great Britain was the land that gave the world the great Magna Charta, it was the nation that gave the world parliamentary government, it was the nation which sent its immigrants to America, who founded this great country of ours.

I have been to Great Britain since the war. Great Britain was punished brutally and savagely. Those Senators who have been there could from their hotel windows see great buildings which had been torn and shattered and broken by explosions, and they know the sufferings to which the people have been put since the war. I do not want to see Britain go down in a holocaust of political or economic ruin.

Mr. President, I do not want to see Italy disintegrate and dissolve. Italy has had her misfortunes in recent years; she has had many misfortunes. For one thing, she is greatly overpopulated, and it is going to be very difficult for Italy to produce a sufficient amount of products to feed and care for and house her own people. Italy is a historic land, a land which for hundreds of years ruled the world from a little town on the Tiber,

and I do not want to see Italy gathered into the totalitarian embrace of Moscow. I do not want to see whatever liberty she has obliterated by the "Bear that walks like a man."

Mr. President, I do not want to see France go down in confusion and chaos, uncertainty and misery. France has had a glorious and great record. There were days when France left her impress upon the world, and ruled great parts of the world. She had misfortunes during World War II. She played a gallant part in that war. She struggled along, and then was occupied by a cruel enemy state, and stripped of much of her possessions.

Mr. President, we cannot abandon these countries in their time of need. I grant the action we are contemplating is the most colossal international enterprise of the kind there has been in recorded history. I think no event of this kind, probably, since the fall of the Roman Empire, has meant so much to other nations of the world, as assistance coming from this Nation for their resuscitation, for their rehabilitation, and for their relief from suffering and want.

Why should we do what is proposed? Because, Mr. President, we are the strongest nation on earth. We are the strongest nation from an economic standpoint, we are the strongest nation from a military standpoint, we are the strongest nation from a political standpoint. We have no Socialist government here. We have no enterprises which have been nationalized. We have a great democracy, with strength enough to make war when it wants to make war, and with calmness and patience enough to carry on its enterprises in time of peace, and to grow and prosper. Therefore the United States is the only nation on earth today qualified in all these respects to come to the aid and rescue of the nations of western Europe, and western Germany. So I think that destiny has laid upon us a sort of obligation, and we cannot wrap our cloak about us and say that the rest of the world is of no concern to us.

As members of a democracy, have we no concern to see that the democracies of the rest of the world survive? As lovers of freedom and liberty, have we no desire to see that those who practice freedom and liberty, like ourselves, live and survive? I want to see every democracy on earth flourish and prosper. I want to see every land survive where liberty exists, where freedom exists. I want to see such lands grow and prosper and become strong in order to maintain themselves and in order to spread the doctrines of liberty and democracy.

Mr. President, some have complained that the nations behind the iron curtain are not in the program. When the program was first envisaged they were invited to join. But their master's voice said, "You cannot join." So one after another they declined to join. If Czechoslovakia could speak from her grave tonight, she could tell us that she endeavored to join, but that her mas-

ter's voice spoke and told her she could not join, and she refused to join.

Mr. President, the nations behind the iron curtain are not in the program because they refused to join. They not only refused to join, but they have become the enemies of the program.

Why is Russia fighting the program? She is fighting it because she is diametrically opposed to the things the program provides.

Mr. CAPEHART. Mr. President—
The PRESIDING OFFICER (Mr. BALDWIN in the chair). Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. CAPEHART. Perhaps the able Senator from Texas can tell us why Spain is not a party to the program?

Mr. CONNALLY. Spain has not been playing along much in foreign relations lately. I do not know exactly why.

Mr. CAPEHART. Is it not a fact that the great reason for the entering into of the program is to stop communism?

Mr. CONNALLY. Well, I will be glad to speak to the Secretary of State and tell him that the Senator from Indiana wants Spain included, if he desires.

Mr. CAPEHART. I wish to say that I sometimes wonder whether some of us are as sincere as we claim to be. The one nation in Europe which has fought communism for years and years, and which has stopped communism, is Spain. We are told by the able Senator from Texas and the able Senator from Michigan and the Secretary of State, and the President of the United States that we are going into this program to stop communism. Yet the one nation in Europe that stopped communism, that has had experience in stopping communism, is not a part of the program. I appreciate that the able Senator from Texas has the right to answer other Senators sharply if he cares to.

Mr. CONNALLY. Oh, no.

Mr. CAPEHART. But I am one Senator who will not accept it.

Mr. CONNALLY. I will give the Senator the best answer I can.

Mr. CAPEHART. I was sincere in the question I asked the Senator, and I am sincere now, and I should like to have a sincere answer.

Mr. CONNALLY. The Senator will receive an answer if he will just be patient.

Mr. CAPEHART. The Senator did not give me an answer a moment ago.

Mr. CONNALLY. I know the Senator did not get an answer in full, but he did not let me give it in full.

Mr. CAPEHART. I received a sarcastic answer that I could see the Secretary of State.

Mr. CONNALLY. No; I said I would ask the Secretary, if the Senator wanted me to. I read from the committee report:

Of all the sovereign states of Europe, Spain was the only one which was not extended an invitation to attend the Paris Conference.

That was the Paris Conference of the 16 nations. The United States was not

included. It was the conference held by the 16 proposed to be recipient nations. They did not invite Spain. Now why did they not invite Spain? I continue to read:

From an economic point of view Spain might be able to make a contribution to such a program. On the other hand, due to the nature of the Franco regime and due to the resolution adopted at various international conferences, the CEEC countries—

Not us, but the 16 countries—

the CEEC countries at the Paris Conference did not believe it appropriate or consistent with the spirit of such resolutions to invite Spain to participate at that time. Whether she eventually takes part in the program will depend upon her own willingness to assume the obligations involved, the willingness of the participating countries to admit her, and the ability of Spain to conclude a satisfactory bilateral agreement with the United States.

I think that answers the Senator.

Mr. CAPEHART. Are we willing that Spain become a party to the agreement?

Mr. CONNALLY. The answer is that she might. So far as I am concerned I would be glad if she would come in. We are going to have Portugal in the program.

Mr. CAPEHART. So far as the able Senator from Texas is concerned, he would be happy to have Spain come in?

Mr. CONNALLY. Well if she will agree to the contracts, made with all the participating governments, and undertake to live up to the multilateral agreements and cooperate and contribute, which she is able to do, to help the other nations of western Europe—why come on. I am willing.

Mr. CAPEHART. Why did the other nations refuse to permit her to become a party?

Mr. CONNALLY. I read the reason to the Senator from the report. There were certain resolutions adopted in the United Nations' General Assembly which reflected on Spain somewhat. Many of the nations took a position with respect to her. The United States was not one of them. I voted for the inclusion of Spain.

Mr. CAPEHART. I appreciate that. Spain is not a party to the United Nations.

Mr. CONNALLY. That is true.

Mr. CAPEHART. And yet Spain has been fighting communism for many years. We are now fighting communism. We are helping France, Italy, and other nations to fight communism.

Mr. CONNALLY. We are resisting communism, rather than fighting it.

Mr. CAPEHART. I am not so certain that we are doing it either; but then that is a matter of personal opinion.

Mr. CONNALLY. I thank the Senator. Mr. President, I want to conclude. I do not want to be discourteous and fail to yield, but I hope I can finish what I wish to say, because I understand there is anxiety that a vote be taken tonight on the pending amendment.

I believe adoption of the program will have a great deal to do with stabilizing Europe. If the countries involved be-

come independent economically and politically, they will have freedom in expressing their views, and greater freedom in international relations among the other nations of the world. I want these nations to be in position where their self-respect will be preserved, so they will feel like they are on their own and can make their contributions to international life. They cannot do it with hunger and misery sweeping over their lands.

Mr. President, as I pointed out awhile ago, the plan has been screened down from time to time until tonight it provides only \$5,300,000,000 for the first 12 months. After that time it will be up to the Congress as to whether it wants to appropriate another dollar or whether it wants to discontinue the program entirely.

We have had hearings before the Foreign Relations Committee from the 8th of January to the 5th of February, nearly 30 days, practically every day. We have heard witnesses from all classes of people who came before us explaining the problem, and giving us their views on the economics of the United States. We had the reports of the Harriman committee, the Krug committee, and the Nourse committee. The Secretary of the Treasury came before us, as did the Secretary of Agriculture and the Secretary of Defense. Representatives of the World Bank came before us.

The Senator from Ohio made some point about the World Bank. The World Bank estimated the amount needed to be slightly larger than the committee allowed. The World Bank estimated the amount to be \$7,000,000,000. The World Bank said that would be a safe figure without disrupting or injuring the economy of the United States.

Mr. President, I feel that to cut this amount to the point suggested by the Senator from Ohio would be a distinct discouragement to the European nations. Propagandists would say, "Oh, yes, the United States is not sincere. It has already cut your appropriation below the figures contained in the bill." It would be a tremendous discouragement to the nations of western Europe and to the people of western Germany who want to comply with the program and are looking to it with eyes of hope and expectation.

It would not only discourage them but it would encourage those who are fighting the plan. It would start up again the propaganda machines to discourage the plan and to berate and denounce and abuse the United States for not keeping faith with the 16 nations of Europe. Do not doubt but that it would be done. The enemies of the plan would placard our action all over Europe. The radio would ring with their frenzied utterances, pointing out that the United States has fooled the European countries and did not undertake to keep the faith.

Mr. President, I believe that democracy is at stake. The lines of communism and totalitarianism are advancing all over Europe. They will advance into the western part of Europe. They will

spread through Italy, and they will spread to every other country where it is felt that those obnoxious doctrines can find support or nourishment. We want to stop it. The methods are the methods of Hitler, except that they are not accomplished with arms. Hitler took over Austria with the Anschluss. He took over Czechoslovakia without firing a shot. He took over other nations by pressure, by overwhelming them with his minions, taking them into the embrace of the system of totalitarianism and tyranny. Unless something is done for these countries they may be absorbed into the great empire of totalitarianism.

In conclusion, let me say that the world is in a great crisis. In a world crisis the United States must play its own part. It must play a noble part. It must play an outstanding part. The United States occupies a leading place among the democracies of the world. It leads in the economic and financial world. It stands out in the military world as the greatest power in the world. We must not—we dare not—refuse to assume the obligations which go with those mighty positions of power.

The United States cannot afford to be false to its ideals and purposes. We cannot be false to the men who died on battlefields to maintain our liberties and our prestige. We cannot forsake the great historic personages of the past. We must not fail the world. The world looks upon us as the greatest power in the world. It has faith in us. It knows that we do not want to conquer other lands. It knows that we do not want reparations and indemnities. We must not fail the world; and these nations are an important part of the world to us. We must not fail them.

Of course, as pointed out by the Senator from Ohio, we must remain armed. I believe that the safety and security of the United States requires that we maintain a great Army, a great Air Force, and a great Navy, in order that the people of the United States may be secure in their liberties and in their property and in situations. Of course we all favor that. However, that does not answer the question.

The big question in this whole program is the desire of the United States for world peace. Since World War I public men of the United States—not all of them, but many of them—have been striving to bring about machinery for the establishment of world peace. I recall that before the war, and before the San Francisco Conference the able chairman of the Foreign Relations Committee [Mr. VANDENBERG] and I, together with other members of the Foreign Relations Committee, were striving, planning, and laboring, in conferences in the Department of State and among ourselves, to bring about a plan for world peace, the settlement of international disputes, and the protection of nations from aggression and invasion, so that they might enjoy the fruits of their labors. Finally, after several years of consideration of such plans in the State Department and else-

where in Washington, we were sent to San Francisco to consider the United Nations.

The United Nations was not all that we wished. We wanted peace, and we sought to bring about an instrument of peace. After many weeks of labors we brought back to this chamber the United Nations Charter. By an almost unanimous vote the Senate honored those who drew it and those who supported it.

Since that time there have been many international conferences. In all those conferences it has been our ambition and purpose to contribute to the peace of the world. To my mind that is the dominant thing upon which we are voting tonight. We are voting upon the peace of the world. If the nations of western Europe can regain their independence, their stability, and their economic powers, peace in Europe will be much more secure than it is now, with threats and dangers coming out of the East which may overwhelm or submerge the democracies and the freedom-loving peoples of the western part of Europe.

So tonight my appeal is, Let us contribute to the peace of the world. Let us not be content with the provisions in this bill, but let us fill it with the spirit of peace and security for those peoples who believe in democracy, who are devoted to liberty and freedom, and who will join the United States in working out, together and bilaterally, the plans which we have in mind for the rehabilitation of Europe, which will save its people from chaos, misery, and ruin, and reestablish in those fair lands a standard of equality and independence, making them vital nations in the world in the future development of our historic policies and precepts. [Applause.]

Mr. WHERRY subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, in connection with the reference to the report of the Small Business Committee, pages H-16, H-17, and H-18 from the Commodity Report on the European Recovery Program, from the Committee of the Executive Branch, having to do with the production of steel.

Mr. CONNALLY. I shall not object to the insertion in the RECORD, but I do not want the matter to come right in the middle of my address. If the Senator has it inserted at the end of my remarks, that is all right.

Mr. WHERRY. It is perfectly agreeable to me to have it placed wherever the Senator would like to have it, so far as the position in the colloquy is concerned, but I should like to have it in connection with the report of the Small Business Committee, which was a matter of debate, if the Senator will permit.

Mr. CONNALLY. That is very difficult, because there was a running-fire debate, and the Senator now comes in with three pages to have inserted in the middle of the debate, and no one would know what the debate was about.

Mr. WHERRY. It will be all right to have it printed following the remarks of the Senator.

Mr. CONNALLY. To be inserted at the end of my address?

Mr. WHERRY. Yes.

The PRESIDING OFFICER. Without objection, the matter presented by the Senator from Nebraska will be printed at the end of the address of the Senator from Texas.

The matter is as follows:

COMMUNITY REPORT, EUROPEAN RECOVERY PROGRAM

CHAPTER H. IRON AND STEEL, INCLUDING STEEL-MAKING EQUIPMENT

(This report is the result of the first phase of analysis of the European recovery program and may be subject to revision.)

I. Introductory and summary

This report attempts to summarize and to appraise the proposals advanced in the CEEC technical report on iron and steel. Data shown in this report relate to calendar years 1948-51. In certain other documents, similar United States estimates have been adjusted to cover the fiscal years, 1948-52. This shift in time periods does not result in important changes since steel production is not significantly affected by seasonal variation.¹

The main outlines of the CEEC report may be briefly stated. It forecasts large increases in steel production by participating countries in 1948 and more modest increases thereafter. For the first year of the program, the projected increases for the 16 countries are to be accomplished largely through the maximum utilization of existing iron and steel-making capacity. Thereafter gains in output are scheduled on the basis of the realization of projected plant expansion programs. Over the period of the program, iron and steel production equipment valued at slightly over \$400,000,000 would be secured from the United States. In addition, imports of over 2,000,000 metric tons of crude and semi-finished steel are called for annually, as well as large quantities of scrap. Besides these requirements stated in the CEEC report, imports from the United States of finished steel are projected at levels declining from 1,100,000 to 25,000 tons. The quantities of steel thus available to the participating countries as a group would permit both large increases in domestic consumption and the resumption of a substantial part of the participants' former export trade in iron and steel.

The expected increase in domestic steel consumption in the 16 countries is predicted on the existence of an enormous demand for steel for reconstruction and on the necessity of replacing Germany, in considerable measure, as an exporter of machinery, equipment, and other products fabricated of steel. Finally, the export program in steel is regarded by the CEEC as a vital means of reestablishing international market positions which, for the long-run future, are expected to be a vital source of substantial quantities of foreign exchange.

In reviewing the iron and steel requirements of the participating countries in the light of probable availabilities, representatives of the United States agencies concluded that (1) the United States will not be able to export scrap and will be able to export only 20 percent of the amounts of crude and semi-finished steel (excluding hot-rolled

strip in coils which is classed as a semi-finished product in the CEEC report), required by the participating countries, (2) that the United States might increase its exports of finished steel above the amounts proposed in the CEEC report in order to overcome in part the unsatisfied requirements for scrap and crude and semi-finished steel, and (3), that in 1948 the participating countries, owing to shortages of materials and transport, will probably not be able to reach their production targets for that year.

Both the consumption estimates and the trade pattern advanced in this report follow from these conclusions. It is expected that the participating countries will reduce exports both to other participants and to the rest of the world, and at the same time sustain total imports of finished steel, thereby partly protecting consumption in the first 2 years from the effects of the anticipated lower home production. The chief impact of the probable reductions in imports of scrap and of crude and semi-finished steel from the United States falls on the United Kingdom and Italy which together seek the bulk of these imports.

The United States estimates of consumption of finished steel are more than 4,000,000 tons under the CEEC estimates for the first year of the program and about 2,000,000 tons under those for the second year. Thereafter, the United States estimates conform to those given in the CEEC report.

It was not possible to make an independent judgment of the ability of individual participating countries to consume the quantities of steel each projected, or of their need for these quantities. It seems clear, however, that a failure to meet CEEC estimates by 13 percent in the first year and about 5 percent in the second year should not seriously affect the recovery program in the over-all. Rough calculations suggest that the steel requirements in basic industries studied by CEEC technical committees will take 40 to 50 percent of anticipated total steel consumption. It should be possible, therefore, to direct the main impact of reduced supplies toward other, less vital domestic programs and, possibly, to a limited extent toward a reduction in exports.

The CEEC steel-plant-expansion program calls for the provision of slightly more than \$400,000,000 worth of equipment of various types from the United States or about 45 percent of total requirements for new iron and steel production equipment. Of this quantity between \$60,000,000 and \$80,000,000 is already on order. While data are lacking with which to appraise with any precision the requirements for new plant facilities, the United States agencies are of the opinion that a substantial portion of equipment requirement might be supplied out of German reparations. When the equipment requirements are reviewed in detail, and when account is taken of availabilities from German reparations, it is doubtful whether total equipment requirements from the United States will exceed half the CEEC figure.

The shortage of scrap, which the CEEC indicates will adversely affect steel production in the United Kingdom and Italy, could be materially alleviated by intensified efforts in the collection of this material throughout western Europe, especially in Germany. The collection of scrap has not been given high-priority status in bizonal economic programs up to this time. Such priority might well yield substantial quantities of this material above present schedules.

An attempt was made to estimate the total drain on United States steel supplies entailed by the United States estimates for exports from this country of steel as such and of steel in selected basic fabricated items. The results, while rough, indicate a total

drain of about 4,000,000 tons a year in steel ingot equivalent. However, in terms of metallics, considerably less would flow to Europe since the scrap generated both within the steel industry and in fabricating industries would remain in the United States. The figure of 4,000,000 tons just advanced is, therefore, essentially only a measure of the extent to which crude-steel capacity in the United States might be utilized to satisfy European recovery needs.

It is also suggested that after the recovery program is put into operation, the Economic Cooperation Administration should obtain assurances that the prewar European steel cartel or other restrictive practices affecting production and trade will not be employed.

II. The European home-supply position

A. The Production Program

Tables 1 and 2 compare the United States estimates of production for each country with the CEEC estimates and with actual figures for prewar years. Discrepancies between CEEC and United States estimates arise mainly from differences in the timing of schedules of production, particularly for 1948, when the 16 participating countries aim at achieving a maximum utilization of existing capacities.

As may be seen from table 1, production of steel ingots in western Europe, including western Germany, is placed by CEEC at 42.3 million metric tons in 1948, as compared with an estimated production of 30,300,000 tons in 1947, or an increase of 40 percent. If the United Kingdom, which aims at a relatively modest increase of 10 percent, is omitted from the computations, the percentage increase for the other countries, including western Germany, is 60 percent. The United States estimate for 1948 is approximately 36,800,000 tons, an increase of 20 percent over 1947. For the later years, the United States estimates approach more closely those advanced by the CEEC.

In arriving at the estimated output of crude steel, the United States agencies gave attention to the tight supply of metallics and to shortages in coke and steel capacities. All these adverse factors will be felt most acutely in 1948. Scrap shortages in the United Kingdom and Italy are particularly pronounced. Since, according to the CEEC, these shortages cannot be made up from western European supplies, and since the scheduled imports from the United States will probably not be available, estimates of crude output in these two countries have been cut considerably. The United States agencies assumed that coke supplies in 1948 will not be entirely adequate to allow the scheduled increases in steel output, especially in France and Belgium-Luxemburg. However, should all the needed coke in 1948 become available, it is felt that other bottlenecks such as transportation, manpower, and organizational difficulties would not permit the output scheduled for western Europe by CEEC. This conclusion is especially applicable to France, Belgium-Luxemburg, Italy, and Austria.

Estimates of finished steel production for each country were based upon its consumption of crude steel by applying the same ratios used by CEEC. (See table 2.) For most countries, revised estimates of finished steel output fall below the CEEC estimates in approximate proportion to the reduction in estimated output of ingots. Since the CEEC estimates of finished-steel output for the United Kingdom and Italy assumed large imports of crude and semi-finished steel, and since only a small portion of the imports expected from the United States have been allowed, the estimates of finished-steel output in these two countries are reduced by a higher proportion than were their crude-steel production estimates.

¹ For the most part, participating countries are dealt with as a group and wherever appropriate, data are presented both to include and to exclude western Germany. The term "participating countries" means the 16 CEEC countries and western Germany and the CEEC countries means the participating countries, excluding western Germany.

TABLE 1.—Production of crude steel by participating countries in past years and in 1948 to 1951 as estimated by CEEC and by United States agencies

[In thousand metric tons]

Country	Most active prewar year ¹	1938	1947	1948		1949		1950		1951	
				CEEC estimate	United States estimate	CEEC estimate	United States estimate	CEEC estimate	United States estimate	CEEC estimate	United States estimate
Austria.....	(1929) 632	666	400	600	500	720	600	720	720	1,000	1,000
Belgium.....	(1929) 4,275	2,324	2,815	4,250	3,565	4,250	3,900	4,850	4,300	4,850	4,300
Denmark.....	(1939) 6	6	30	35	35	45	45	55	55	70	70
France.....	(1929) 9,711	6,221	5,812	10,400	7,300	10,890	8,700	11,700	10,000	12,680	11,000
Greece.....	(1938) 20	20	10	20	20	20	20	120	50	220	100
Ireland.....	(1938) 2	2	2	9	9	15	15	22	22	30	30
Italy.....	(1938) 2,328	2,328	1,600	2,500	2,000	2,670	2,350	2,830	2,600	3,000	2,800
Luxembourg.....	(1929) 2,696	1,436	1,800	3,000	2,250	3,000	2,700	3,000	2,700	3,000	2,700
Netherlands.....	(1937) 39	57	207	303	300	393	390	473	470	503	505
Norway.....	(2) 63	65	57	67	67	72	72	92	90	92	90
Sweden.....	(1938) 995	995	1,195	1,300	1,300	1,500	1,500	1,760	1,760	2,060	2,060
Switzerland.....	(1938) 5	5	57	80	80	80	80	80	80	80	80
Turkey.....	(1939) 82	82	80	80	80	85	80	90	80	90	80
United Kingdom.....	(1937) 13,192	10,564	12,700	13,970	13,080	14,200	13,900	14,480	14,480	14,990	15,000
Total, 16 countries.....	33,962	24,687	26,767	36,614	30,586	37,940	34,352	40,272	37,407	42,675	39,815
Bizone.....	(1938) 17,820	17,820	2,750	4,075	4,477	5,500	6,259	7,500	8,525	10,000	10,000
French zone.....	(1938) 424	424	60	100	100	150	150	150	150	150	150
Saar.....	(1938) 2,538	2,538	752	1,550	1,600	2,538	2,500	2,538	2,500	2,538	2,500
Total, 17 countries.....	54,744	45,469	30,329	42,339	36,763	46,128	43,261	50,460	48,582	55,363	52,465

¹ As selected by each country to show greatest representative prewar activity. In most cases a single year was used throughout the questionnaire so that in some instances the figure given under this heading may be less than the figure for 1938.

² Not available.

TABLE 2.—Production of finished steel by participating countries in past years and by 1948–51 as estimated by CEEC and by United States agencies

[In thousand metric tons]

Country	Most active prewar year ¹	1938	1947	1948		1949		1950		1951	
				CEEC estimate	United States estimate	CEEC estimate	United States estimate	CEEC estimate	United States estimate	CEEC estimate	United States estimate
Austria.....	(1929) 427	467	286	380	316	432	361	432	432	650	650
Belgium.....	(1929) 3,268	1,805	2,446	3,650	3,083	3,650	3,353	4,123	3,673	4,123	3,673
Denmark.....	(1939) 6	6	91	40	35	30	45	55	55	70	70
France.....	(1929) 6,589	4,115	4,090	7,500	5,279	7,810	6,260	8,350	7,128	8,960	7,782
Greece.....	(1938) 15	15	8	15	15	15	15	90	37	165	75
Ireland.....	(1938) 3	3	2	9	9	15	15	22	22	30	30
Italy.....	(1938) 1,748	1,748	1,360	2,450	1,845	2,740	2,310	2,990	2,524	3,280	2,729
Luxembourg.....	(1929) 1,910	1,026	1,266	2,230	1,680	2,230	2,005	2,354	2,115	2,354	2,115
Netherlands.....	(1937) 10	154	130	200	200	300	300	350	350	400	400
Norway.....	(2) 92	82	66	97	97	101	101	120	120	120	120
Sweden.....	(1938) 687	687	845	950	950	1,150	1,150	1,280	1,280	1,500	1,500
Switzerland.....	(1938) 55	55	95	95	95	95	95	95	95	95	95
Turkey.....	(1939) 57	57	60	60	60	65	60	60	60	68	60
United Kingdom.....	(1937) 10,373	8,216	10,300	11,980	10,377	12,065	10,905	12,265	11,306	12,410	11,638
Total, 16 countries.....	25,183	18,379	21,042	29,576	24,041	30,638	26,975	32,594	29,197	34,225	30,937
Bizone.....	(1938) 13,360	13,360	2,062	3,056	3,256	4,125	4,525	5,625	6,225	7,500	7,500
French zone.....	(1938) 411	411	70	170	170	275	275	275	275	275	275
Saar.....	(1938) 1,952	1,952	504	1,179	1,179	1,889	1,889	1,889	1,889	1,889	1,889
Total, 17 countries.....	40,906	34,102	23,678	33,981	28,646	36,927	33,664	40,383	37,586	43,889	40,601

¹ As selected by each country to show greatest representative prewar activity. In most cases a single year was used throughout the questionnaire so that in some instances the figure given under this heading may be less than the figure for 1938.

² Transfers to stocks expected to exceed production. In revising production estimates, the United States agencies made no allowance for such transfers to stocks.

³ Year not available.

B. Western European Steel Expansion Programs

[In thousand metric tons]

The major western European steel-producing countries other than Belgium and Luxembourg, as well as several of the smaller producers, are planning expansion of their iron and steel capacities. The greater part of this new capacity is not expected to come into operation until 1950 or 1951, at the earliest.

The planned net expansion in iron and steel capacity by 1951 is shown below:

[In thousand metric tons]

	Ore mining	Pig iron	Crude steel	Steel finishing
Austria.....	1,400	550	750	456
Denmark.....			40	40
France.....		1,700	2,000	1,500
Greece.....	340	150	200	150
Ireland.....			78	
Italy.....		915	680	100

	Ore mining	Pig iron	Crude steel	Steel finishing
Luxembourg.....				124
Netherlands.....		150	195	190
Norway.....			29	27
Sweden.....		400	700	500
Switzerland.....				10
Turkey.....	350		240	190
United Kingdom.....	1,524	1,524	1,677	1,271
Total.....	3,614	5,339	6,589	4,558

The total cost of the expansion and modernization programs planned by the participating countries is estimated at \$2,200,000,000, as shown in table 3. Not more than 40 percent of this total cost represents iron and steel production equipment itself. Of equipment requirements, about \$550,000,000 will be met by imports, with about \$400,-

000,000 expected to come from the United States (see table 4 and 5). Thus, planned imports from the United States constitute about 45 percent of total equipment requirements. Orders have already been placed in this country for facilities valued at \$60,000,000 to \$80,000,000.

The possibility of meeting a portion of requirements from German reparations was discounted in the Paris report. It is the opinion of the United States agencies that this source of production facilities should be fully utilized. A more detailed discussion of this subject is to be found in Appendix 3 of this report.

The requirements for steel-plant machinery and equipment set forth in the CEEC report can be evaluated only as a part of the broader steel production, consumption, import, and export programs which the report advances. It is clear, for example, that the requirement of the United Kingdom for two continuous strip mills is not unrelated to

that country's requirement for imports of approximately 2,000,000 tons of crude and semifinished steel annually.

Even should the very optimistic CEEC steel-ingot production expectations be realized, the finishing capacity of the CEEC countries, particularly that of the United Kingdom and Italy, would still not be fully employed—a fact which is pointed out by CEEC itself.²

² Committee on European Economic Cooperation, General report, vol. I, p. 96.

Thus it is clear that under the more realistic, and lower, production figures advanced by the United States agencies, and with United States exports of crude and semifinished steel scheduled at a relatively low percentage of the CEEC requirement, the steel-finishing capacity of the CEEC countries will be employed at an even lower rate.

Under these circumstances, it is obvious that the requirements for steel-plant equipment should be revised as to type, scale, and timing. In the absence of more detailed information, it has not been possible to de-

velop a revised program on steel-equipment needs. Such revisions may be important for some of the smaller producers, such as Greece and Turkey, as well as for the larger producers. When account is taken of the possibility of greater utilization of German equipment and more complete employment of existing finishing equipment in the CEEC countries, it is doubtful whether total equipment requirements from the United States would exceed half the CEEC figure of \$400,000,000.

TABLE 4.—Value of imports of iron and steel or modernization and expansion of iron and steel industry in participating countries over period 1948–51

[In thousand dollars]

Country	Ore mining	Pig-iron production	Crude-steel production	Steel finishing	Other or unspecified	Total
Austria.....	\$25,000	\$48,000	\$16,050	\$63,170	\$6,800	\$115,820
Belgium.....	(1)	(1)	(1)	(1)	(1)	182,500
Denmark.....	(1)	(1)	3,300	700	400	² 4,400
France.....	(1)	(1)	(1)	(1)	(1)	1,000,000
Greece.....	6,000	28,000	7,000	15,000		² 56,000
Iceland.....	(1)	(1)	(1)	(1)	(1)	
Ireland.....	(1)	(1)	(1)	(1)	(1)	² 2,500
Italy.....	(1)	(1)	(1)	(1)	(1)	² 20,000
Luxemburg.....	(1)	(1)	(1)	(1)	(1)	118,000
Netherlands.....	(1)	(1)	(1)	(1)	(1)	² 43,000
Norway.....	10,000		300	1,300		² 11,600
Portugal.....						
Sweden.....						
Switzerland.....						
Turkey.....	4,300	6,600	5,500	19,000	(1)	² 35,400
United Kingdom.....	(1)	(1)	(1)	(1)	(1)	600,000
Subtotal.....	(1)	(1)	(1)	(1)	(1)	² 2,189,220
Western Germany:						
Bizone.....						
French zone.....						
Saar.....		10,900	11,400	13,700		² 36,000
Total.....	(1)	(1)	(1)	(1)	(1)	² 2,225,220

¹ Not available.

² Represents only cost of new equipment and modernization, as shown in table 4. For all other countries the figures shown include all other costs related to the programs, such as the costs of preparing plant sites and installing equipment.

³ It is estimated that equipment costs represent about 40 percent of this total.

NOTE.—This material, in the form here shown, was submitted to the United States agencies by the CEEC technical advisers in the course in the Washington conversations Oct. 31, 1947.

TABLE 4.—Value of imports of iron and steel production equipment required by participating countries from all sources over period 1948–51

[In thousand dollars]

Country	Ore mining	Pig-iron production	Crude-steel production	Steel finishing	Other or unspecified	Total
Austria.....	\$5,267	\$2,640	\$4,970	\$36,000	\$2,150	\$51,027
Belgium.....	(1)	(1)	(1)	(1)	(1)	55,000
Denmark.....	(1)	(1)	3,300	700	400	4,400
France.....	13,500	1,000	3,200	77,000		94,700
Greece.....	6,000	28,000	7,000	15,000		56,000
Iceland.....	(1)	(1)	(1)	(1)	(1)	
Ireland.....	(1)	(1)	(1)	(1)	(1)	2,500
Italy.....	(1)	(1)	(1)	(1)	(1)	20,000
Luxemburg.....	(1)	(1)	(1)	(1)	(1)	79,550
Netherlands.....	(1)	(1)	(1)	(1)	(1)	43,000
Norway.....	10,000		300	1,300		11,600
Portugal.....	(1)	(1)	(1)	(1)	(1)	(1)
Sweden.....	(1)	(1)	(1)	(1)	(1)	
Switzerland.....						
Turkey.....	4,300	6,600	5,500	19,000		35,400
United Kingdom.....				60,000		60,000
Subtotal.....	(1)	(1)	(1)	(1)	(1)	513,177
Western Germany:						
Bizone.....						
French zone.....						
Saar.....		10,900	11,400	13,700		36,000
Total.....	(1)	(1)	(1)	(1)	(1)	549,177

¹ Not available.

NOTE.—This material, in the form here shown, was submitted to the United States agencies by the CEEC technical advisers in the course of the Washington conversations Oct. 31, 1947.

TABLE 5.—Value of imports of iron- and steel-production equipment required by participating countries from the United States over period 1948-51

[In thousand dollars]

	Ore mining	Pig-iron production	Crude steel production	Steel finishing	Others or unspecified	Total	Blooming mill	Mechanized sheet mill	Bar and rod mill	Sheet mill	Modernization of plant	Hot mill continuous strip mill	Rolling mill	S. Martin furnace	Plate mill	Broad flange beam mill	Finishing mill	Open hearth steel plant	Transport facilities	Miscellaneous	Iron-ore-mining equipment
Austria			11,000	40,000		51,000	11,000			40,000											
Belgium				55,000		55,000															
Denmark			33,000	700		4,000							700	2,700	600						
France			3,000	77,000		80,000	3,000					55,000	22,000								
Greece	6,000	28,000	7,000	15,000		56,000															
Iceland																					
Ireland				1,500		1,500		1,500													
Italy			18,000			18,000															
Luxembourg	(1)	(1)	(1)	(1)	(1)	18,000															
Netherlands	(1)	(1)	5,000	10,000	20,000	35,000	5,000				16,000						10,000	1,000	3,000		
Norway	8,500	(1)	(1)	(1)	1,360	9,860														8,500	
Portugal																					
Sweden	(1)	(1)	(1)	(1)	(1)	(1)															
Switzerland																					
Turkey	4,300	1,800		10,000		16,100	2,500	2,200	4,300											1,000	4,300
United Kingdom				60,000		60,000			1,000			34,000			9,000	6,000				10,000	
Subtotal	(1)	(1)	(1)	(1)	(1)	404,460															
WESTERN GERMANY																					
Bizone																					
French zone																					
Saar																					
Total	(1)	(1)	(1)	(1)	(1)	404,460															

1 Not available.

NOTE.—This material, in the form here shown, was submitted to the United States agencies by the CEEC technical advisers in the course of the Washington conversations.

III. Availabilities from the United States

For the year 1947, production of steel ingots in the United States will be approximately 84,000,000 net tons. This is approximately 7,000,000 tons below the annual capacity of the industry. It is, however, the highest peacetime rate ever achieved, exceeding 1941 by approximately 12,000,000 tons.

In spite of this high rate of production, the United States is suffering a severe steel shortage. There are many steel-consuming industries which are operating much below their capacity. Perhaps the best example of this is the automobile industry, which has capacity to produce in excess of 6,000,000 passenger vehicles per year yet, in face of a record demand, is producing at the rate of only 4,000,000 vehicles per year.

The demand for steel from virtually all industries exceeds the supply going to those industries. Though this is particularly true of the light-sheet-using industries, it is also true of many others. The oil and gas industry is facing a severe shortage of large diameter pipe for long-distance pipe lines and smaller pipe and casing for drilling and refining use. Numerous examples can be cited from other industries, such as railroads and construction. Some of the obvious consequences of the steel shortage in the United States can be seen in the very high level of steel prices as well as the considerable black-market trade in steel.

Although steel of virtually all types, with the exception of high-priced alloy steels, is in short supply, some products are scarcer

than others. Sheets, strip, tinplate, and pipe and tubes appear to be the tightest items. Additional capacity for rolling sheets is now being constructed and some of this will actually be in operation within 6 months. However, to the extent that more ingots are allocated to sheet mills, there will be correspondingly less for other products, so that the shortage will be shifted to different products rather than being eased generally.

The raw-material situation in steel is one of the reasons for a steel production 7,000,000 tons below capacity. The raw material in tightest supply is scrap steel. As a result of the inability to obtain more scrap, the pig-scrap ratio is almost 15 percent higher on the pig side than the normal prewar rate. The price of scrap is now at its all-time high of approximately \$40 per ton. There is little prospect for improvement in the scrap-supply position.

In view of the steel supply situation in the United States, the CEEC requirements for imports of scrap, crude, and semifinished steel from the United States should be considerably reduced. No imports of scrap from the United States are scheduled by the United States agencies because of the almost ton-for-ton reduction in basic-steel production which this would entail; also, because any large-scale foreign bidding for scrap in the United States would have serious repercussions on the volatile domestic scrap price which, in turn, would boost the whole structure of steel costs and prices. Much the same reasoning led to the reduction of the import

requirements for crude and semifinished steel (exclusive of hot rolled strip) to approximately one-fifth of the CEEC requirements. Shipments of such materials from this country lead not only to a reduced output of finished steel, but also deprive the American steel industry of the scrap generated in further finishing of these materials, approximately 15 percent of total weight, and thus indirectly further limit domestic production.

For the first year of the program, the United States agencies allow the participating countries greater-than-current imports of sheets, though less than the amounts requested, and the full quantity of tin plate requested. Imports of all other finished steel are scheduled for the first year at the current rate, or at about two and a half times the level requested. This increase over the CEEC total will make up for part of the expected deficiency in European production as compared to CEEC expectations. Under a policy of allowing western Europe the steel needed to meet stated consumption requirements, within the limits of United States availabilities, imports of finished steel for the other 3 years of the program are also scheduled in excess of the amounts requested.

The United States agencies schedule of imports by participating countries from the United States is compared in table 6 to the import requirements from the United States as stated by CEEC.

TABLE 6.—Imports of iron and steel products from the United States in 1947 and in 1948-51¹ as scheduled for participating countries by CEEC and by United States agencies

[Quantities in thousand metric tons, actual weight]

Product	Estimated 1947	1948		1949		1950		1951	
		Scheduled by CEEC	Scheduled by United States agencies	Scheduled by CEEC	Scheduled by United States agencies	Scheduled by CEEC	Scheduled by United States agencies	Scheduled by CEEC	Scheduled by United States agencies
I. Total weight:									
Crude and semifinished steel ²									
Excluding hot-rolled strip.....	340	1,770	400	1,820	400	1,980	400	1,970	400
Hot-rolled strip.....	(³)	270	250	270	250	270	250	200	200
Finished steel: ⁴									
Sheet.....	160	385	215	180	180	31	31	250	250
Tin plate.....	112	291	290	285	285	269	269	(⁵)	902
Other finished steel.....	1,150	449	1,150	(⁶)	1,235	(⁶)	1,330	(⁶)	(⁶)
Total finished steel.....	1,422	1,125	1,655	465	1,700	400	1,630	250	1,152
Scrap.....	6	1,399	1,753	63	35	2,091	2,231	2,231	2,231
Pig Iron.....	34	182	35	68	68	78	83	83	83
Ferromanganese.....	(⁶)	55	68	68	68	78	83	83	83
II. Total dollar value (millions).....	(⁶)	\$341	\$227	\$281	\$229	\$275	\$210	\$268	\$164

¹ In final outline of the European recovery program, the imports scheduled by the United States agencies will relate to the fiscal years 1949-52.² If measured in ingot equivalents these weights would be approximately 15 percent higher.³ Included in export total for sheet.⁴ Excludes for 1948-51 finished steel for use directly in coal mining and scheduled separately in that program. For the entire period this item amounts to 52,000 tons.⁵ Negligible.⁶ Not available.**IV. Foreign trade of participating countries in finished steel****A. European Trade in Finished Steel, 1937**

It was decided to compare, for the participating countries as a group, prewar and projected relationships among production, exports, imports, the net export balance, and consumption of finished steel.³ For this purpose, 1937 was selected as the prewar base, both because it was the most recent year for which detailed information was readily obtainable and because it did not appear to be severely abnormal for the purpose of this analysis. The year 1938, for example, would not be suitable quite apart from the fact that complete data are not available for that year. Though production for 1938 in the participating countries was about equal to 1937, exports were almost 4,000,000 tons less, due largely to the augmented demands of domestic armament industries. While the prewar comparison is, therefore, carried through on the basis of 1937, a few of the corresponding items which are readily available for 1938 are also shown in tables 7 and 8.

Historically, western Europe has been the net supplier of finished steel to the rest of the world. While there has always been some importation of finished steel by western European countries from outside of Europe, this has typically been a very small flow in comparison to the flow of finished steel in the reverse direction. In 1937 the 17 countries exported about 31 percent of their total production. Of this quantity (10,600,000 metric tons), three-fifths went to the present nonparticipating countries (6,400,000 tons), whereas imports by the 17 participating countries from the nonparticipating countries were only 700,000. This left an export balance of 5,600,000 tons which the 17 countries as a group contributed to the world market. (See table 7.) When only the 16 countries are considered, this net contribution becomes about 4,000,000 tons. (See table 8.)

At the same time the 17 countries were exchanging approximately 4,000,000 tons in trade among themselves. This represented approximately 12 percent of their total production of finished steel. The net export balance for the 17 countries represented approximately 16 percent of production. When

total production is increased by imports from and diminished by exports to nonparticipating countries, it appears that net consumption of finished steel by the 17 countries in 1937 amounted to about 29,000,000 tons.

B. Effect of United States Revisions Upon Trade Patterns in CEEC Report

The United States revision of the trade pattern visualized in the CEEC proposals was made primarily in terms of three factors: a reappraisal and substantial downward revision of European production probabilities; a substantial decrease in the amount of crude steel available from the United States; and a substantial increase in the quantity of finished steel assumed to be available from the United States. The trade pattern which appears in the revised program is an indirect result of these major changes rather than a direct revision of the trade pattern itself.

Exports were revised downward, country by country, in accordance with lowered estimates of production. The proportionate division of shipments to participating and nonparticipating countries was retained. The revision of total imports reflects both the reduction in Europe's total exports to itself and the increase in United States exports of finished steel to Europe. The net result of these adjustments is a sharp increase, over the CEEC figure, in imports of finished steel from nonparticipating countries and, after the first year, a slight increase in total imports. The total effect of the committee's revision of the western European trade pattern is to reduce exports and sustain imports, thereby partly protecting consumption from the effect of lowered production, but at the price of a much lower export balance than was estimated by the original CEEC plan.

C. European Trade in Finished Steel, 1948-51—Under United States Revisions

The revised estimates visualize a sharp increase in finished steel production, from 28,600,000 tons in 1948 to 40,600,000 in 1951. Roughly 25 percent of production would be exported annually, about three-fifths to participating countries and the balance to outside countries. Total imports would be less than total exports and would, as a percentage of production, decline from 23 percent in 1948 to 18 percent in 1951, the absolute annual imports rising from 6,400,000 to 7,200,000 tons. A declining share of total imports would be from outside countries averaging somewhat under 25 percent. The participating countries would maintain a net export balance in steel with the outside world

throughout the period, growing from 1,200,000 tons in 1948 to 3,100,000 in 1951. This balance would represent an increasing share of total production. Net consumption in the participating countries under such a trade pattern would increase sharply from 27,400,000 tons in 1948 to 37,500,000 in 1951.

Total exports during the period 1948-1951 are consistently lower in relation to production than in 1937, although considerably higher than in either 1938 or 1947. The percentage of production exported drops very slightly over the period. The relation between exports to participating countries and exports to outside countries is, throughout the entire period, the reverse of what it was prewar. Whereas, in 1937, 60 percent of exports from the 17 countries was to outside countries, this share in 1948-51 is about 40 percent. As against 6,400,000 tons exported to outside countries in 1937, the United States agencies estimate comparable exports of 3,000,000 tons in 1948 and 4,200,000 tons in 1951. This would indicate that the 17 countries will not be fully supplying their prewar outside markets during the program. More precisely, the 16 countries, excluding Germany, will be furnishing, in 1951, about 75 percent of their aggregate prewar supply to outside countries, but because of German production cuts, the 17 countries as a whole will furnish no more than two-thirds of their 1937 tonnage. Very sharp production increases or a leveling off of consumption in subsequent years might possibly enable the area to replace prewar Germany in the export market, but this is not scheduled to occur during 1948-51.

Scheduled total imports are somewhat less significant in analyzing the 1948-51 trade pattern than are exports. This is because the imports of finished steel from outside countries, an important segment of total imports, consists almost entirely of United States aid shipments. These are clearly designed to be of a temporary, abnormal character for the program period only and do not, therefore, in conjunction with imports from participants, add to any kind of normal import pattern. Annual imports of the 17 participants from each other rise from 4,600,000 to 6,000,000 tons. This segment of imports is considerably higher than in 1937 and is equivalent to a somewhat higher percent of production than in 1937. Total imports average annually about 1,600,000 tons above imports from participating countries—the difference representing United States aid shipments—and are likewise distinctly above 1937 levels.

³ Trade in crude and semifinished steel is of secondary importance and is largely a result of market conditions for finished steel. It fluctuates relatively widely about a low level.

The net export balance of the 17 participating countries is indicated by the revised estimates to range from 1,200,000 tons in 1948 to 3,100,000 tons in 1951. This modest rise is sharply below the original CEEC assumption and is drastically below the 1937 export balance of 5,600,000 tons. The net figure is, however, somewhat misleading. If annual imports from the United States of about 1,600,000 tons be disregarded, the export balance is correspondingly increased.

The 17 countries' export balance with the outside world, excluding the United States, would be 2,900,000 tons in 1948, rising to 4,200,000 tons in 1951. This latter figure, although still below the 1937 figure, more nearly approaches the probably prewar norm. Since the United States shipments are recognized to be in aid of reconstruction, and since the outside countries, excluding the United States, constitute the participants' normal

steel market, such an approach appears valid. Again assuming a smooth adjustment of post-1951 trade to the cessation of extraordinary imports from the United States and an increase in steel available for participants' exports, there appears to be a reasonable prospect for restoration of the participants' prewar export position within a few years after the conclusion of the aid program.

TABLE 7.—Exports and imports of finished steel by participating countries in past years and in 1948-51 as scheduled by CEEC and by United States agencies

	1937	1938	1947 (CEEC estimate)	United States estimate				CEEC estimate			
				1948	1949	1950	1951	1948	1949	1950	1951
1. In thousand metric tons:											
Production.....	34,340	34,102	22,968	28,646	33,664	37,586	40,601	33,981	36,927	40,383	43,889
Exports, total.....	10,585	6,889	4,535	7,662	9,007	9,922	10,275	9,118	9,796	(1)	(1)
To participants.....	4,219	(2)	(2)	4,640	5,699	5,959	6,045	5,518	6,159	(1)	(1)
To nonparticipants.....	6,366	(2)	(2)	3,022	3,308	3,963	4,230	3,600	3,637	(1)	(1)
Imports, total.....	4,635	4,524	3,986	6,442	7,468	7,589	7,197	6,790	6,693	(1)	(1)
From participants.....	3,916	(2)	(2)	4,640	5,699	5,959	6,045	5,518	6,159	(1)	(1)
From nonparticipants.....	719	(2)	(2)	1,802	1,769	1,630	1,152	1,272	534	300	260
Consumption ¹	28,693	31,829	23,155	27,426	32,125	35,253	37,523	31,672	33,927	(1)	(1)
Net exports to nonparticipants.....	5,647	(2)	(2)	1,220	1,539	2,333	3,082	2,328	3,103	(2)	(2)
2. As percent of total production:											
Exports, total.....	30.8	20.2	19.7	26.8	26.7	26.4	25.3	26.8	26.5	(2)	(2)
To participants.....	12.3	(2)	(2)	16.2	16.9	15.9	14.9	16.2	16.7	(2)	(2)
To nonparticipants.....	18.5	(2)	(2)	10.6	9.8	10.5	10.4	10.6	9.8	(2)	(2)
Imports, total.....	13.5	13.3	17.4	22.5	22.2	20.2	17.7	20.0	18.1	(2)	(2)
From participants.....	11.4	(2)	(2)	16.2	16.9	15.9	14.9	16.2	16.7	(2)	(2)
From nonparticipants.....	2.1	(2)	(2)	6.3	5.3	4.3	2.8	3.8	1.4	0.7	0.6
Consumption.....	83.6	93.3	100.8	95.7	95.4	93.8	92.4	93.2	91.9	(2)	(2)
Net exports to nonparticipants.....	16.4	(2)	(2)	4.3	4.6	6.2	7.6	6.8	8.4	(2)	(2)
3. Percentage distribution of exports:											
To participants.....	39.9	(2)	(2)	60.6	63.3	60.0	58.8	60.5	62.9	(2)	(2)
To nonparticipants.....	60.1	(2)	(2)	39.4	36.7	40.0	41.2	39.5	37.1	(2)	(2)
4. Percentage distribution of imports:											
From participants.....	84.5	(2)	(2)	72.0	76.3	78.5	84.0	81.3	92.0	(2)	(2)
From nonparticipants.....	15.5	(2)	(2)	28.0	23.7	21.5	16.0	18.7	8.0	(2)	(2)

¹ No estimate given by CEEC.

² Not available.

³ May include withdrawals from stock, or for other reasons fail to correspond to consumption figure computed from production and net export figures.

TABLE 8.—Exports and imports of finished steel by CEEC countries¹ in past years and in 1948-51 as scheduled by CEEC and by United States agencies

	1937	1938	1947 (CEEC estimate)	United States estimate				CEEC estimate			
				1948	1949	1950	1951	1948	1949	1950	1951
1. In thousand metric tons:											
Production.....	20,222	18,379	20,232	24,041	26,975	29,197	30,937	29,576	30,638	32,594	34,225
Exports, total.....	7,111	3,766	3,793	6,141	6,798	7,563	7,766	7,597	7,587	8,442	8,602
To participants.....	2,535	(2)	(2)	3,455	3,963	4,223	4,309	4,333	4,423	4,724	4,794
To nonparticipants.....	4,576	(2)	(2)	2,686	2,835	3,340	3,457	3,264	3,164	3,718	3,808
Imports, total.....	4,320	3,188	3,734	5,556	6,670	6,835	6,519	4,839	4,542	4,317	4,067
From participants.....	3,616	(2)	(2)	3,754	4,901	5,205	5,367	(2)	(2)	(2)	(2)
From nonparticipants.....	704	(2)	(2)	1,802	1,769	1,630	1,152	(2)	(2)	(2)	(2)
Consumption ¹	17,431	17,919	20,970	23,456	26,847	28,469	29,690	26,763	27,643	28,469	29,690
Net exports to nonparticipants.....	3,872	(2)	(2)	884	1,066	1,710	2,305	(2)	(2)	(2)	(2)
2. As percent of total production:											
Exports, total.....	35.1	20.5	18.7	25.5	25.2	25.9	25.1	25.7	24.8	25.9	25.1
To participants.....	12.5	(2)	(2)	14.4	14.7	14.5	13.9	14.7	14.5	14.5	14.0
To nonparticipants.....	22.6	(2)	(2)	11.1	10.5	11.4	11.2	11.0	10.3	11.4	11.1
Imports, total.....	21.4	17.3	18.5	23.1	24.7	23.4	21.1	16.4	14.8	13.3	11.9
To participants.....	17.9	(2)	(2)	15.6	18.2	17.8	17.4	(2)	(2)	(2)	(2)
To nonparticipants.....	3.5	(2)	(2)	7.5	6.5	5.6	3.7	(2)	(2)	(2)	(2)
Consumption.....	86.2	97.5	103.6	97.6	99.5	97.5	96.0	90.5	90.2	87.3	86.8
Net export to nonparticipants.....	19.1	(2)	(2)	3.7	4.0	5.9	7.4	(2)	(2)	(2)	(2)
3. Percentage distribution of exports:											
To participants.....	35.6	(2)	(2)	56.3	58.3	55.8	55.5	57.0	58.3	56.0	55.7
To nonparticipants.....	64.4	(2)	(2)	43.7	41.7	44.2	44.5	43.0	41.7	44.0	44.3
4. Percentage distribution of imports:											
From participants.....	83.7	(2)	(2)	67.6	73.5	76.2	82.3	(2)	(2)	(2)	(2)
From nonparticipants.....	16.3	(2)	(2)	32.4	26.5	23.8	17.7	(2)	(2)	(2)	(2)

¹ "CEEC countries" are the 16 countries, exclusive of western Germany. Note that in analyzing the destination of exports and source of imports of these countries, the categories used are "participants" (16 countries plus western Germany) and nonparticipants.

² Not available.

³ No estimate given by CEEC.

⁴ May include withdrawals from stocks, or for other reasons fail to correspond to consumption figure computed from production and net export figures.

V. Consumption of Steel in Participating Countries: 1948-51

On the basis of the United States estimates, less steel will be available for use in the participating countries during the first 2 years of the recovery program than is projected by the CEEC report. It is possible, however, that no more steel will

actually be required than is provided for since, by reason of the method of their construction, the consumption estimates in the CEEC report may be excessive, and since there appears to be some question as to whether facilities for consuming so much steel presently exist or can be brought into operation early in the period covered by the recovery program. A distinct and to some

extent inescapable weakness of the CEEC proposals and, consequently, of the United States revised estimates is the lack of detailed supporting data on the requirements for steel consumption in the participating countries.

The CEEC proposals visualize that the consumption of finished steel in the 17 countries

will rise from 31,700,000 tons in 1948 (about equal to 1938) to a substantially higher figure in 1951. Consumption in the 16 coun-

tries, starting in 1948 at 26,800,000 tons (well over 1938 levels), rises to a 1951 level of 29,700,000 tons, almost 66 percent above 1938.

Detailed figures for the 16 and 17 countries, in relation to 1938 and other preprogram years, are presented in table 9.

TABLE 9.—Consumption of finished steel by participating countries in past years and in 1948–51 as scheduled by CEEC and by United States agencies

[Quantities in thousand metric tons]

	Most active prewar year ¹	1938	1947	1948		1949		1950		1951	
				As scheduled by CEEC	As scheduled by United States committees	As scheduled by CEEC	As scheduled by United States committees	As scheduled by CEEC	As scheduled by United States committees	As scheduled by CEEC	As scheduled by United States committees
16 countries:											
Total consumption.....	22,354	17,919	20,970	26,763	23,456	27,643	26,847	28,469	28,469	20,690	29,690
Percent change from most active year.....											
1938.....		-20	-6	+20	+5	+24	+20	+27	+27	+33	+33
1947.....			+17	+49	+31	+54	+50	+59	+59	+66	+66
1948.....				+28	+12	+32	+28	+36	+36	+42	+42
17 countries:											
Total consumption.....	36,264	31,829	23,155	31,672	27,426	33,927	32,125	(2)	35,253	(2)	37,523
Percent change from most active year.....											
1938.....		-12	-37	-13	-24	-6	-11	(2)	-3	(2)	(2)
1947.....			-27	0	-14	+7	+1	(2)	+11	(2)	+18
1948.....				+37	+18	+47	+39	(2)	+52	(2)	+62

¹ As selected by each country to show greatest representative prewar activity.

² Not available.

The United States agencies' revision of CEEC production, import and export estimates leads to a 1948–51 consumption pattern starting several million tons under CEEC levels in 1948 but rising to CEEC levels by 1950. As shown in table 9, the shortfall is about 4,200,000 tons, or 13 percent, in 1948 and 1,800,000 tons, or 5 percent, in 1949.

In the absence of more detailed data on end-use, it is possible only to appraise the CEEC consumption proposals and the implications of the United States agencies' revisions in very broad terms. The original CEEC program provided for a substantial rise in steel consumption in the first year at the 4-year period. It implied an immediate increase in steel-using industrial capacity and in production and employment which could only be achieved, if at all, through the utmost exertion of national resources.

There can be no question of the propriety of western Europe's aspiration to accomplish such prompt acceleration in steel consumption nor of the desirability of its doing so, if feasible. The large needs for steel for reconstruction purposes as well as the substantial requirements to fulfill European export programs in fabricated metal products are recognized. Whether it would be physically or economically possible for these countries to consume the indicated quantities of steel, however, is a question which must remain open until more extensive data are available than are now at hand.

Fragmentary information available on end-use patterns in several consuming countries indicates that about 40 to 50 percent of scheduled consumption falls in programed industries (i. e.) those covered by other CEEC technical committee programs), while the balance is for nonprogramed industries. If a short fall in consumption is not to affect programed industries it must be applied entirely to exports and/or nonpro-

gramed, steel-consuming industries. In view of the probable flexibility of nonprogramed consumption, it would appear probable that a 5- to 13-percent reduction could be absorbed during the first 2 years without seriously affecting the recovery program as a whole.⁴

⁴ Among the programed items which presumably would have priority on available steel supplies would be the substantial quantities of new steel-making equipment scheduled for installation during the recovery period. For the years 1948 and 1949, the CEEC technical representatives have estimated that the production of this equipment in five of the CEEC countries would require about 1.1 million tons, of finished steel. When the steel consumed in the steel-expansion programs of the other countries is included, as well as the finished steel equivalent of imports of steel-making equipment from the United States, this figure would come to considerably more, possibly around 1.5 million tons for 1948–49. If it should develop that urgent current consumption needs for steel or vital export programs in fabricated steel products are being squeezed, it is questionable whether the expansion program in steel capacity should be adhered to as planned. Apart from questions as to the long-run justification for some of the expansion programs (see sec. II B) the timing of these programs should take account of possible stringencies in steel supplies, especially during 1948–49, and the effect of heavy new investment in steel plant on important current production plans in nonprogramed fields. It might be self-defeating, for example, to give absolute priority to a new steel plant at the expense of steel for workers' homes without which an existing bicycle factory finds it cannot operate. This might be true even if none of the product of the bicycle plant were scheduled for export.

Appendix 1. The scrap situation

Total import needs for scrap, as shown in the CEEC report, amount to about 3,000,000 tons a year for the participating countries. Of this total, the United Kingdom and Italy require the major share, varying from 72 percent the first year to 57 percent in 1951. According to CEEC, the only significant source of scrap imports within the participating countries is bizonia, which shows scrap surpluses declining from 1,200,000 tons in 1948 to 600,000 in 1951. The net result of these projections is that the CEEC countries seek to import annually from the United States substantial quantities of scrap, increasing from 1,400,000 tons in 1948 to 2,200,000 tons in 1951.

At the outset it may be stated that there are no scrap supplies in the United States available for export. Scrap, which is now selling domestically at the unprecedented price of \$40 per ton, is generally regarded as one of the main limiting factors to increases in United States steel production. Each ton of scrap exported from the United States would mean the loss of about 1.5 tons of ingot production. The stringency in scrap supplies is expected to continue for some years if the present level of steel production is maintained. In fact, the United States would itself be an importer of scrap on a major scale if there were offshore supplies available. It is the opinion of the United States agencies that the indicated deficiency in western Europe's scrap supplies is not as serious a matter as it appears to be. Analysis of the scrap supply figures given in the CEEC report suggests that these figures represent exceedingly conservative estimates of the quantities of scrap which may be available during the period of the ERP.

TABLE 10.—Analysis of scrap supplies of CEEC countries in 1937 and 1947–51

(Quantities in thousand metric tons)

	1938	1947	1948	1949	1950	1951
Consumption in blast furnaces and steel plants.....	12,994	15,318	17,879	18,367	19,086	19,648
Domestic supply, total.....	12,812	14,066	15,355	15,787	16,379	16,996
Home (steel-plant) scrap ¹	6,400	6,522	9,755	9,994	10,561	11,178
Percent of total supply.....	50	46	64	63	64	66
Prompt industrial scrap ²	2,329	2,726	3,479	3,594	3,701	3,860
Percent of total supply.....	18	20	22	23	23	23
Other scrap (obsolescent and extraordinary scrap).....	4,083	4,818	2,121	2,199	2,117	1,958
Percent of total supply.....	32	34	14	14	13	11
Deficit to be made up by imports from nonparticipants.....	182	1,252	2,524	2,580	2,707	2,652

¹ Calculated as difference between consumption of crude and semifinished steel in finishing process and production of finished steel, as reported by CEEC.

² Calculated at 13 percent of consumption of finished steel, as reported by CEEC.

The main classes of scrap in any period are (1) scrap generated in the steel mills themselves, so-called home scrap; (2) scrap generated in steel-fabricating industries, or prompt industrial scrap; and all other scrap arising from obsolescence principally and extraordinary consumption. Although the CEEC report does not break down its estimates of scrap supplies into these or any other categories; it is possible to make independent estimates for the CEEC countries of the volume of steel-plant scrap and prompt industrial scrap and to derive the volume of obsolescence and extraordinary scrap as a residual.

When analysis of this type is carried out for both the 1948–51 period and for past periods the excessively conservative nature of the CEEC estimates is revealed. Supplies of steel-plant and prompt industrial scrap in 1948–51 in the 16 CEEC countries are substantially above what they were in 1938 and what they are in 1947, as follows from the projected increases in steel output and consumption. The residual volume of obsolescent and extraordinary scrap, on the other hand, is about half what it was in 1938, and in even lower proportion of the current year's supply.

While the 1947 supply of obsolescent and extraordinary scrap is presumably inflated by war scrap, this claim cannot be made for 1938. In any case, supplies of war scrap are certainly not exhausted, and the decline in this class of scrap which will come in time will be at least partially offset by the rather extensive modernization and replacement of old and worn-out facilities projected as part of the recovery program. Whether judged against 1938 or 1947, therefore, the indicated level of obsolescent and extraordinary scrap appears much too low. When the analysis shown in the table for the 16 countries combined is carried through for individual CEEC countries, it appears that the estimates of future scrap supplies are in varying degree too low particularly in the cases of France, Italy, and the United Kingdom.

On the basis of present information no accurate picture can be drawn of comparative availability by country of extraordinary scrap in western Europe. In western Germany alone estimates of tonnages vary between 2,000,000 and 12,000,000, but for other countries, where substantial tonnages are believed to exist, not even a range of figures has been suggested.

On the basis of a sample survey the British have recently estimated that 5,000,000 tons of extraordinary scrap exist in the United States and United Kingdom zones, of which perhaps 3,600,000 could be available over the next 4 years. Currently the British

are exporting scrap to the United Kingdom from their zone in Germany at the rate of about 500,000 tons a year. No scrap has been exported from the United States zone of Germany other than relatively small tonnages of Army-generated scrap (see below).

The bizonal authorities point to many difficulties impeding the collection of scrap in Germany. Emphasis is placed on shortages of transport and cutting equipment and the noncooperative attitude of the German people, who are described as reluctant to part with scrap partly for nationalistic reasons, but mostly because existing prices offered in marks are unattractive. The bizonal authorities have indicated a reluctance to attempt an all-out effort to collect scrap in western Germany because of the lack of an adequate organization to cope with the job in the face of other high priority programs, including food collection. By way of contrast it should be noted that the Russians in their zone of Germany have imposed rigid scrap collection quotas and scheduled 2,000,000 tons for collection in 1947 alone.

United States Army generated scrap in Germany and elsewhere cannot presently be made available for use in participating countries because of an Executive order issued on December 3, 1946, directing the return of all such scrap to the United States. This order was prompted by the acute shortage of scrap in this country and the belief commonly held that supplies of indigenous scrap in Europe are currently in excess of what the European countries indicate are available. The precise quantity of Army scrap in Europe has not been determined, but the potential tonnage available in Germany is believed to amount to 500,000 tons. It has been pointed out that moving this scrap to the United States in the face of actual and projected shipments of finished steel to Europe is uneconomical at a time when more steel could be made in Europe if more scrap were available. A reconsideration of the Executive order would be justified, however, only upon a definite determination that the participating countries are doing all in their power to mobilize their internal scrap resources and to make their surplus scrap available to other CEEC countries now suffering from scrap deficiencies.

Little information is to be had concerning the war scrap which is assumed to be lying unused in France, Belgium, and the Netherlands. In these countries scrap has not had the same importance as a steel plant raw material as it has had in the United States, so that the chief markets for scrap are the foundries. Foundries are generally small units situated in widely scattered areas, and do not require the collection of scrap on anything broader than a purely local basis. It has been suggested that more

broadly based scrap collection and processing agencies in these countries might well be able to realize substantial additional tonnages of ferrous material. The scrap that resulted from the fighting in Italy is reported well on its way to being used up, the Italian steel industry having used scrap as its chief raw material almost to the exclusion of all others in its postwar operations.

Supplies of extraordinary scrap elsewhere in the participating countries are probably not of great consequence but there are probably some quantities in Austria, Greece, and Norway which might be recovered were means available to do so.

In order to ascertain more precisely the quantities of ferrous scrap available in western Germany and the requirements for mobilizing such scrap, a mission is now being organized by the United States Government to make a first-hand investigation of the situation. In addition to Government experts, the mission will include qualified representatives of the United States steel industry and scrap industry.

There is some evidence that substantial quantities of scrap in the Soviet zones of Germany and Austria may be available for purchase against hard currencies or for exchange against machinery and other equipment needed by the U. S. S. R. This possibility merits prompt investigation.

Appendix 2. Total drain on United States steel supplies of proposed exports of steel as such and steel in programed products

Shipments to western Europe of steel as such and steel in programed fabricated products as now scheduled by the United States agencies will involve a drain upon United States steel supplies, in terms of ingot equivalent, of about 4,000,000 tons in each of the first 3 years of the ERP and 3,000,000 tons in the fourth year. Current crude steel production in the United States is at an annual rate of 85,000,000 net tons. Thus programed shipments would appear to absorb 5 percent or less of current output of steel ingot.

Shipments from the United States under the various machinery and equipment programs of the ERP are scheduled by the United States agencies in terms of dollar value, or, in the case of inland transport equipment, in units. Table 11 outlines the conversion of these quantities to measures of iron and steel content and then to finish product equivalents, making allowance for scrap loss in fabrication. The conversion factors used in this process are set forth in footnotes to the table. Iron castings are included in machinery and equipment items because they often comprise a considerable part of the total weight.

Both the petroleum equipment and steel-mill equipment figures are merely token estimates. As discussed elsewhere no precise and reliable measurement of steel-mill equipment requirements is possible, due to uncertainty as to the effect of reparations deliveries upon ultimate requirements. The value of petroleum equipment required is also not a firm estimate by the United States agencies. The CEEC estimates covered the equipment needs of the CEEC countries oil companies for their operations in Europe, in dependent overseas territories, and in other areas. They did not include the needs of American companies operating in western

Europe. One purpose of the United States revisions of CEEC estimates was to add this last class of requirements to the total. Data have been inadequate for close estimate of these total requirements, however.¹

¹ Complications surrounding the petroleum equipment program have necessitated dropping this class of equipment as a scheduled item. Because pipe line and casing were classified by CEEC as petroleum equipment rather than as a finished steel product, it was considered inadvisable to drop petroleum equipment from this analysis however.

Table 11 shows that the finished product equivalent of iron and steel contained in equipment and machinery items declines from 1,100,000 metric tons in 1948 to 700,000 tons in 1951. Translated into terms of ingot equivalent by assuming a scrap loss of 25 percent, the requirements drop from 1,400,000 to 900,000 tons. Requirements for steel as such put into ingot equivalent by a similar process range from 3,000,000 tons in 1948 to 2,300,000 tons in 1951. As shown in table 12, the total impact upon United States ingot capacity is thus estimated to be, at the most, 4,400,000 tons in 1948 and 1949, and at the least 3,200,000 tons in 1951.

TABLE 11 (A).—*Finished iron and steel product equivalent of machinery and equipment imports from the United States scheduled for participating countries by United States agencies, 1948–51*

Type of equipment	1948						1949					
	Imports scheduled by United States agencies		Total weight		Iron and steel content (in thousand metric tons) ²	Finished product equivalent (in thousand metric tons) ³	Imports scheduled by United States agencies		Total weight		Iron and steel content (in thousand metric tons) ²	Finished product equivalent (in thousand metric tons) ³
	Value (in thousand dollars)	Units	In thousand pounds ¹	In thousand metric tons			Value (in thousand dollars)	Units	In thousand pounds ¹	In thousand metric tons		
Petroleum equipment.....	209,200					⁴ 400	252,100					⁴ 480
Mining machinery.....	81,900		26,000	12	12	14	52,700		16,130	8	8	9
Electrical equipment.....	95,000		47,500	22	13	15	100,700		50,350	23	14	16
Timber equipment.....	16,900					⁵ 15	22,200					⁵ 20
Inland transport:												
Freight cars.....	60,000	20,000	(⁶)	(⁶)	(⁶)	⁷ 160	18,000	6,000				⁷ 51
Trucks.....	80,900	53,900	(⁶)	(⁶)	(⁶)	⁸ 128	43,200	28,800				⁸ 69

¹ Conversion factors were for mining machinery \$3.15 per pound; for electrical equipment \$2 per pound, and for agricultural machinery \$0.23 per pound.

² Iron and steel content estimated at 98 percent of total weight of mining machinery, 60 percent for electrical equipment, and 95 percent for agricultural machinery.

³ Allowing for a scrap loss of 13 percent.

⁴ Rough estimate of United States agencies.

⁵ Data submitted by CEEC technical advisers in course of Washington conversations.

⁶ Not available.

⁷ Computed on basis of 9.4 short tons, or 8.53 metric tons, per freight car.

⁸ Computed on basis of 5,246 pounds, or 2.38 metric tons, per truck.

TABLE 11 (B).—*Finished iron and steel product equivalent of machinery and equipment imports from the United States scheduled for participating countries by United States working committee, 1948–51*

Type of equipment	1948						1949					
	Imports scheduled by United States committees		Total weight		Iron and steel content (in thousand metric tons) ²	Finished product equivalent (in thousand metric tons) ³	Imports scheduled by United States committees		Total weight		Iron and steel content (in thousand metric tons) ²	Finished product equivalent (in thousand metric tons) ³
	Value (in thousand dollars)	Units	In thousand pounds ¹	In thousand metric tons			Value (in thousand dollars)	Units	In thousand pounds ¹	In thousand metric tons		
Agricultural machinery including tractors.....	136,300		592,609	269	256	294	161,500		702,174	319	303	343
Steel mill equipment.....	48,100					⁴ 25	48,200					⁴ 25
Total.....	728,300					1,051	698,600					1,018

¹ Conversion factors were for mining machinery \$3.15 per pound; for electrical equipment \$2 per pound, and for agricultural machinery \$0.23 per pound.

² Iron and steel content estimated at 98 percent of total weight of mining machinery, 60 percent for electrical equipment, and 95 percent for agricultural machinery.

³ Allowing for a scrap loss of 13 percent.

⁴ Data submitted by CEEC technical advisers in course of Washington conversations.

TABLE 11 (C).—*Finished iron and steel product equivalent of machinery and equipment*

Type of equipment	1950						1951					
	Imports scheduled by United States committees		Total weight		Iron and steel content (in thousands of metric tons) ¹	Finished product equivalent (in thousands of metric tons) ³	Imports scheduled by United States committees		Total weight		Iron and steel content (in thousands of metric tons) ¹	Finished product equivalent (in thousands of metric tons) ³
	Value (in thousands of dollars)	Units	In thousands of pounds ¹	In thousands of metric tons			Value (in thousands of dollars)	Units	In thousands of pounds ¹	In thousands of metric tons		
Petroleum equipment.....	242,900	-----	-----	-----	-----	⁴ 460	161,200	-----	(⁵)	(⁵)	(⁵)	⁴ 310
Mining machinery.....	37,600	-----	11,936	5	5	6	34,500	-----	10,952	5	5	6
Electrical equipment.....	85,000	-----	42,500	19	11	13	65,000	-----	32,500	15	9	10
Timber equipment.....	11,700	-----	-----	-----	-----	⁶ 11	11,700	-----	(⁵)	(⁵)	(⁵)	⁶ 11
Inland transport:												
Freight cars.....												
Locomotives.....												
Trucks.....	37,000	24,700				⁷ 58	36,700	24,500	(⁵)	(⁵)	(⁵)	⁷ 58
Agricultural machinery, including tractors.....	131,800	-----	573,043	260	247	284	115,500	-----	502,174	228	217	250
Steel mill equipment.....	48,200	-----	-----	-----	-----	⁸ 25	48,200	-----	(⁵)	(⁵)	(⁵)	⁸ 25
Total.....	594,200	-----	-----	-----	-----	858	412,800	-----	-----	-----	-----	670

- ¹ Conversion factors were for mining machinery \$3.15 per pound; for electrical equipment \$2 per pound; and for agricultural machinery 23 cents per pound.
² Iron and steel content estimated at 98 percent of total weight of mining machinery; 60 percent for electrical equipment; and 95 percent for agricultural machinery.
³ Allowing for a scrap loss of 13 percent.
⁴ Rough estimate of United States Working Committee on Iron and Steel.
⁵ Not available.
⁶ Data submitted by CEEC technical advisers in course of Washington conversations.
⁷ Computed on basis of 5,246 pounds, or 2.38 metric tons, per truck.

TABLE 12.—*Steel ingot equivalent represented in imports of iron and steel products and imports of machinery and equipment scheduled for participating countries by United States agencies, 1948-51*

[In thousand metric tons]

Product	Imports from United States scheduled by United States committees				Scrap loss from ingot	Ingot equivalent			
	1948	1949	1950	1951		1948	1949	1950	1951
Crude and semifinished steel:					Percent				
Excluding hot-rolled strip.....	400	400	400	400	15	471	471	471	471
Hot-rolled strip.....	250	250	250	200	25	333	333	333	266
Finished steel:					(¹)	(¹)	(¹)	(¹)	(¹)
Sheet.....	215	180	31		(¹)	(¹)	(¹)	(¹)	(¹)
Tin plate.....	290	285	269	250	(¹)	(¹)	(¹)	(¹)	(¹)
Other finished steel.....	1,150	1,235	1,330	902	(¹)	(¹)	(¹)	(¹)	(¹)
Total.....	1,655	1,700	1,630	1,152	25	2,207	2,267	2,174	1,536
Finished iron and steel product equivalent in machinery and equipment.....	1,051	1,018	858	670	25	1,400	1,357	1,144	893
Grand total.....						4,411	4,428	4,122	3,166

¹ Not available.

Appendix 3. The potential contribution of surplus German steel capacity to the European recovery plan

A program of steel-plant modernization and expansion has been projected by CEEC involving a gross addition of 8,000,000 tons of ingot capacity over 4 years. Comparable expansion of supporting facilities is also contemplated. The total cost of the program is calculated to amount to about \$2,250,000,000, of which not more than about \$900,000,000 would represent movable equipment. Of the latter, about \$400,000,000 worth represents equipment which it is proposed would be obtained from the United States.

Steel-plant capacity in the bizonal area amounts to about 19,000,000 tons, of which 12,500,000 tons is to be retained under the new "level of industry" plan. Of the remaining 6,500,000 tons, 4,000,000 are reported to be in good condition and ultimately should be made available for reparations.

CEEC estimates of import requirements for expansion of steel capacity have taken no account whatever of equipment to be made available from Germany as reparations, on the grounds that its receipt cannot be relied on with sufficient certainty. Detailed reasons offered by the CEEC technical representatives are: (a) The reparation quotas of non-CEEC countries are sufficiently large to encompass all steel capacity to be removed; (b) the process of valuation, allocation, dismantling, etc., will take an excessively long time, whereas

orders for new equipment must be placed immediately if delivery is to be made within the next few years; (c) there is a possibility that German resistance to dismantling will be obdurate; and (d) approximately one-third of the needed equipment consists of types which do not exist in Germany. Of these reasons, only the last is incontestable.

As for (a), it may be taken as virtually certain that CEEC countries can count on being allocated at least their full quotas of German steel capacity, or just over 50 percent of the total available. Allocation procedures are such as to ensure that individual types of equipment are, so far as feasible, distributed roughly in accordance with reparation quotas. Administrative arrangements could certainly be made to ensure such distribution in the case of steel capacity.

All German plants to be removed as reparations have now been listed and the list has been officially published in Germany. A United Kingdom military government official has stated that valuation of the entire list is expected to be completed within 60 days. Should sufficient priority be given to the reparation program, there is no substantive reason why allocation of all steel capacity among individual recipient countries could not be completed within a maximum of 6 months thereafter. It may be taken as virtually certain, therefore, that within 8 months from now individual CEEC countries could be definitely informed as to the individual steel plants they would be entitled to

receive from Germany, and it should be possible to accomplish this task within less than 6 months.

The probable time required for dismantling and transport is more indefinite, involving questions of administration, priority, and of German resistance. OMGUS has, however, estimated that all reparation plants in the British zone, where most of the steel capacity is located, can be dismantled and removed within three to four years. Granted adequate priority and given a sufficiently firm attitude toward such German resistance as may arise, it is believed that removal of steel capacity could be completed within a substantially shorter time period. This period is shorter than that within which new orders can be delivered.

The above facts may be summarized as follows: (a) detailed information on specific German steel capacity to be delivered to individual CEEC countries can be made available in from six to eight months; (b) after that date such capacity can be counted on in economic planning with virtually the same degree of certainty as can capacity to be supplied through new orders. It should be noted that establishment of purchasing missions and placement of firm orders after funds become available to CEEC countries might well not occur until six to eight months from now.

Detailed estimates of possible reductions in import requirements of steel making equipment from the United States can only

be made after careful screening of individual CEEC expansion projects, and after agreed import requirements are matched in detail against available equipment from Germany.

Appendix 4. Cartel aspects of the steel program

In providing assistance under the program for European recovery, it is necessary to have assurances that such assistance will not be utilized to continue or to reinforce European cartels. It is equally necessary to ascertain that the volume of such assistance solicited from the United States is not greater than that which would be requisite in the absence of cartel restraints on the trade of Europe.

Before the war the steel trade of the principal European producers was profoundly affected by the operation of the international steel cartel. The agreements underlying the cartel were supposed to have been terminated in 1938, but before expiring they were renewed. Reports from United States observers in Europe suggest that they are at present legally in effect, though presumably in a state of suspense in terms of operation.

The general form of the international cartel agreements may be briefly stated: The cartel periodically determined the total tonnage of steel to be exported, and assigned quotas within this total to the various national groups. An export tonnage was also periodically determined for each steel product for which a selling syndicate had been organized. The selling syndicate then allocated this tonnage among the national groups in accordance with their established product quotas. Prices and conditions of sale were fixed and concerted measures against outside competitors were provided.

In order to insure conformity to the export quota, the management of the cartel could require a group that had exceeded its quota to withdraw from the market, or "protective" (i. e., excessive) prices, or even transfer orders to deficit national groups. The restrictions were further enforced by imposing on offending groups fines of 20 gold shillings per excess ton and distributing these payments among those groups which failed to live up to their quotas. Germany was, incidentally, able to use this provision in the late 1930's to exact large bonuses from the other members of the cartel for falling short of its quota, when the main reason for the export deficit was the enormous diversion of German steel to the domestic rearmament program.

In order to be sure that restrictive agreements of the foregoing type are no longer binding upon European steel producers, and in order to ascertain that practices of a similar kind are not being engaged in, it would be desirable to request the participating countries to submit the following information:

1. Summaries or copies of all patent licenses, sales, or other agreements or arrangements between two or more steel-producing or fabricating enterprises affecting division of sales territory, degree of plant utilization, prices, division of fields of production or channels of distribution, together with a statement as to the present legal status of such agreements or arrangements, if any.

2. Summaries or copies of contracts involving the purchase of coke, coal, manganese, iron ore, or metallic tin so far as such contracts may accord the supplier the authority to limit the freedom of the steel-producing or fabricating enterprise's rate of production, range of production, or sales policy.

3. Summaries or copies of contracts for modernization or expansion of steel producing or fabricating plants so far as these may affect the producing unit's freedom of enterprise, including its price policy, choice of distribution channels, and markets.

4. Legal status and character of relationships, if any, of steel production or fabricating enterprises to national or international organizations empowered to establish or control selling prices or fields of enterprise.

The Paris report calls for the establishment of a permanent steel cooperation committee to facilitate mutual consultation with respect to raw-materials supplies, production of steel, and individual country programs for modernization and extension of steel industries. To establish such an organization a meeting of interested governments is to be convened on March 18, 1948, sponsored by the Governments of the Benelux countries, France, and the United Kingdom.

It should be noted that the countries sponsoring this organization constituted, together with Germany, the mainstays of the prewar international steel cartel. While the proposal envisages that the membership will include delegates not only from producing countries but also from countries, such as the Netherlands, which are primarily steel consumers, there is no indication that the delegates will represent steel-consuming interests within each country as well as steel-producing interests. Furthermore, while there may be proper functions for such an organization during the period of extreme scarcity in steel, its permanent character suggests that the usual restrictive cartel functions may be envisaged for such times when a buyers' market in steel will again prevail.

If a steel cooperation committee should, in fact, be established, certain safeguards should be insisted upon. Among such safeguards are the limitation of the life of the organization to the period of steel scarcity, and representation for steel-consuming interests within each country. It is presumed that agreements, understandings, or other arrangements sponsored by the committee would be disclosed in detail to the United States and, upon request of the United States, would be modified to avoid any effects adverse to the objectives of the European recovery program.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. BRIDGES. Mr. President, I wish to address a question to the distinguished chairman of the Committee on Foreign Relations. I should like to ask the chairman of the Foreign Relations Committee, who has been the sponsor of this measure both in his committee and before the Senate, whether a vote for \$5,300,000,000—if it is so voted by the Senate and by the House—or for any other amount voted by the Congress, will leave the Appropriations Committee of the Senate absolutely free to study, examine, and scrutinize all the items in the bill, and to report its own figure and recommendations, without being subjected to the criticism of the sponsors of the bill or the Government propaganda which is let loose whenever an authorization is made, to put pressure on the Appropriations Committee to appropriate the exact figure of the authorization. I should like to have that question settled before I vote.

Mr. VANDENBERG. Mr. President, the Senator's question involves quite a number of factors in the course of unwinding itself. I think I know what the Senator wants answered, and I shall un-

dertake to answer his question just as categorically as I can.

I believe that the Appropriations Committee has an independent function in the operations of the business of the Senate. I think it is the business of the Senate Appropriations Committee to proceed under precisely the same sense of responsibility in connection with its tasks as the Senate Foreign Relations Committee has done. I expect the Senate Appropriations Committee to give due consideration to the record which has been written, as a part of the basis of its judgment. I do not expect the committee to consider that it is bound to accept the figure in the authorization unless it finds the figure justified by its own independent investigation. The Senator will understand that so far as the Senator from Michigan is concerned, he thinks the appropriation should be \$5,300,000,000. But that is beside the point.

The Senator from New Hampshire is asking me about the function of the Appropriations Committee; and I hope I have indicated to him that I consider that the committee has not only a freedom to act, but a responsibility to act. When the committee acts; if the Senator from New Hampshire and I disagree about the ultimate figure, it will be a legitimate subject, again, of debate; and I am sure the Senator from New Hampshire will concede that.

But there will be no recrimination from the Chairman of the Foreign Relations Committee, there will be no argument based on that sort of a thesis, if the figure is changed, although of course I must emphasize that in the opinion of the Chairman of the Foreign Relations Committee the figure of \$5,300,000,000 is essential, up to at least the time when the next Congress can audit the whole enterprise in January of 1949.

Mr. BRIDGES. Mr. President, one part of my question which the Senator has not answered is whether to his knowledge the Government of the United States and all the agencies or associations which are actively backing European recovery today are going to set forth a barrage of propaganda against the Appropriations Committee or any individual member who wishes to act on his own here, rather than bow to the absolute dictates of the authorization.

Mr. VANDENBERG. Of course I cannot give the Senator any assurances regarding any branch of the Government except the one in which I have a part. Let me say to the Senator that I hope the result of the work of the Appropriations Committee will be of a character which will not even remotely invite any sort of recrimination or barrage.

Mr. BRIDGES. I say to the Senator from Michigan that I think the work of the Appropriations Committee will be of that nature, and that there will be an opportunity for careful scrutiny and examination of these items; and I think the committee can very well go into many of the details of the items contained in this over-all authorization bill which his committee, in passing on the question principally on the merits of the

thing, has not examined perhaps as carefully or in such detail as the Appropriations Committee will want to go into that phase of it.

Mr. VANDENBERG. Mr. President, if it were not for the lateness of the hour, I should have something to say to the Senate about the authorization and about the amendment offered by the able Senator from Ohio [Mr. TAFT]. But I am prepared to let the matter go to a vote.

If I were discussing it, I would emphasize now, as I have repeatedly emphasized before, that in the opinion of the Senator from Michigan, there never can be too much scrutiny put forth at every step of the evolution in this almost completely speculative enterprise and adventure.

The Senator from Michigan thinks it is indispensable to proceed with the adventure. He offers no guaranties in connection with it. He has claimed no sanctity for any figures in connection with it. He has felt that in the initial stages the Senate should accept, in its over-all authorization, the figure which represents the consensus of the best opinion available as the result of 8 months of study of the subject; and for that reason he believes that the over-all authorization should remain at \$5,300,000,000.

But within that authorization there is not only freedom, I repeat, but a duty not only upon the Senator's committee but certainly upon the so-called watch-dog committee, if it shall be created under the terms of this bill, to provide a scrutiny of this entire enterprise, which cannot be detailed too completely to satisfy the Senator from Michigan.

Mr. TAFT. Mr. President, of course, I considered this question before offering the amendment to the authorization bill.

I quite agree that legally the Appropriations Committee can do anything it pleases. It can appropriate nothing, if it wishes to do so. But I think in all the circumstances of the case, if this bill is passed without my amendment, the European countries will consider that it is an undertaking to give \$5,300,000,000. I think every newspaper in the country will condemn the Appropriations Committee if it does not thereafter vote to give \$5,300,000,000, after the passage of this particular bill, if my amendment is not added to it.

So while I agree as to the legal position, I do feel very strongly that the Appropriations Committee will not be a free agent if this bill is passed without my amendment, but will for all practical purposes be compelled to adopt the full figure.

That is why I have felt that the amount should be reduced by the adoption of this amendment to the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio. On this question, the yeas and nays have been demanded and ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCLELLAN (when his name was called). On this vote, I have a pair with the senior Senator from Maryland [Mr. TYDINGS] who is absent on account of illness. If he were present and voting,

he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, he would vote "nay."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from Utah [Mr. WATKINS] is absent on official business, and is paired with the Senator from Utah [Mr. THOMAS]. If present and voting, the junior Senator from Utah [Mr. WATKINS] would vote "yea," and the senior Senator from Utah [Mr. THOMAS] would vote "nay."

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. STENNIS] is absent on official business. If present, he would vote "nay."

The Senator from New York [Mr. WAGNER] is necessarily absent. If present, he would vote "nay."

The senior Senator from Utah [Mr. THOMAS] is absent on official business. On this vote he is paired with the junior Senator from Utah [Mr. WATKINS]. If present, the senior Senator from Utah would vote "nay," and the junior Senator from Utah would vote "yea."

The result was announced—yeas 31, nays 56, as follows:

YEAS—31

Ball	Hawkes	O'Daniel
Brewster	Jenner	Revercomb
Bricker	Johnson, Colo.	Robertson, Wyo.
Brooks	Johnston, S. C.	Russell
Buck	Kem	Taft
Butler	Langer	Taylor
Byrd	McCarthy	Wherry
Capehart	McFarland	Williams
Chavez	Malone	Wilson
Dworshak	Martin	
Ecton	Moore	

NAYS—56

Aiken	Hayden	Myers
Baldwin	Hickenlooper	O'Connor
Barkley	Hill	O'Mahoney
Bridges	Hoey	Overton
Cain	Holland	Pepper
Capper	Ives	Reed
Connally	Kilgore	Robertson, Va.
Cooper	Knowland	Saltonstall
Cordon	Lodge	Smith
Downey	Lucas	Sparkman
Eastland	McCarran	Stewart
Ellender	McGrath	Thomas, Okla.
Ferguson	McKellar	Thye
Flanders	McMahon	Tobey
Fulbright	Magnuson	Umstead
George	Maybank	Vandenberg
Green	Millikin	Wiley
Gurney	Morse	Young
Hatch	Murray	

NOT VOTING—9

Bushfield	Stennis	Wagner
Donnell	Thomas, Utah	Watkins
McClellan	Tydings	White

So Mr. TAFT's amendment was rejected.

Mr. AIKEN. Mr. President, on behalf of the Senator from California [Mr. KNOWLAND], the Senator from Minnesota [Mr. THYE], the Senator from Georgia [Mr. GEORGE], the Senator from Kentucky [Mr. BARKLEY], the Senator from Washington [Mr. MAGNUSON], and myself, I offer an amendment to the pending measure. I do not expect the Senate will care to take action on it tonight. I ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

The amendment submitted by Mr. AIKEN (for himself, Mr. KNOWLAND, Mr. THYE, Mr. GEORGE, Mr. BARKLEY, and Mr. MAGNUSON) is as follows:

On page 22, strike out lines 12 through 20 and insert the following:

"(c) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this act, give effect to the following:

"(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (1) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this act, and would the Administrator, in consultation with the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (2) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this act.

"(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

"(d) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per-

cent of such sales price as authorized by subsection (e) of this section.

"(e) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any Government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 percent of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. This rescission of the remainder of section 32 funds by the act of July 30, 1947 (Public Law 266, 80th Cong.), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948."

Mr. VANDENBERG. Mr. President, will the Senator tell me whether the amendment he has now submitted is a substitute for various other amendments that have been proposed?

Mr. AIKEN. That is correct. It is a substitute for several amendments.

Mr. VANDENBERG. Is it a combined substitute?

Mr. AIKEN. It is a substitute for the amendment submitted by the Senator from Minnesota [Mr. THYE], for the one submitted by the Senator from Washington [Mr. MAGNUSON], for the one submitted by the Senator from Georgia [Mr. GEORGE], for Senate Joint Resolution 187, which I introduced, which is now on the Senate calendar, and also a substitute for section 12 (c) of Senate bill 2202.

The amendment has been considered. It relates to the disposal or the use of surplus agricultural commodities in the European recovery program. It has been agreed to finally by both the State Department and the Department of Agriculture, and the sponsors of all the various bills and amendments.

Mr. VANDENBERG. I present both my compliments and gratitude to the Senator from Vermont.

The PRESIDING OFFICER. May the Chair inquire whether it is the Senator's wish that the amendment shall be pending, or that it lie on the table and be printed?

Mr. AIKEN. I do not know of any opposition to it. I do not know that there is no opposition to it.

Mr. WHERRY. Mr. President, if there is any doubt about it, I ask unanimous consent that the amendment be printed, and that it be made the pending question for consideration when the Senate reconvenes tomorrow.

The PRESIDING OFFICER. Without objection, the order is made.

Mr. BARKLEY. Does the Senator from Vermont submit his amendment?

Mr. WHERRY. Yes.

Mr. BARKLEY. But he does not press it now. It would be automatically printed and available tomorrow.

Mr. AIKEN. That makes it automatically the pending question, I understand.

Mr. WHERRY. It is the pending question.

The PRESIDING OFFICER. The Chair is of the opinion that the amendment is the pending question.

INVESTIGATION OF DR. EDWARD U. CONDON—ARTICLE BY MARQUIS CHILDS

Mr. HICKENLOOPER. Mr. President, with profound regret I feel it my duty to call to the attention of the Senate, the Congress, and the public the contents of a column appearing under the heading "Pattern of persecution" and written by Mr. Marquis Childs in the Washington Post of March 12, 1948. I ask unanimous consent that this column be printed in full at this point in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the column was ordered to be printed in the RECORD, as follows:

WASHINGTON CALLING

(By Marquis Childs)

PATTERN OF PERSECUTION

The Joint Senate-House Atomic Energy Committee the other day went over the material which the House Un-American Activities Committee had assembled against Dr. Edward U. Condon and had used as the basis of a public charge that the head of the National Bureau of Standards was the "weakest link" in the chain of atomic security. One of the Senators, when the session was ended, said privately:

"I wouldn't convict a mongrel dog on the basis of what was shown to us."

The "evidence" consisted of a mass of hearsay gossip, second-hand reports of Condon's association with alleged foreign agents, and accounts of political opinions expressed by Dr. and Mrs. Condon. Part of it was dredged out of that bane of Washington life, the cocktail party.

Most of the Members present at the session of the joint committee seemed to agree that the case was pretty flimsy. What it got down to was that the Condons are people with unconventional opinions. Some might consider them radical.

Senator JOHN W. BRICKER, of Ohio, was one of two or three committee members to be upset by the "evidence." Why, he wanted to know, couldn't scientists be found who were loyal beyond any question? What he seemed to be asking for was scientists who would forswear opinion and dedicate themselves to their work with a more-than-human consecration.

At this, another committee member suggested that perhaps it might be a good idea to turn all the atomic scientific work over to the Women's Christian Temperance Union since no one could question their loyalty. BRICKER was not amused. Another nervous member was Representative CHARLES H. ELSTON, of Ohio.

One tangible gain came out of the session. The chairman, Senator BOWEN B. HICKENLOOPER, of Iowa, obtained a pledge from the Un-American Activities Committee that in future anything pertaining to atomic energy would be checked in advance with the Senate-House group set up to deal with that subject. This might not save individual scientists from the persecution to which Dr. Condon has been subjected, but it could possibly check the kind of mass attack on scientists, as such, which serves to alienate and intimidate the very men on whom the future security of this country depends.

Anyone doubting the effect of the Condon case on science has only to note the mass meetings at which scientists are rallying to his defense. A meeting is being held in New York this week, and one is planned for Washington in the near future.

An interesting question now is whether Dr. Condon will be allowed to face his accusers in an open hearing. Thus far, he has had no word whatsoever about a hearing which he requested nearly a year ago. That was after Representative J. PARNELL THOMAS, of New Jersey, Un-American Activities chairman, had published two magazine articles making the same charges released 8 months later by his committee.

(EDITOR'S NOTE.—It has just been announced that Dr. Condon will be accorded a public hearing by the Un-American Activities Committee.)

At that time—the date was July 7, 1947—Condon wrote to THOMAS asking to be heard. He received no reply. Shortly afterward he sent copies of that letter to all members of the Un-American Committee. The only answer he received was from Representative KARL MUNDT, of South Dakota, who said he agreed that Condon should have an opportunity to answer the accusations.

Inquirers at the Un-American Committee are told that there is no news about a public hearing. The suspicion is growing that the intention is to let this dud be forgotten.

But this is not the attitude of those who believe that the Bureau of Standards chief has been subjected to a thoroughly un-American persecution. Representative CHER HOLIFIELD, of California, who in a speech on the floor of the House answered the "charges" in detail, will press for a public hearing. A member of the Joint Atomic Energy Committee, HOLIFIELD would prefer that the hearing be held before that group, since the accused would presumably have a better chance to present his story there than before a body which has tried him in absentia and found him guilty.

A sad commentary is the House vote of 337 to 37 giving the Un-American Committee \$200,000—more than ever before. Surely, now that this has been done, responsible leadership will see to it that procedures are in accord with elementary rules of justice.

Most disturbing sign—and most un-American—is this business of guilt by association. Perhaps that explains Senator BRICKER's nervousness. At a dinner in Pittsburgh 2½ years ago, Dr. Condon was given an award by the Junior Chamber of Commerce. Senator BRICKER was the principal speaker at the dinner and sat side by side with the subject.

Mr. HICKENLOOPER. Mr. Childs is a reporter, and undoubtedly reports on matters of public interest those things which he learns or which have been told to him by persons whom he believes to be reliable. I have no doubt about his zeal for accuracy and that he believes the statements made in this column are accurate.

In the interest of truth, however, I feel compelled to state that this column is replete with statements that are grossly inaccurate and, in some cases, factually untrue.

I read from the first paragraph of this column:

The Joint Senate-House Atomic Energy Committee the other day went over the material which the House Un-American Activities Committee had assembled against Dr. Edward U. Condon and had used as the basis of a public charge that the head of the National Bureau of Standards was the weakest link in the chain of atomic security.

The Joint Committee on Atomic Energy did not go over the material which the House Un-American Activities Committee may have, or may have assembled in connection with the Condon matter, and, so far as I know, no member of the

joint committee has even seen this material or any part of it, and no part of the material assembled by the Un-American Activities Committee was before the joint committee or evident in any way.

Certain reports and material with respect to Dr. Condon were examined by the joint committee, but this material originated entirely apart and completely disassociated from any source controlled by the House Un-American Activities Committee.

Therefore, no member of the joint committee could have formed an opinion, or passed any judgment privately, or otherwise, in the Condon matter based upon material of the Un-American Activities Committee, unless such member might have had access to that material without the knowledge of the joint committee, or beyond my knowledge.

The statement is made in the column that I, as chairman of the joint committee "obtained a pledge from the Un-American Activities Committee that in future anything pertaining to atomic energy would be checked in advance with the Senate-House group set up to deal with that subject." I have no pledge from the Un-American Activities Committee of this kind.

On Saturday morning, March 6, 1948, Congressman STERLING COLE, vice chairman of the joint committee, and I met unofficially with two members of the Un-American Activities Committee and discussed some matters relative to areas of responsibility. These two members of the Un-American Activities Committee did not pretend to speak officially for the full committee, nor did we ask them to, nor did Mr. COLE and I undertake to officially bind the joint committee. In this discussion it was agreed by the four of us participating that the Un-American Activities Committee not only has broad jurisdiction in its field but has the right to look into activities of individuals within, and outside of, Government. It was also agreed, without dissent, that the Joint Committee on Atomic Energy has specific and legal obligation and duty to examine into matters involving atomic energy. There was no conflict in these opinions in this unofficial discussion. These two members of the Un-American Activities Committee stated it to be their personal belief that any matters touching atomic energy which came to the attention of their committee in the course of their investigations could very properly be discussed with our committee, or its representatives whenever such evidence is discovered. They said that they would present these views to the Un-American Activities Committee, with the hope that such cooperative arrangement would eventuate.

I am hopeful that such cooperative policy will be established, but by no interpretation could I conclude that any pledge has been made.

I have confidence that the House Un-American Activities Committee will make available to the Joint Committee on Atomic Energy such evidence as it may have in the Condon case touching atomic energy.

I shall not comment pro or con upon the alleged opinions, attitudes, or re-

ported statements of individual members of the joint committee, nor on any evidence or material presented to the joint committee. Personally, I have an honorable obligation to my fellow-members of the joint committee, assumed by me, and as I understand, by all other members of the joint committee, that matters of vital concern and import to atomic energy and to the maintenance of confidence in its progress, occurring in executive session will not be discussed with others outside of the committee hearings, except as the committee authorizes. It would be a violation of that obligation for me to comment, pro or con, on discussions within the committee on this subject, or to speculate or conclude as to the private opinion to which individual members may, or may not have arrived.

I have been extremely proud that persons in Government, and others who have knowledge of vital areas in atomic energy, and of matters intimately associated therewith have, heretofore, felt confident and free to discuss such matters as may be essential before the joint committee in executive session, and that they have been assured that such discussions would not "leak" or be "fed" to unauthorized persons. It will be a serious crippling handicap to the discharge of the responsibilities of the joint committee, under the law, if that confidence is shaken or destroyed.

I make no issue on the matter of discussions of atomic energy, either in the newspapers or otherwise by individuals who are not connected with the Joint Committee on Atomic Energy, but I do deplore the publication or public discussion of confidential matters which allegedly originate from executive sessions of the joint committee.

Again I want to state that I do not accuse Mr. Childs of intentionally or knowingly making any misstatements, for I am certain that he relied upon information which he no doubt had reason to believe was accurate. The inaccuracy, therefore, must have originated with the source of his information.

So far as the Condon matter is concerned, the House Un-American Activities Committee made its report thereon; has announced its determination to hold open hearings, and I am informed that Dr. Condon requests also such open hearings. I think full hearings and examination of all the facts involved is imperative and no material or substantial evidence should be withheld, suppressed, or denied. And, so far as my personal attitude is concerned, if I pass judgment at any time on the merits of this controversy, I shall wait until both sides have been fully heard and all the evidence has been adduced, so that fair and honest judgment can be concluded.

I further give this assurance, that if this matter eventually appears substantially to involve atomic energy, that phase will be thoroughly and exhaustively examined by the joint committee and concluded.

DISMANTLING OF INDUSTRIAL PLANTS

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have placed in the body of the RECORD, because it pertains to the dismantling of industrial plants in the western zone of Germany, a

letter received by me from Mr. Stewart W. Chaffee, relative to a plant being dismantled.

I wish to say to the Senate that I immediately took the matter up with the chairman of the Foreign Relations Committee, who made some inquiries of the State Department, and the reply has not been satisfactory. I shall not discuss the case tonight, due to the lateness of the hour, but I shall discuss it in more detail at a later time. However, I ask to have printed in the RECORD immediately following the first letter to which I have referred a letter dated March 4, 1948, from the State Department to Mr. Chaffee, and a letter dated March 9, 1948, addressed to the Senator from Michigan [Mr. VANDENBERG] in reply to the inquiry he directed to the State Department as a result of my request.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NEW YORK, January 9, 1948.

Re Germany: Dismantling plants.

Hon. WILLIAM F. KNOWLAND,

Senator of the United States, Senate
Office Building, Washington, D. C.

DEAR SENATOR: On December 10, last, I returned from a 4 months' business trip to Europe, which included 6 weeks in Germany. Having learned through the press of your most commendable attitude against the policy of dismantling non-war-material-producing plants in Germany, particularly where the objective is the delivery of reparations to Russia at this time, I feel that one situation in particular should be called to your attention.

The firm of O. & K. Geissler manufactures precision instruments and is located in Munich. This firm had the reputation of being one of the three outstanding precision instrument firms in all of Germany, and is reported to have today several high-precision controlling machines which are stated to be the only ones existing in Germany at the present time. The plant and its entire machinery and equipment are in perfect condition, and its management is intact and of the highest caliber. It is presently in a position to accept tangible orders amounting to approximately four or five million dollars, which initial orders could undoubtedly lead to others involving many millions of dollars. The export-import division of the military government at Munich will not permit this firm to accept any orders which cannot be completed within an extremely short period, which means, as a practical matter, that no orders of any consequence whatsoever may be taken. The reason for such position of the military government is the fact that the plant in question, although not on the war-plant dismantling list, is on the so-called surplus level of industry list. The electrical department of said export-import division did not know of the existence of said firm until it was called to its attention by myself, as I had learned of it (while I was serving with the military government in Munich) by reason of certain excellent work it did for our armed forces. It may well be that its existence was concealed from said electrical department by a certain highly placed employee of said export-import division who is now assiduously studying the Russian language and who undoubtedly was aware of the fact that Russian officers spent an entire day going over the plant and are more interested in acquiring its machinery and equipment than in obtaining that of any other plant in Bavaria. The military government knew absolutely nothing about the excellency of its special as well as general line of products, unless such facts were known to some particular individual connected with the mili-

tary government who arranged to have the plant placed on the dismantling list with the hope, perhaps, that the Russians would acquire it. As an example of its special products, said firm manufactured a violet-ray machine which was used by the late President Roosevelt in connection with his infirmity, and it is indeed surprising that this fact was apparently not known to certain civilian employees of the military government.

According to reliable information just received by me, a definite date, February 15, next, has been set for the dismantling of the above plant as well as others in the vicinity which are on the surplus level of industry list. Is it not possible for the Appropriations Committee of the Senate to bring some pressure to bear so that at least such an unsound and ridiculous policy may be held in abeyance until sufficient opportunity is given to present the facts to the American public and thereby create a justified and insistent demand that such deplorable conditions be rectified? At present, as you undoubtedly know, the National Broadcasting Co., through its Three Star Extra, has been forcibly broadcasting certain flagrant examples of the plant-dismantling program which are absolutely prejudicial to the interests of the American taxpayer. These broadcasts are performing, I am convinced, an excellent service for the public by revealing the almost unbelievable policy of our military government in Germany, and have been the immediate cause which has impelled me to write this letter to you.

The real question involved, it seems to me, is not what the standard of living should be in Germany, but how much Germany should be able to produce in order to pay for the necessary imports which are now borne by American taxpayers. The only logical course would seem to be to defer dismantling any nonwar material producing plants until Germany is on a self-sustaining basis. If we are to place Germany upon a lower production level than she is capable of, it only means that we are delaying European recovery, which is again a burden upon American taxpayers.

It would appear that our State Department should take immediate steps to correct the situation in question, and see to it that the War Department at once orders the military government in Germany to cease dismantling any and all plants not classified as war material producing plants. As you may have observed while you were in Germany, certain of the high-placed civilian employees are obsessed with the idea that it is criminal for Germany to produce in excess of her bare, internal economic necessities. It was found by me, while I was in Germany, to be almost less majestic even to suggest any holding in abeyance of the dismantling program. As a matter of fact, there was one highly placed civilian employee, who had formerly served with the military government, and with whom you spoke while you were in Munich, who told me that he had been briefed before your arrival, but that he would have told you many things in addition to what he did tell you, had he realized that you had also served with the military government. In other words, as you may well have surmised, there are two forces within the military government today, one constructive and the other obstructive, and unless this situation is corrected, we will continue to face many serious consequences in connection with our occupation of Germany.

It does not seem possible that it will be 2 years in April, since Mrs. Chaffee and I had the great pleasure of seeing you in Washington. She knows that I am writing to you today, and joins me in sending our very

best wishes and most sincere congratulations upon the excellent record which you have made and are making.

Faithfully yours,

STEWART W. CHAFFEE.

MARCH 4, 1948.

Mr. STEWART W. CHAFFEE,
Graybar Building, New York, N. Y.

MY DEAR MR. CHAFFEE: Your letter to the President, dated February 5, 1948, has been received.

Numerous suggestions are received by the Department of State that particular plants, now scheduled for transfer from Germany to countries entitled to receive reparations, should be retained in Germany. I am sure you will appreciate that the detailed selection of individual plants for such transfer is necessarily an operating responsibility of military government authorities in that field, and that it would be impracticable for any department in Washington to attempt to investigate the merits of each suggestion made.

In general, the selection of individual plants for removal was carried out with a view to retaining in Germany the most economically located plants and those best able to contribute to the export program, while at the same time minimizing the local and temporary effects of dismantling. You may be assured that, if the particular plant in which you are interested is scheduled for dismantling, it was selected in accordance with this general policy. You may also be assured that, if dismantled, it will be re-established in one of the countries entitled to receive reparations from the western zones of Germany.

As you are aware, the entire question of the German reparation program is now under investigation by the Congress, and a considerable volume of testimony on the subject has already been submitted by both the Department of State and the Department of the Army. The pamphlet printed by Common Cause, Inc., entitled "Destruction at Our Expense," had already been carefully studied within the Department. The other material enclosed with your letter has received similar consideration.

The Department remains of the opinion, on the basis of all facts known to it, that the German reparation program in no way retards the recovery of German industrial production, and that it will tend to reduce, rather than increase, the financial burden of the United States in Europe. I am enclosing for your information a memorandum on this subject recently prepared within the Department.

Sincerely yours,

DANIEL F. MARGOLIES,

Acting Associate Chief, Division of
Occupied Areas, Economic Affairs.

(Enclosure: State Department Memorandum, February 2, 1948.)

MARCH 9, 1948.

The Honorable ARTHUR H. VANDENBERG,
United States Senate.

MY DEAR SENATOR VANDENBERG: Your letter of February 23, 1948, enclosing a letter to Senator KNOWLAND from Mr. Stewart W. Chaffee, 420 Lexington Avenue, New York, N. Y., has been received.

Mr. Chaffee urges that a particular German factory, now scheduled for dismantling, be retained in Germany. He has sent similar letters to the President and to the Secretary, and I enclose for your information copies of the replies made by the Department.

More detailed information than is presently available in Washington concerning this factory is being sought urgently from Berlin. You may be assured that this in-

formation will receive careful study, and a decision taken accordingly.

Sincerely yours,

For the Secretary of State:

CHARLES E. BOHLEN, Counselor.

(Enclosures: 1. Copy of letter to Mr. Chaffee, March 4, 1948. 2. Copy of letter to Mr. Chaffee, March 6, 1948. 3. Letter to Senator KNOWLAND from Mr. Chaffee.)

ISSUES FACING CONGRESS

Mr. O'DANIEL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks a copy of a telegram signed by one of our most outstanding citizens, Mr. H. R. Cullen, addressed to Hon. ROBERT A. TAFT, a copy of which was mailed to me.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

HOUSTON, TEX., March 6, 1948.

HON. ROBERT A. TAFT,
United States Senator from Ohio,
Senate Office Building,
Washington, D. C.:

In your letter of February 9, you asked me to give you my views on the issues now before Congress. Recent reports from our financial barometer New York exchange tell us that we are facing a depression. All brokers are losing money and laying off many of their employees. If it is a severe depression we may see our Government bonds totaling about \$258,000,000 almost worthless. Our country is in no position to give or loan money to foreign countries. We will be fortunate to be able to retire our bonds in an orderly way and build an armed force sufficient to keep Russia off our backs. If the \$15,000,000,000 that this country gave away to foreign countries the past 2 years had been used in building planes and atomic bombs then Russia would have kept her soldiers within her borders. It is time our Congress should pinch itself, wake up and get from under the spell of new dealism.

H. R. CULLEN.

Copies to: Joseph W. Martin, Jr.; Arthur H. Vandenberg; Lee O'Daniel; Tom Connally; Edd Gossett; Styles Bridges; Frank W. Boykin; Leo E. Allen; George W. Malone; Carroll Reece; Sam Pettengill; Dick Tullis, Washington, D. C.; Frank C. Waldrop, Washington Times-Herald; Robert M. Harriss, New York Cotton Exchange Building; Leonard Reed, Foundation for Economic Education, Irvington-on-Hudson, New York, N. Y.; Ray Leeman, executive vice president, South Texas Chamber of Commerce, San Antonio; John Hodge, Associated Press, Houston; John Hartzell, United Press, Houston; George Cottingham, Houston Chronicle; Gov. Wm. P. Hobby, Houston Post, George Carmack, Houston Press.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. O'DANIEL. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD, because of its bearing on the Marshall plan, an original telegram signed by H. R. Cullen and ad-

dressed to me, dated today, March 12, 1948.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

HOUSTON, TEX., March 12, 1948.

HON. W. LEE O'DANIEL,

United States Senator from Texas,
Senate Office Building:

The people of those countries in Europe that Congress proposes to give billions of dollars to neither love nor respect our country, and only tolerate us due to our strong military position and financial strength. If we should lose our military strength, you may rest assured that those European countries will ally themselves with our enemy, Russia. Briefly said, the only way we can retain the support of those European allies is to remain the dominant military power of this world. What do our present allies think when they read these statements that I am now quoting? In the morning press, Ray Tucker quotes Lt. Gen. Leonard T. Gerow, commander of the Second Army with headquarters at Fort Meade, Md., who said in a recent speech that the United States could mobilize only two divisions, 30,000 men, for an immediate outbreak of hostilities. On learning of this statement, CLARENCE J. BROWN, of Ohio, said to Representative FOREST A. HARNES, "Talking of propaganda. Did you see Gerow's latest blast? You might look into it. All I've got to say is that if we have only 30,000 out of 960,000 men ready to fight, we ought to get some new generals." Again I quote from the January issue of Fortune: "Shall we have airplanes? If yes, the aircraft industry must have some orders. At present producing less than 3 percent of its great 1944 volume and dying on its feet. Who will save it, and on what terms?" And again I quote from the February issue of the American Magazine: "We've scuttled our air defense. No longer is the United States the leading air power of the world. We have slipped behind both Russia and England." In this article the chief of our first-line defense, W. Stuart Symington, Secretary of the Air Force, tells why we must waste no time in setting up an impregnable air curtain. The people of the United States would have greater respect for General Marshall if he would spend more time saving our country instead of trying to save countries across the ocean. It is easily understood why Russia is so bold in capturing country after country in Europe after reading our daily press and American magazines. I am sending an identical telegram to TAFT, O'DANIEL, and BRIDGES hoping one of them will ask our Congress to help save America.

H. R. CULLEN.

Mr. WHERRY. Mr. President, I should like to announce to the Senate, and also for the record, that I am very hopeful that with the progress made today we may reach a conclusion on the pending bill tomorrow night. It is the intention that a recess will be taken until tomorrow noon, and my reason for making this statement is that the concurrent resolution relating to Reorganization Plan No. 1 for 1948 is a privileged matter, and it is the intention that that will be taken upon Monday following the call of the calendar for the consideration of bills to which there is no objection. I make the statement so the Senate will have notice, and Senators will be ready to take up the joint resolution on Monday.

Mr. TAYLOR. Mr. President, I offered an amendment in the nature of a

substitute for the bill under consideration which would provide for channeling aid through the United Nations. The charge has been made that such aid would be subject to veto. I have prepared a statement which I should like to have inserted in the RECORD refuting that contention.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Article 24, chapter V, which defines the functions and powers of the Security Council, states:

"The specific powers granted to the Security Council for the discharge of these duties (maintenance of international peace and security) are laid down in chapters VI, VII, VIII, and XII."

Chapter VI refers to pacific settlement of disputes, chapter VII refers to action with respect to threats to the peace, breaches of the peace, and acts of aggression, chapter VIII refers to regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action * * *; and chapter XII refers to international trusteeship system.

Conversely the General Assembly is given sole authority over economic and social matters and is given authority to delegate such functions if it wishes to the Economic and Social Council. The veto does not apply in either of these agencies.

The procedure is outlined in chapter IX of the Charter entitled "International Economic and Social Cooperation." Article 55 under that chapter states in part that the UN shall promote "higher standards of living, full employment, and conditions of economic and social progress and development * * *."

Article 60 of that chapter states:

"Responsibility for the discharge of the functions of the organization set forth in this chapter shall be vested in the General Assembly and, under the authority of the General Assembly, in the Economic and Social Council, which shall have for this purpose the powers set forth in chapter X."

Chapter X sets forth the powers of the Economic and Social Council.

The question of continuation of relief through international means was before General Assembly of United Nations, October 31, 1946. It was referred to committee No. 2 by the Assembly which, on December 9, approved a resolution for a review board to review country needs but because of failure of financial support from the United States did not recommend an agency to continue handling of relief. The recommendation was accepted by the General Assembly December 11, 1946.

The action in the UNRRA case provides a clear precedent for the handling of social and economic problems by the General Assembly with no reference or jurisdiction of any kind to the Security Council.

The entire matter of the United Nations Relief and Rehabilitation Administration (UNRRA) was handled by the Economic and Social Council with approval of the General Assembly. No veto applies in either agency.

The only conceivable way in which the veto could be made to apply on handling of aid to Europe under a proposal such as my amendment in the nature of a substitute to the ECA bill would be for some nation to make the charge in the Security Council that the setting up of the relief agency was a threat to the peace. That is inconceivable. My measure would envision rehabilitation and economic aid only without political strings. No political strings would be possible if the United Nations were handling the problem. I can see no reason why the

U. S. S. R. or any other nation would see fit to bring such a charge before the Security Council. If such a charge were brought it would be prima facie evidence that the U. S. S. R. did not desire peace and prosperity in the world and I would say that we then could fight with a clear conscience, knowing we had done our utmost to promote peace.

EUROPEAN RECOVERY PROGRAM— AMENDMENT

Mr. PEPPER submitted an amendment intended to be proposed by him to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, which was ordered to lie on the table and to be printed.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. O'MAHONEY:

S. 2302. A bill to authorize completion of construction and development of the Eden project, Wyoming; to the Committee on Interior and Insular Affairs.

By Mr. STEWART:

S. 2303. A bill for the relief of Mickey Baine; to the Committee on the Judiciary.

By Mr. BALDWIN:

S. 2304. A bill for the relief of Walter Paterson, doing business as the Paterson Steel & Forge Co.; to the Committee on the Judiciary.

PRESIDENT'S CIVIL RIGHTS MESSAGE— ADDRESS BY SENATOR HILL

[Mr. SPARKMAN asked and obtained leave to have printed in the RECORD an address delivered by the senior Senator from Alabama [Mr. HILL] on the subject of the President's civil rights message, on Thursday, March 11, 1948, which appears in the Appendix.]

"CASE FOR THE DEMOCRATIC PARTY IN 1948"—ADDRESS BY SENATOR McGRATH

[Mr. MYERS asked and obtained leave to have printed in the RECORD an address entitled "Case for the Democratic Party in 1948," delivered on March 9, 1948, by Senator McGRATH, before the Philadelphia Bulletin Forum, which appears in the Appendix.]

STATE VERSUS FEDERAL TAXES—EDI- TORIAL FROM THE NASHVILLE BANNER

[Mr. STEWART asked and obtained leave to have printed in the RECORD an editorial entitled "State Versus Federal Taxes," from the Nashville Banner of March 10, 1948, which appears in the Appendix.]

RECESS

Mr. WHERRY. I now move that the Senate take a recess until tomorrow noon.

The motion was agreed to; and (at 11 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Saturday, March 13, 1948, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate March 12 (legislative day of February 2), 1948:

GOVERNOR, TERRITORY OF ALASKA

Ernest Gruening, of New York, to be Governor of the Territory of Alaska. (Reappointment.)

S. 2202

IN THE SENATE OF THE UNITED STATES

MARCH 12 (legislative day, FEBRUARY 2), 1948

Ordered to be printed

AMENDMENT

Proposed by Mr. AIKEN (for himself, Mr. KNOWLAND, Mr. THYE, Mr. GEORGE, Mr. BARKLEY, and Mr. MAGNUSON) to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, viz: On page 22, strike out lines 12 through 20 and insert in lieu thereof the following:

- 1 (c) The term "surplus agricultural commodity" as used
- 2 in this section is defined as any agricultural commodity, or
- 3 product thereof, produced in the United States which is
- 4 determined by the Secretary of Agriculture to be in excess

1 of domestic requirements. In providing for the procurement
2 of any such surplus agricultural commodity for transfer by
3 grant to any participating country in accordance with the
4 requirements of such country, the Administrator shall, insofar
5 as practicable and where in furtherance of the purposes of
6 this Act, give effect to the following:

7 (1) The Administrator shall authorize the procurement
8 of any such surplus agricultural commodity only within the
9 United States: *Provided*, That this restriction shall not be
10 applicable (i) to any agricultural commodity, or product
11 thereof, located in one participating country, and intended
12 for transfer to another participating country, if the Adminis-
13 trator, in consultation with the Secretary of Agriculture,
14 determines that such procurement and transfer is in further-
15 ance of the purposes of this Act, and would not create a
16 burdensome surplus in the United States or seriously preju-
17 dice the position of domestic producers of such surplus agri-
18 cultural commodities, or (ii) if, and to the extent that any
19 such surplus agricultural commodity is not available in the
20 United States in sufficient quantities to supply the require-
21 ments of the participating countries under this Act.

22 (2) In providing for the procurement of any such sur-
23 plus agricultural commodity, the Administrator shall, inso-
24 far as practicable and applicable, and after giving due con-
25 sideration to the excess of any such commodity over domestic

1 requirements, and to the historic reliance of United States
2 producers of any such surplus agricultural commodity upon
3 markets in the participating countries, provide for the pro-
4 curement of each class or type of any such surplus agricul-
5 tural commodity in the approximate proportion that the
6 Secretary of Agriculture determines such classes or types
7 bear to the total amount of excess of such surplus agricul-
8 tural commodity over domestic requirements.

9 (d) Whenever the Secretary of Agriculture determines
10 that any quantity of any surplus agricultural commodity,
11 heretofore or hereafter acquired by Commodity Credit Cor-
12 poration in the administration of its price-support programs,
13 is available for use in furnishing assistance to foreign coun-
14 tries, he shall so advise all departments, agencies, and estab-
15 lishments of the Government administering laws providing
16 for the furnishing of assistance or relief to foreign countries
17 (including occupied or liberated countries or areas of such
18 countries). Thereafter the department, agency, or establish-
19 ment administering any such law shall, to the maximum
20 extent practicable, consistent with the provisions and in
21 furtherance of the purposes of such law, and where for transfer
22 by grant and in accordance with the requirements of such
23 foreign country, procure or provide for the procurement of
24 such quantity of such surplus agricultural commodity. The
25 sales price paid as reimbursement to Commodity Credit

1 Corporation for any such surplus agricultural commodity shall
2 be in such amount as Commodity Credit Corporation deter-
3 mines will fully reimburse it for the cost to it of such surplus
4 agricultural commodity at the time and place such surplus
5 agricultural commodity is delivered by it, but in no event
6 shall the sales price be higher than the domestic market price
7 at such time and place of delivery as determined by the Secre-
8 tary of Agriculture, and the Secretary of Agriculture may
9 pay not to exceed 50 per centum of such sales price as
10 authorized by subsection (e) of this section.

11 (e) Subject to the provisions of this section, but not-
12 withstanding any other provision of law, in order to en-
13 courage utilization of surplus agricultural commodities pur-
14 suant to this or any other Act providing for assistance or
15 relief to foreign countries, the Secretary of Agriculture, in
16 carrying out the purposes of clause (1), section 32, Public
17 Law 320, Seventy-fourth Congress, as amended, may make
18 payments, including payments to any government agency
19 procuring or selling such surplus agricultural commodities,
20 in an amount not to exceed 50 per centum of the sales price
21 (basis free along ship or free on board vessel, United States
22 ports), as determined by the Secretary of Agriculture, of
23 such surplus agricultural commodities. The rescission of the
24 remainder of section 32 funds by the Act of July 30, 1947

1 (Public Law 266, Eightieth Congress), is hereby canceled
2 and such funds are hereby made available for the purposes
3 of section 32 for the fiscal year ending June 30, 1948.

AMENDMENT

Proposed by Mr. AIKEN (for himself, Mr. KNOWLAND, Mr. THYE, Mr. GEORGE, Mr. BARKLEY, and Mr. MAGNUSON) to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

МАРЧ 12 (legislative day, ФЕВРУАРИ 2), 1948

Ordered to be printed

S. 2202

IN THE SENATE OF THE UNITED STATES

MARCH 12 (legislative day, FEBRUARY 2), 1948

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PEPPER to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, viz:

- 1 On page 25, on line 16, after the period insert the
- 2 following: "In order further to carry out the objectives
- 3 of this Act by encouraging and aiding the program of the
- 4 International Children's Emergency Fund set up by resolu-
- 5 tion of the General Assembly of the United Nations on
- 6 December 11, 1946, there are hereby authorized to be
- 7 appropriated to such International Children's Emergency
- 8 Fund not to exceed \$250,000,000."

80TH CONGRESS
2d Session

S. 2202

AMENDMENT

Intended to be proposed by Mr. Pepper to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

MARCH 12 (legislative day, FEBRUARY 2), 1948

Ordered to lie on the table and to be printed

construction and development of the Eden project, Wyo. To Interior and Insular Affairs Committee. (p. 2796).

11. LAND TRANSFERS. S. 2297, by Sen. Cain, Wash., to authorize the transfer of jurisdiction over certain lands between certain departments and agencies of the Federal Government, and to amend the Public Building Act of 1926 so as to provide certain additional authority needed in connection with the operation of Federal public buildings. To Public Works Committee. (p. 2693.)

ITEMS IN APPENDIX - MARCH 12

12. SOIL CONSERVATION. Rep. Hays, Ark., inserted a N.Y. Times editorial commending the work of the SCS (p. A1620).
13. FLOOD CONTROL. Rep. Norrell, Ark., inserted General Wheeler's (Chief, Army Engineers) Pine Bluff, Ark., speech on flood control plans (pp. A1618-20).
14. BUILDINGS AND GROUNDS. Sen. Cain, Wash., inserted his radio address discussing the need for post office and Federal buildings (pp. A1610-1).
15. PUBLIC PRINTER. Sen. Hayden, Ariz., inserted former Public Printer Giegenback's farewell address to GPO officials (pp. A1607-10).
16. APPROPRIATIONS. Speech in the House by Rep. Dirksen, Ill., on various phases of the Treasury-Post Office appropriation (pp. A1612-7).

SENATE - MARCH 13

17. EUROPEAN RECOVERY PROGRAM. Passed, 69-17, with amendments S. 2202, the ERP bill (pp. 2797-878).

Agreed to the following amendments:

By Sen. Aiken, regarding surplus agricultural commodities (See March 12) (pp. 2798-804). Previously rejected Sen. Williams' modifying amendment prohibiting use of Sec. 32 funds under this program (pp. 2801-4).

By Sen. Reed, requiring that at least 25% of the wheat shipments be in the form of flour (pp. 2804-5).

By Sen. Taft, to permit procurements from Western Hemisphere countries through U.S. credit guaranties not exceeding 70% of the credit extended by these countries to the recipient countries (p. 2838).

Rejected the Pepper amendment authorizing appropriation of \$250,000,000 for the International Children's Emergency Fund, 8-78; and the Capehart amendment providing for the program to be operated under RFC, 22-68.

18. LEGISLATIVE PROGRAM. Sen. Wherry, Nebr., announced the program for the week of Mar. 15 as follows: Mon., legislative calendar under unanimous consent agreement, Independent Offices Appropriation bill, and Reorganization Plan No. 1, 1948, to transfer USES & Security Employment Bureau to Labor Department; Tues., continuation of debate on the Reorganization Plan; and Wed. and remainder of week, the tax-reduction bill (pp. 2878-9).

19. ADJOURNED until Mon., Mar. 15 (p. 2879).

ITEMS IN APPENDIX - MARCH 13

policies of the National Grange as outlined in their 81st annual session, Nov. 12-21, 1947 (pp. A1627-8).

21. FOREIGN AID. Sen. Thomas, Utah, inserted his recent radio address favoring the "Marshall Plan" (p. A1628).

BILL APPROVED BY THE PRESIDENT

22. INDIAN LANDS. S. 1698, defines the exterior boundary of the Uintah and Ouray Indian Reservation in Utah. Approved Mar. 11 (Public Law 440, 80th Cong.).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Mar. 15: S. Agriculture and Forestry, CCC charter (farm organizations); S. Post Office and Civil Service, Federal pay bills(ex.); H. Foreign Affairs, foreign aid (ex.); S. Appropriations, Army Department civil functions appropriations; S. Public Works, TVA Act amendments; S. Labor and Public Welfare, minimum wage bills (ex.); S. Foreign Relations, Greece-Turkey legislation (ex.); H. Appropriations, deficiency and Interior appropriations (ex.); H. Public Lands, incorporation of Virgin Islands Corporation.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, SECOND SESSION

Vol. 94

WASHINGTON, SATURDAY, MARCH 13, 1948

No. 48

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, March 15, 1948, at 12 o'clock noon.

Senate

SATURDAY, MARCH 13, 1948

(Legislative day of Monday, February 2, 1948)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Lord, direct our hearts into the patience of Christ. Make strong our faith that God's will, though it may be hindered a time and obstructed by human blindness and folly and sin, must in the end be triumphant.

May all that we do be in accordance with the victory of God. Graciously minister to Thy servants, the Members of this body, according to their needs.

Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 12, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXTENSION OF PROVISIONS OF ARMED FORCES LEAVE ACT OF 1946 TO OFFICERS OF COAST AND GEODETIC SURVEY

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of Commerce, transmitting a draft of proposed legislation to extend to commissioned officers of the Coast and Geodetic Survey the provisions of the Armed Forces Leave Act of 1946, which, with an accompanying paper, was referred to the Committee on Armed Services.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. MILLIKIN, from the Committee on Finance:

H. R. 5052. A bill to exclude certain vendors of newspapers or magazines from certain provisions of the Social Security Act and Internal Revenue Code; without amendment (Rept. No. 985).

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. IVES:

S. 2305. A bill for the relief of Victor Caruso; to the Committee on the Judiciary.

By Mr. GURNEY:

S. 2306. A bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes; and

S. 2307. A bill to amend the act of May 16, 1946 (Public Law 383, 79th Cong.), as amended, to provide increased allowances for the escorts of repatriated war dead; to the Committee on Armed Services.

By Mr. LANGER:

S. 2308. A bill for the relief of Miss Kaoru Watanabe; to the Committee on the Judiciary.

REDUCTION OF INCOME-TAX PAYMENTS—AMENDMENT

Mr. BUCK submitted an amendment intended to be proposed by him to the bill (H. R. 4790) to reduce individual

income-tax payments, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

PROGRAM AND POLICIES OF THE NATIONAL GRANGE

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a summary of the action taken by the National Grange at its eighty-first annual session, Columbus, Ohio, November 12-21, 1947, and extracts from the annual message of the national master, Albert S. Goss, which appear in the Appendix.]

THE MARSHALL PLAN—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an address on the Marshall plan broadcast by him over Station KSL, of Salt Lake City, February 17, 1948, which appears in the Appendix.]

MEETING OF COMMITTEE DURING SENATE SESSION

Mr. PEPPER. Mr. President, at the request of the chairman of the Committee on the Judiciary, a subcommittee of which is now holding a hearing on an important matter, I ask unanimous consent that the subcommittee now sitting may continue its hearing during the session of the Senate.

The PRESIDENT pro tempore. Without objection, the order is made.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. WHERRY. Mr. President, the pending question is on the amendment offered by the Senator from Vermont [Mr. AIKEN] for himself and other Senators, is it not?

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Vermont [Mr. AIKEN] for himself and certain other Senators as a substitute for subdivision (c) of section 12, providing for the procurement of surplus agricultural commodities.

Mr. WHERRY. In view of the fact that this is an amendment which has been worked out in connection with amendments offered by four or five or six Senators, I ask the Senator from Vermont if there should not be a quorum called.

Mr. AIKEN. I do not care whether a quorum is called or not. It is not necessary to have one.

Mr. WHERRY. There might be some explanations to be made. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Murray
Baldwin	Hayden	Myers
Ball	Hickenlooper	O'Connor
Barkley	Hill	O'Daniel
Brewster	Hoey	O'Mahoney
Bricker	Holland	Overton
Bridges	Ives	Pepper
Brooks	Jenner	Reed
Buck	Johnson, Colo.	Revercomb
Butler	Johnston, S. C.	Robertson, Va.
Byrd	Kem	Robertson, Wyo.
Cain	Kilgore	Russell
Capehart	Knowland	Saltonstall
Capper	Langer	Smith
Chavez	Lodge	Sparkman
Connally	Lucas	Stewart
Cooper	McCarran	Taft
Cordon	McCarthy	Taylor
Downey	McClellan	Thomas, Okla.
Dworshak	McFarland	Thomas, Utah
Eastland	McGrath	Thye
Eaton	McKellar	Tobey
Ellender	McMahon	Umstead
Ferguson	Magnuson	Vandenberg
Flanders	Malone	Watkins
Fulbright	Martin	Wherry
George	Maybank	Wiley
Green	Millikin	Williams
Gurney	Moore	Wilson
Hatch	Morse	Young

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent.

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. STENNIS] is absent on official business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER (Mr. IVES in the chair). Ninety Senators having answered to their names, a quorum is present.

The question immediately before the Senate is on agreeing to the amendment proposed by the Senator from Vermont [Mr. AIKEN], for himself and certain other Senators, as a substitute for subdivision (c) of section 12, providing for the procurement of surplus agricultural commodities.

Mr. AIKEN. Mr. President, this amendment, which is printed and on the desks of Senators this morning, relates to the utilization in the European recovery program of agricultural commodities which are in burdensome surplus in this country. The amendment incorporates in large part the substance of and is intended to supersede section 12 (c) of the bill, the amendment which was submitted by the Senator from Minnesota [Mr. THYE], the amendment which was submitted by the Senator from Washington [Mr. MAGNUSON], the amendment which was submitted by the Senator from Georgia [Mr. GEORGE], and Senate Joint Resolution 187, which I introduced, and which is now on the Senate calendar. The sponsors of those amendments and I have consulted with representatives of the State Department and of the Department of Agriculture over the last 2 or 3 days, and all of us have agreed on the terms and the construction of the amendment as it is now printed.

Mr. President, the amendment provides for the utilization, to the fullest practicable extent, of surplus agricultural commodities which are required by the participating countries. In order to encourage increased utilization of such agricultural commodities, the Secretary of Agriculture is authorized to pay up to 50 percent of the sales price from funds appropriated by section 32 which are the funds normally used to encourage the export of agricultural commodities. If the commodity involved is held by the CCC under a price-support program, the sales price is required to be not less than the CCC's cost or, if lower, the market price.

Subsection (c) (2) is in substitution for section 12 (c) of S. 2202. It is the intention of this provision to require the procurement of classes or types of agricultural commodities, which are in surplus, in such a way as to assure purchase of a reasonable amount of each class or type of agricultural commodity in surplus. It is intended that reasonable and practical considerations shall prevail in the administration of this provision and that it should not operate to delay or hinder administrative flexibility and the need for efficiency and speed in carrying out this act.

The amendment will also restore \$40,000,000 to section 32 for the fiscal year ending June 30, 1948. To the extent that the amount thus restored is not utilized in encouraging exportation, it would be available for the purpose of encouraging the domestic utilization of surplus commodities through school-lunch outlets, new and byproduct uses, and donation to relief and welfare institutions.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. SALTONSTALL. In reading subsection (2) of the amendment a question occurs to me, and I should like to ask the Senator from Vermont to give the answer to it. As I read that subsection, it would be possible for the Administrator or for the Secretary of Agriculture to send abroad a commodity of which there is a substantial surplus and which customarily would be exported, in prefer-

ence to, we will say, wheat or flour, which is a more important necessity of life. I understand that the words "practicable and applicable" are placed in the amendment to take care of that contingency. Is that correct?

Mr. AIKEN. That is correct. If there are several types of the same commodity in burdensome surplus, the purpose of the amendment is to insure that the Administrator shall not use one type exclusively, to the exclusion of the other types. To be frank, this would be applicable largely to tobacco. It could be applied to apples, and other kinds of fruit, but such application would involve so much red tape and would impose such an impossible task upon the Administrator and the Secretary of Agriculture that the words, "insofar as practicable and applicable" were inserted. Those who worked on the amendment felt that it would not be practicable and applicable to say that so many Greening apples, so many Delicious, so many Baldwins should be exported. That would be expecting simply too much from the Administrator and the Department. But the provision is applicable in the case of tobacco, and that is its real purpose.

Mr. SALTONSTALL. But the decision under this section must be left to the Administrator.

Mr. AIKEN. That is correct. It would have to be in any case.

Mr. SALTONSTALL. I do not desire to step on the toes of any Senator who is interested in any particular commodity, but let me give one example: Let us assume that there is a surplus of potatoes, or of dried eggs, the calorie content of which is not nearly so great as it is of wheat; let us assume further there is the same expense of shipment. Under this section the Administrator could, in his discretion, send wheat in preference to the potatoes or dried eggs. Is that correct?

Mr. AIKEN. The Administrator is not required to accept anything he does not want and cannot use over there, anyway. But if he can use dried eggs, if he can use prunes, if he can use oranges—and it is expected that he will be able to use all those products—then he arranges to take the burdensome surplus off the hands of the Commodity Credit Corporation, if the Corporation happens to own them at the time, and the Secretary of Agriculture is authorized to absorb half the loss. Only half the loss will be charged to the recovery program, and up to half the loss may be charged to the Department of Agriculture, to be paid for out of section 32 funds.

Mr. SALTONSTALL. Is it the opinion of the Senator from Vermont that there is sufficient leeway in these words, without naming any one commodity, so that the Administrator could send the most necessary commodities which would be helpful in feeding the people whom we are undertaking to help?

Mr. AIKEN. The Senator is correct. The State Department and the Department of Agriculture believe that the Administrator will not be handicapped in his work by the language employed in this amendment.

Mr. SALTONSTALL. Let me ask one further question. While the Senator has not reached it yet, I should like to ask about subsection (e) on page 4. In substance, what that does is to put back in the Commodity Credit Corporation \$40,000,000 which was taken out by the Appropriations Committee last year.

Mr. AIKEN. That is correct. The Secretary of Agriculture has no funds to use for the purpose of paying up to half the loss, unless he is given more funds which are available under section 32.

Mr. SALTONSTALL. Let me ask one further question, which is practically in the form of a statement.

When this amendment was suggested yesterday I looked into the question of fish, which is important in Massachusetts and New England. I realize that fish is not an agricultural commodity and cannot be included within the provisions of this amendment because of that fact, and also because of the fact that in eight countries abroad which are going to be helped by this act, fish is an exportable surplus. However, I hope the Senator from Vermont will cooperate with those of us who are interested in the subject of fish, in seeing that our people who market fish in this country receive the same opportunities to sell their product as those who produce agricultural products receive. I cite this fact: The Army recently has contracted in Newfoundland, without offering the possibility of competition to citizens of the United States, for 40,000,000 pounds of pickled herring. I also understand that there is now under consideration a further contract with Newfoundland for salt codfish, which has not, in the opinion of the National Fisheries Institute, been offered in competition to us in this country. Does the Senator know anything about that subject?

Mr. AIKEN. Let me assure the Senator from Massachusetts that the Senator from Vermont will cooperate with him to the fullest extent to see that American producers are not treated unfairly in carrying out this program. The Senator from Vermont will further say that he is at a loss at times to understand or to find any justification for some of the purchasing methods which have been utilized by the armed services. He will certainly be glad to cooperate with the Senator from Massachusetts to the fullest extent.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from Washington.

Mr. CAIN. May I inquire if the amendment accommodates the purposes intended by an amendment recently initiated by the senior Senator from Washington [Mr. MAGNUSON] and submitted by the Senator from Pennsylvania [Mr. MYERS]?

Mr. AIKEN. This amendment incorporates the objectives of that amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BARKLEY. I think it ought to be said in further response to the Senator from Massachusetts that neither this amendment as a whole nor any part of it is intended to require the Adminis-

trator to substitute for something which is needed or wanted in a certain country something else which the people of that country have not been in the habit of using or do not desire or need. It would not be possible to interpret this amendment so as to permit the Administrator, for example, to substitute apples for wheat if wheat were what the recipient country needed, or to permit him to substitute any other commodity which is not necessary. The amendment itself contains the language:

Insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries.

The Administrator must take into consideration the historic needs of the country and the requirements at the time he makes the distribution. The over-all purpose of the amendment as a whole—and that was the original purpose of subsection (2) as reported in the bill—is that where he is sending agricultural products to the recipient countries he shall, insofar as practicable, and in accordance with the requirements of the recipient countries, procure and distribute surpluses of those commodities, which we think is legitimate, inasmuch as we are undertaking to supply the agricultural commodities to the recipient countries. It is not intended in any way to interfere with the authority or power of the Administrator so as to require him to substitute something for bread or for any other commodity, when what is needed is bread and not some other commodity. The Administrator has complete flexibility in the administration of the amendment.

Mr. SALTONSTALL. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. SALTONSTALL. Does the Senator from Kentucky believe that the fullest discretion of the Administrator is not in any way tied down or handicapped by the words "to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries"?

Mr. BARKLEY. I do not believe that the Administrator is put in a strait-jacket or handicapped by that language. That is one of the elements which he must take into consideration in determining the proportion which shall be applied to any surplus of a type or kind within a certain range of commodities. There are many varieties of agricultural commodities. There are many kinds of cotton, there are dozens of types of cotton, there are various grades and types of wheat, and various grades and types of apples and other commodities. In determining the procurement and distribution abroad in the recipient countries of any commodity of that general nature, the Administrator shall take into consideration the surplus which exists in a particular type or kind, and try to make the procurement and distribution in the same proportion as it bears to the entire surplus, exportable or otherwise, in the United States.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. WHERRY. The last observation of the Senator from Kentucky confuses me somewhat. I understood that subsection (2) on page 2 did not apply to wheat, corn, or apples. Of course, the language "insofar as practicable and applicable" helps.

The distinguished minority leader does not mean to say, does he, that the Administrator would be required, in securing the surplus property, which might be wheat, to secure the percentages of all varieties of wheat in proportion to total export?

Mr. BARKLEY. The language of subsection (2) was made general so as not to attempt to spell out in the law any particular commodity. I do not think it would be wise to mention any agricultural product in this bill, because by mentioning one or two or more, we might exclude others. The provisions of subsection (2) originally were intended to direct the Administrator's attention to the desirability of using surpluses wherever they exist within a type or kind of any particular product.

Mr. WHERRY. Suppose there is a surplus of wheat. There is nothing in that subsection which provides that the Secretary of Agriculture must determine what varieties are in long supply or short supply, and insist upon a certain percentage of a given variety in proportion to the whole quantity to be procured.

Mr. BARKLEY. Of course, wheat is in a little different situation from that of many other commodities. Senators from wheat-producing sections probably know more about that question. I was raised in a wheatfield, and was engaged in threshing what all my life until I was grown. There are different grades of wheat, such as No. 1 and No. 2. There is winter wheat and spring wheat. They all go into the manufacture of flour, from which bread is made. So there is nothing in this amendment which would require the Administrator, for example, to buy No. 2 wheat in preference to No. 1 wheat.

Mr. WHERRY. Or Turkey Red wheat in preference to some other variety.

Mr. BARKLEY. That is true.

Mr. AIKEN. Mr. President, the provisions of subsection 2 are not intended to apply to any commodities unless such provisions are "practicable and applicable." The Department of State and the Department of Agriculture both agree that with those words in this paragraph it would not interfere with the work of administering the program in any way; and it is not expected that it would be applied to different varieties of apples, prunes, wheat, or any other product which is in burdensome surplus, unless the provision could be satisfactorily administered.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BREWSTER. I appreciate what the Senator from Vermont has just said. It is our understanding that this section was designed to take care of certain rather special situations. I think it should be clarified because of the case

of potatoes, which are of great importance in our area.

Mr. AIKEN. It would be almost impossible to apply it to different varieties of potatoes.

Mr. BREWSTER. It is true that, historically, potatoes have not been sent abroad, except in very exceptional instances.

Mr. AIKEN. That is correct.

Mr. BREWSTER. But it is also true that in the last several years there has been great need for potatoes in Europe, where potatoes are the customary diet. For instance, Germany normally produces and consumes 10 times as many potatoes per capita as does the United States. So potatoes are a very important article of consumption in Europe. We have had a surplus of them; but, as I understand, this paragraph would have no application to that situation.

Mr. AIKEN. That is correct. In my opinion, paragraph 2 would not apply to potatoes; but the other paragraphs would fully authorize the utilization of surplus potatoes in this European program.

Mr. BREWSTER. The other item the Senator from Massachusetts spoke about was fish. I think the Senator from Vermont will recall that at one time, in the gyrations of the last decade, we did provide that fish was an agricultural commodity.

Mr. AIKEN. That was done for a particular purpose; yes.

Mr. BREWSTER. But I assume that would not apply at this time. That was under the OPA, was it not?

Mr. AIKEN. Yes; it was under OPA, and it was done at that time, as I recall, to cover cultivated shrimp and oysters; but fish were designated an agricultural commodity at that time, to get them under some law for a particular purpose.

Mr. BREWSTER. But it is true, is it not, that nothing here would in any way exclude fish from consideration under the act, exactly as any other commodity would be considered?

Mr. AIKEN. Absolutely so. If fish were in surplus supply, fish could be used in the same way as any other commodity could be used under this measure, provided it was found that one of the 16 European nations was short of fish. That might be a difficulty.

Mr. MORSE. Mr. President, will the Senator yield to me?

Mr. AIKEN. I yield.

Mr. MORSE. I think the Senator from Vermont knows that I am in favor of his amendment. In fact, I understood from the Senator from Washington [Mr. MAGNUSON] that I was going to be included as one of the cosponsors of the amendment.

Mr. AIKEN. That is correct.

Mr. MORSE. But apparently it was offered on a day when I was out of town and could not be reached personally.

Mr. AIKEN. I am sure we would welcome the cosponsorship of the Senator from Oregon.

Mr. MORSE. I wish to say that I talked to the Senator from Washington in regard to the combined amendment. Our conversation was in connection with the particular surplus-commodity prob-

lems which confront us in the Pacific Northwest, particularly relative to various kinds of fruits, such as apples, pears, prunes, dried apricots, and other fruits of that type, and also the possibility of the amendment including a commodity in which we are greatly interested, as are the people of Vermont, namely, surplus poultry from time to time. Is there anything in this amendment which would prevent the inclusion of surplus poultry if it should be found that the Commodity Credit Corporation was confronted with the problem of buying surplus poultry and using it as a part of the export program under the Marshall plan?

Mr. AIKEN. There is nothing at all in the amendment which would prevent the use of poultry, if poultry should become in surplus supply.

Mr. MORSE. I am very glad to say to the Senator from Vermont that it has my complete approval.

Mr. THYE. Mr. President, will the Senator yield to me?

Mr. AIKEN. I yield to the Senator from Minnesota.

Mr. THYE. The whole purpose of this amendment is simply to correct a situation arising because of the general support-price-purchase provision of the Steagall Act as affecting the Commodity Credit Corporation. We are unable to move surplus commodities because the relief measures contain a provision that any food commodities that have a lower caloric value than wheat may not be shipped under any of these European recovery programs which provide relief.

That is the purpose of this amendment, and it now embodies the provision that in cases where such surpluses exist the Commissioner of Agriculture shall be able to use such commodities to supplement the wheat that is being shipped abroad in connection with the general relief food needs of the European countries.

Mr. AIKEN. I thank the Senator.

Mr. President, if I may have 1 minute more, I shall be through.

In brief, this amendment will assure that surplus United States agricultural commodities shall be used to the maximum extent practicable in the European recovery program. It will help avoid the inflationary effect of having the Administrator go into the market and buy larger amounts of scarce commodities. It will provide that our dollars shall not be used in other countries to purchase commodities which are in burdensome surplus in this country. It will provide full recovery of the cost of commodities which are owned by the Commodity Credit Corporation, but it will authorize the Secretary of Agriculture to pay one-half the cost out of section 32 funds. It will help the Secretary of Agriculture to encourage foreign countries to utilize commodities which otherwise might spoil or which they otherwise would not use at all.

Finally, it provides that if it is more advantageous to purchase some of these commodities through the normal channels of trade rather than to have 100 percent of them go through the Commodity Credit Corporation, the Secretary

of Agriculture may pay up to 50 percent of their cost, still from section 32 funds.

That is all I have to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN], on behalf of himself and other Senators.

Mr. CORDON. Mr. President, I should like to make a few observations relative to the bill and its effect on agriculture in the United States.

The aftermath of the war is evidenced by many disruptions in agriculture in the United States. While the percentage of our production which was exported before the war was very small—approximately 8 or 9 percent—with reference to certain agricultural products the amount exported was a very high percentage. The markets for our agriculture were lost by virtue of the war, in many instances. We hope that, in the course of time, by the legislation now before the Senate and as a result of constructive action, some of those markets may be recovered. To the extent that there are surpluses of agricultural products in this country and those surpluses are directly attributable to the loss of foreign markets, the utilization of the funds here provided for the purchase of such commodities and their use in the beneficiary nations will tend at least to maintain our markets in those countries when they shall have recovered.

In many cases, Mr. President, agriculture in the United States has investments that are not created each year. I think at the moment of my own Pacific Northwest, and also the Southwest, Southeast, and the areas here in the East where tree fruits are grown. The investment there is a matter of years. Today, in many instances, those investments are imperiled. The enactment of the amendment and the use of certain of the surpluses resulting from the failure of export markets in those fields may well mean the difference between existing, at least, and bankruptcy for many of the farmers of the country. I hope the amendment will be agreed to, Mr. President, and I trust that in the administration of the program there will be a realization of the absolute necessity of the administrative department cooperating with the legislative department, to the end of minimizing to the very greatest extent possible the adverse effects which the appropriations provided for in the bill will have and must have on the economy of the country. This to me is a necessary part of the over-all program, a program that seeks on the one hand to do everything possible for the beneficiary nations and at the same time seeks to do the least harm to our own country.

Mr. WILLIAMS. Mr. President, from the discussion on the amendment, it seems to me that there is a little confusion. It is difficult to ascertain from the debate whether we are amending the European recovery program or whether we are adopting a new program for agriculture. I do not think there is anyone on the floor who has criticized the absurd policy of our Government, under which we have witnessed one Government agency destroying edible foods,

while at the same time another Government agency is buying those commodities which are most scarce. I heartily endorse that part of the amendment submitted by the Senator from Vermont and others, which says that the administrator of any relief program, insofar as practicable, must buy those commodities which are declared surplus by the Department of Agriculture. I think there is nothing wrong with that. The State Department has agreed to it.

I do object to including in the amendment Senate Joint Resolution 187, which is merely an amendment to the Agricultural Act itself, section 32. It has the indirect effect at this particular time of immediately allocating \$44,000,000 for the European recovery program, without any direct authorization by Congress or any vote directly on it. After July 1, 1948, under the amendment, the Secretary of Agriculture would be given the power to allocate an additional \$125,000,000 to any foreign relief program, without asking any further consent of Congress. He can do it likewise for each year in which any foreign-relief program is in effect. In reality, it is nothing more than an additional subsidy for agriculture. If we are going to further subsidize the agricultural program, let us put it in a separate piece of legislation and consider it as such and adopt it as such, and not tie in an important domestic agricultural policy with a foreign-aid program.

Mr. President, I send to the desk an amendment to the amendment and ask the clerk to read it, and I ask that it be considered.

The PRESIDING OFFICER. The Senator from Delaware submits a modifying amendment, which the clerk will read.

The CHIEF CLERK. On page 4, line 8, beginning with the word "and", it is proposed to strike out through line 3 on page 5, and insert in lieu thereof the following:

(e) None of the funds appropriated to carry out the purposes of section 32 of Public Law 820, Seventy-fourth Congress, as amended, may be used, directly or indirectly, to procure any surplus agricultural commodity for the purposes of this act or to reimburse in whole or in part any person or Government agency procuring any surplus agricultural commodity for the purpose of this act.

Mr. WILLIAMS. Mr. President, the amendment merely strikes out those provisions which are incorporated in the amendment submitted by the Senator from Vermont, as they were contained in Senate Joint Resolution 187, which in my opinion should be considered on the floor as a separate piece of legislation. It would withdraw from the Secretary of Agriculture the proposed authority to turn over, as I say, \$44,000,000 immediately, to any relief program. It would cancel his authority to allocate from \$100,000,000 to \$150,000,000, during the next 4 years, without obtaining the consent of Congress. Members of the Senate should understand that unless my modifying amendment is adopted the Congress will be automatically extending the farm-support program beyond the scheduled expiration date, which is

December 31, 1948. This extension will run as long as any foreign-relief program is in effect. The reason that this can be done is that, under section 32 of the Agricultural Act, 30 percent of all the customs receipts are automatically assigned to the agricultural program. The amendment of the Senator from Vermont authorizes the Secretary of Agriculture without seeking further authority to turn the funds over to any relief program which is being administered. I think it is a subject which should be considered apart from the Marshall plan. To show how it will operate, I call your attention to the fact that we adopted a similar amendment to the interim-aid bill last December. The present Aiken amendment is merely a modification of that. It was offered by the Senator from California [Mr. KNOWLAND]. At that time I endorsed it. I am frank to admit that I think I made a slight mistake in doing so, because in checking up on the working of the program, I find that the Secretary of Agriculture under the power we gave him then went into the market and purchased 101,000 tons of white potatoes at \$3.16 a bag. He turned those potatoes over immediately to one of the relief programs at 4 cents a bag, approximately 1 percent of the sale price. That had the effect of diverting without any authorization of Congress \$9,000,000 to the foreign-relief program.

Another commodity was eggs. We have been hearing a lot during the recent months from various administration officials who expressed their horror at the high prices which the American consumer was forced to pay for his eggs. The administration even inaugurated eggless days to relieve the shortage. But surprising as it seems we find that the Commodity Credit Corporation's storage houses were loaded with eggs. So much so that they were disposing of their surplus for Europe at a loss of over \$22,000,000 during the past 2 months. All of this was happening during the same period that they were pitying the poor American consumer. I know that one of the arguments advanced is that the eggs held by the Commodity Credit Corporation were dried eggs. My reply to that is that anyone except an inexperienced bureaucrat would never have had all of these eggs dried. A large percentage of them would and should have been placed in storage in cases to be removed and sold during the winter months as was always the customary practice of the egg industry.

The same thing is true with other commodities. For instance, honey, raisins, and prunes have been purchased. The question has been asked by many Senators if different commodities were covered under this program. I think the question can be answered very simply by saying that any commodity which can be interpreted as an agricultural commodity may be included under this program, and it is one way of opening up a great drain on the Federal Treasury.

It seems to me that the European recovery program should be considered as a program for Europe, as so ably described by the Senator from Michigan,

if we want to adopt it. The principle of a farm-support program may have some merit, but I submit it should not be attached as a rider to any foreign aid program.

Therefore, I ask that my modifying amendment be accepted. It would leave within the bill all the provisions authorizing the Secretary of Agriculture, as far as possible, to give consideration to surplus commodities, which I think is practical. It would not, however, put any particular commodity or any group of commodities on the gravy train.

Mr. AIKEN. Mr. President, so long as the United States undertakes to support agricultural prices on burdensome surpluses such as prunes and raisins, even at the very low rate at which they are attempted to be supported, I am afraid that if the amendment is not accepted, with a payment of 100 cents on the dollar for the commodities for use in the European recovery program, the result will be that instead of recovering half the costs from the program, we would have to dump them into the river and on many of the supplies there would be nothing recovered whatever. I object to the amendment.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. WILLIAMS. I should like to ask the Senator from Vermont to point out to me anywhere in the Marshall plan where it says the Administrator would be refused authority to buy any agricultural commodity which had been designated as surplus by the Secretary of Agriculture. The amendment which the Senator desires to have agreed to clearly states that the Administrator of the program must always give prior consideration to any agricultural product which has been declared surplus by the Secretary of Agriculture. That is being left in. The only thing we are removing is the authority to turn over \$100,000,000 a year, or more, without the authorization of Congress.

Mr. AIKEN. The restriction, of course, is in the amount of the appropriation.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from California.

Mr. KNOWLAND. Mr. President, I rise to oppose the amendment to the amendment, submitted by the able Senator from Delaware, and to support the amendment submitted by the Senator from Vermont. I think it is important that we go into the background very briefly of the legislative history of this situation. From time to time, as War and Agriculture Department officials have appeared before the Committee on Appropriations, there was tremendous pressure on grains, adding to the inflationary spiral. Members of that committee and the members of other committees of Congress have inquired of the Department officials why, in their feeding programs in western Germany and the occupied areas, they could not use some of the surplus American domestic commodities and relieve some of the pressure on our grain supplies.

Some of the surplus products were very burdensome on the market and, as a matter of fact, were bringing economic distress to many American farmers. The answer which was given at that time rather consistently was that they could not use the funds for that purpose because they were strictly confined by the Congress to the amount of funds applicable to the occupied territories. They could get the most for their money by buying wheat, although it was in short supply, because per dollar they could obtain more caloric value by purchasing wheat.

That is the legislative history background for the amendment offered last year relative to the emergency-aid program and tying up the other commodities to the caloric value.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KNOWLAND. In just a moment.

As so often happens in matters of legislation, the administration of the act did not work out in practice exactly in the way some of us on the floor felt it should work out. The Senator from Delaware will recall that after the authorization legislation was passed, the appropriation bill came up and there was put into the bill in the House of Representatives a limitation of approximately \$50,000,000 which could be expended for the purpose I have indicated. In the debate on the floor of the Senate the suggestion was made by the junior Senator from Florida that it be raised to \$100,000,000. That was objected to by the able Senator from New Hampshire, the chairman of the Appropriations Committee. The Senator from Arizona [Mr. HAYDEN] suggested, as a compromise figure, that it be limited to \$75,000,000. The able Senator from New Hampshire, being a good horse-trader when it comes to saving funds for the United States Treasury, said he would not accept the figure of \$75,000,000, but would compromise on \$65,000,000, as I recall the figure. Finally the legislation came out from the conference committee with the figure fixed at \$57,000,000, if my recollection is correct. So that there was that limitation.

I think the amendment which has been offered by the Senator from Vermont is a great improvement over the amendment which I offered on behalf of the Appropriations Committee last year. This amendment requires that if the Administrator, after consultation with the Secretary of Agriculture, can use some of the domestic surpluses, he shall do so insofar as practicable. They are not forced upon the Administrator in any sense of the word. The amendment also provides that he shall get either the cost paid by the Commodity Credit Corporation, if the product involved is a Commodity Credit Corporation product, or the prevailing market price, whichever is lower. Then if, in the judgment of the Secretary of Agriculture, it is useful and helpful to use part of the section 32 funds, he may use those funds for the purpose up to 50 percent of the cost of the commodity.

The Senator from Delaware is correct when he says that in theory, at least, the

Secretary of Agriculture could use the entire amount of the section 32 funds for that purpose, unless Congress at a later date, or by limitation in an appropriation bill, directs otherwise. But I call to the Senator's attention the fact that the Administrator would probably use those funds in one way or another, anyway, in the general support program.

As the Senator has pointed out, the section 32 funds are part of our statutes. They are in continuous existence. It is provided that 30 percent shall be set aside for the support of agricultural products. At the same time this amendment provides that there shall be a constructive effort to use the funds in maintaining some of our historic markets.

The able Senator from Kentucky [Mr. BARKLEY] has made some mention of the fact that there are historic markets in Europe for American tobacco. There are other historic markets. In my State of California, in normal peacetimes, approximately 40 percent of certain agricultural products of California find a normal market in western Europe. As a result, first, of the Nazi aggression, and secondly, of the economic collapse, those markets have been closed to such agricultural products. Certainly American funds should not be taken to purchase similar types of products from other countries, moving them into those areas of western Europe which have been the historic places where American products have gone. If new buying habits are created, when we finally have improved the economic conditions, we shall then find that an entire area will be closed to American products, bringing about a great amount of unemployment and a great amount of economic discomfort to a large number of Americans. This would not be good for us or for the nations we are assisting.

I have stated the theory behind the Aiken amendment. I think it is a constructive amendment as it has been offered by the Senator from Vermont. I hope it will be agreed to and that the amendment to the amendment, offered by the Senator from Delaware, will be rejected.

Mr. WILLIAMS. Mr. President, the amendment which I have offered, if agreed to, will not destroy any of the accomplishments which the Senator from California has so ably described. There will be nothing to prevent the Administrator from doing the things stated by the Senator from California. This could be accomplished without giving the authority to the Secretary of Agriculture to take \$100,000,000 out of the funds automatically being created by the customs receipts under section 32. If we want \$100,000,000 more, why not increase the appropriation for the European relief program without deceiving the American taxpayers? It would be reaching the same objective.

Mr. THYE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I will yield in a moment.

Mr. KNOWLAND. Mr. President, will the Senator yield to me?

Mr. WILLIAMS. I yield to the Senator from California.

Mr. KNOWLAND. The difference, which I think is a very basic one, is that we will be up against precisely the same problem with which we were confronted year after year with reference to the War Department. The Administrator will say, "Unless we can get these section 32 funds so we can use American products, we will not buy dried fruit from California, apples from Washington or Oregon, dried eggs or fresh eggs from Delaware, American tobacco from the South, or American cotton." Why? Because they can use American dollars to buy the same type of products in some of the low-cost-labor countries, and thereby make the dollar go much further than by purchasing commodities produced under the American standard of living. That is why section 32 funds are needed. If they are not used for that purpose the Administrator will not take those commodities, and they will pile up into a very burdensome surplus, which might create the same difficult economic situation which they are already creating in some commodities in my State of California.

Mr. THYE. Mr. President, will the Senator yield?

Mr. WILLIAMS. In just a moment. I should like to reply to the Senator from California. We are discussing the sum of \$100,000,000. It seems to me the Senator is proposing in effect that we must bribe the Administrator to buy products of American farmers by giving him an additional \$100,000,000. The Senator has not pointed out to me that anywhere in the bill it is provided that the Administrator shall be prohibited from buying products at the regular price. He wants an additional \$100,000,000 with which to buy American products, with the implied threat that unless he receives this money he will give preference to foreign agricultural products.

Mr. KNOWLAND. No. He can buy dried fruit from the Middle East, let us say, at a price considerably lower because labor there is paid a much lower wage than labor is paid in this country. Consequently, if it comes to buying a ton of goods, unless he can get the section 32 funds, he will purchase the goods from the other area, he will take them into western Europe, and the people will develop new eating habits, so that we will lose our historic markets in those areas.

Mr. WILLIAMS. Then why not adopt an amendment to prohibit it, and say he must buy them here, if that is what is desired?

Mr. KNOWLAND. The Senator says we are doing it by indirection. I do not think we are. There was a full discussion of this matter in the group that met yesterday, including the Senator from Delaware, with officials of the State Department and the Agriculture Department, attempting to work out a generally agreeable alternative amendment, and as long as this matter is fully discussed, and we know what we are doing—and I think there is no one in the Senate or in the House, if it comes to a vote, who will not know what we are endeavoring to do—it seems to me that is entirely consistent, and is not doing something by indirection.

Mr. WILLIAMS. Speaking of the meeting which the Senator from California and I both attended yesterday afternoon, with the officials of the State Department, he will recall, I am sure, that the State Department officials said that the only objection they would have to the elimination of this feature of the bill is that it would prohibit them from gaining an additional \$400,000,000 during the 4-year program. That was the only objection they raised. Nothing is being struck out of the bill providing that the Administrator cannot do anything different from what he could do if my amendment were agreed to. I am merely seeking to strike out the authority to use section 32 funds, and the power of the Secretary of Agriculture to allocate \$100,000,000 to the relief program without any authorization. If they need this \$100,000,000, let them come back and ask for it.

Mr. THYE. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. THYE. I attended the same meeting to which the Senator from Delaware has reference, and I am one of the authors of the proposed amendment. I wish to say to the Senator from Delaware that the whole purpose of the amendment was to correct a situation, and I will now call to his attention one of the glaring events which occurred, and which brought about the thinking that created the idea of the amendment.

In order to stabilize the egg market, the Commodity Credit Corporation purchased 60,000,000 pounds of U. S. No. 1 eggs.

Mr. WILLIAMS. They were not Delaware eggs.

Mr. THYE. Will the Senator please refrain until I have concluded my thought?

Mr. WILLIAMS. I beg the Senator's pardon.

Mr. THYE. Then there were powdered eggs, which amounted to 29,000,000 pounds. The Commodity Credit Corporation has held all those eggs since early last spring a year ago, and throughout the summer and fall. There was no market for those commodities, with the result that if, under the European recovery program, we were to appropriate money, and that money were to go abroad and be used to buy commodities of a similar kind somewhere else in the world, it would be demonstrated that we here in America were not good businessmen or good traders, having permitted a situation like that to occur. For that reason the provision was written into the amendment that would make it permissible for the Administrator to include these surplus commodities, even though the caloric value of one particular commodity were far higher than the caloric value of wheat, provision for the purchase of which has been contained in relief measures heretofore. So—

Mr. WILLIAMS. Mr. President, I should like to put in just one thought there.

Mr. THYE. Will not the Senator permit me to finish my thought?

Mr. WILLIAMS. I should like to make

one comment about the caloric value, then I shall yield further.

Mr. THYE. Certainly.

Mr. WILLIAMS. Speaking of the caloric value, I should like to point out that there has been much discussion regarding the caloric value of various commodities. It was mentioned in the amendment proposed by the Senator from California, but it has been completely ignored by the Secretary of Agriculture in the sale of commodities during the past 2 months.

We find that the Secretary of Agriculture has been selling prunes, raisins, honey, grapefruit, and dried eggs, all on the basis as if they were wheat being sold by the bushel, selling them by the pound. He sold the potatoes to the Government for 2.4 cents a bushel, which is the equivalent based upon caloric content of 12 cents a bushel for wheat. So the caloric value has had nothing whatever to do with the Secretary of Agriculture arriving at prices.

Mr. KNOWLAND. Mr. President, while I do not condone the action of the Department in selling potatoes at that price, nevertheless, I will say to the able Senator from Delaware that it would make far more sense to me, in a hungry world, even if we gave potatoes away to be used for food, rather than have them destroyed, as was done in some instances last year. So, even though we received a very nominal price, and the potatoes were used to relieve hunger in a starving world, I think we could well do that at a time when, under the bill, we are trying to restore the general economy of western Europe.

Mr. THYE. Mr. President, will the Senator from Delaware permit me to make a comment before he proceeds to answer the Senator from California?

Mr. WILLIAMS. I should like just to make a comment on the statement just made. The Senator from California is picturing his amendment as something which will correct all the evils of the agricultural program. He might be interested to know that his previous amendment adopted last December based along similar lines has failed miserably to accomplish this goal as the Secretary of Agriculture during the month of January 1948 alone diverted 673,900 bags of potatoes to the alcohol plants in this country. He even paid to get rid of them. Why were these potatoes not used for our relief program instead of wheat?

Mr. WHERRY. Mr. President, will the Senator from Delaware yield to me for a moment?

Mr. WILLIAMS. I yield to the Senator from Nebraska.

Mr. WHERRY. Many Senators have asked if the Senate will be in session tonight. I thought I made it plain last night, and if the matter is not clear, I repeat, it is the intention to continue in session this afternoon and into the night until we conclude the pending legislation, if possible. So Senators should be proceeding on the theory that they should get their meals here in the Capitol Building, if necessary, and be ready to answer quorum calls at any time, or be ready to vote, so that if possible we

may terminate the consideration of the pending bill tonight.

Mr. WILLIAMS. Mr. President, I should like to answer the Senator from California regarding the potato deal. He pointed out that if the Government had not supported the potato market, or had not disposed of the potatoes, they might have gone to waste. During the past 2 months the Commodity Credit Corporation in addition to the amount given to distilleries has turned over to the relief agencies, at the ridiculous price of 2.4 cents a bushel, the equivalent of 3,791,435 bushels of white potatoes. During the same period when the Commodity Credit Corporation was buying these potatoes in America to support the market at \$3.16 a hundredweight and reselling them to the relief agency at 2.4 cents a bushel, we imported from Canada, to make up the deficit, 3,636,104 bags. I should like to have the Senator from California tell me if there is any sense in that, and explain it. Could it be possible that we are here launching a world-wide farm-support program?

Mr. KNOWLAND. Mr. President, as some of my colleagues have previously said, I do not pretend to approve all the inconsistent actions on the part of the present administration, and I think the Senator has a point in the illustration he has just given.

Mr. WILLIAMS. I should further like to point out some of the practices which have been conducted under the Knowland amendment, which could still be conducted if the Aiken amendment were adopted. First, I refer to the case of honey. The Commodity Credit Corporation bought 11,800,000 pounds of honey, and immediately sold it to the relief agencies at a loss of a little over a million dollars. At the same time we imported over 19,000,000 pounds of honey from Europe and South America, and some of the honey that was imported came from the same countries to which these same relief agencies sent it back at a loss of a million dollars to the American taxpayers.

All that is attempted to be done in your present amendment is to say "We will modify that, and lose only half a million." I say, cut it all out and get rid of it.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD a statement of the transactions of the Commodity Credit Corporation for the past 2 months, explaining the loss of \$57,000,000.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MARCH 9, 1948.

HON. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: In accordance with your telephonic request of March 9, there is transmitted herewith a table showing tentative plans for the disposition of Commodity Credit Corporation owned or to-be-acquired price support commodities under the provisions of section 11 (E) of the Foreign Aid Act of 1947, and the limitations established in Third Supplemental Appropriation Act of 1948.

Sincerely,

JESSE B. GILMER,
Administrator.

Tentative plans for disposition of CCC-owned or to-be-acquired price support commodities under the provisions of sec. 11 (c) of the Foreign Aid Act of 1947 and the limitations established in Third Supplemental Appropriation Act of 1948

Commodity	Unit of measure	Unit cost to CCC	Unit sales price	Claimant	Amount
Citrus juice, concentrated.....	Gallon.....	\$2.25	¹ \$0.3985	Army.....	1,500,000 gallons.
Eggs, dried.....	Pound.....	1.31	² .32	do.....	8,350 long tons.
Do.....	do.....	1.31	³ .3734	State Department.....	2,700 long tons.
Honey.....	do.....	.1247	⁴ .0467	Army.....	11,800,000 pounds.
Potatoes, Irish.....	Hundredweight.....	3.16	⁵ .49	State Department.....	7,533 long tons.
Do.....	do.....	3.16	⁶ .49	Army.....	63,000 long tons.
Do.....	do.....	3.16	⁷ .04	do.....	101,467 long tons. ⁸
Dried prunes.....	Pounds.....	.0924	⁷ .0392	State Department.....	2,500 long tons.
Do.....	do.....	.0924	⁸ .0362	Army.....	68,929 long tons.
Dried raisins.....	do.....	.0826	⁷ .04988	State Department.....	2,500 long tons.
Do.....	do.....	.0826	⁸ .0459	Army.....	83,893 long tons.

¹ Free on board vendors plant.

² Free on board present storage.

³ Free alongside.

⁴ Free on board at processor plant.

⁵ Free on board cars at inland shipping points.

⁶ Includes estimate of 4 boatloads.

⁷ Free alongside west coast ports.

⁸ Free on board car or truck at processor plant.

Prepared by Budget Division, Production and Marketing Administration, Mar. 9, 1948.

Mr. KEM. Mr. President, I should like to make an inquiry of the Senator from Delaware. It seems to me from some of the discussion that certain Members of the Senate have in mind maintaining the present price level at home. Is it possible that one of the purposes of the amendment is to protect the present high cost of living from any decline?

Mr. WILLIAMS. Mr. President, in answer to that, I can only say that I think the Senator from Missouri is perhaps correct; that some of us might be inclined to be influenced in our vote on the relief program by what are supposed to be benefits to our respective States which would be derived from the adoption of the program. I should like to point out that I am not trying to say anything against agriculture. I come from an agricultural State. Even though it is not recognized here, I live in a county which is the third largest agricultural-producing county east of the Rocky Mountains. I have lived on a farm all my life. I think I know what I am talking about when I say that the agricultural program, as administered at this time, represents the most ridiculous and extravagant program I have ever seen.

Mr. KEM. Mr. President, I should like to inquire further from the Senator from Delaware whether, as the representative of an agricultural county and an agricultural State, he feels that there is any long-run benefit to American agriculture in conducting a huge dumping operation of agricultural products abroad as a temporary shot in the arm?

Mr. WILLIAMS. Mr. President, I do not think there is. I think it would be doing the farmers an injustice, because it would encourage them to build up production until the day comes when we would be obliged to shut it off for lack of money, and when that day arrives most of the farmers of America will be bankrupted. At a later date I expect to discuss further the fallacies of the present agricultural program.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] to the amendment offered by the Senator from Vermont [Mr. AIKEN].

The amendment to the amendment was rejected.

Mr. BARKLEY. Mr. President, the Senator from Washington [Mr. MAGNUSON], who is interested in the amendment offered by the Senator from Vermont [Mr. AIKEN], is unable to be present during the discussion of the amendment. He has prepared a statement on it, and I ask that it be inserted in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON ON AGRICULTURAL AMENDMENT TO S. 2202

Mr. President, I want to speak in support of the pending amendment introduced by the senior Senator from Vermont for himself and others of us who had proposed amendments to section 12 (c) of this bill. On Tuesday of this week I introduced an amendment designed to insure that agricultural commodities in surplus supply in this country would receive consideration in our foreign-aid program. All of the essential features of my amendment are included in the consolidated proposal under discussion.

I will not attempt to explain at this time the provisions of the amendment. That explanation was set forth in the statement I made when my own amendment was introduced, and those Senators from Vermont, Minnesota, Kentucky, Georgia, and California interested in this proposal have described in some detail what this measure seeks to accomplish and how it will operate. I do, however, wish to indicate briefly the circumstances which prompted me to introduce an amendment earlier in the week. Whereas, the amendment I proposed and the amendment now under discussion are purposely designed to include all agricultural commodities in surplus, I can best illustrate the necessity for adoption of the proposal by referring to the problem the deciduous fruit industry in the Pacific Northwest confronts. I am using the deciduous fruit industry as an example because that industry has devoted a tremendous amount of time and constructive thinking to the development of some of the language contained in the proposal we are discussing.

Prewar the Pacific Northwest exported 28 percent of its entire production of apples and 44 percent of its production of fall and winter pears. In addition, it exported over 55 percent of the dried fruit processed in the State. The 16 western European countries which will participate in the economic recovery program provided markets for over 90 percent of these exports. The Pacific Northwest accounted for almost 80 percent of the entire fresh apple and pear exports of the United States.

Prewar, the industry consciously developed its foreign markets. As a result the producers, processors, and handlers of fresh and dried fruits in the Northwest are geared to an export program. Lack of dollars in the 16 participating countries and the pre-emption of the export market by our foreign-aid programs, has virtually cut off these former outlets. It is obvious that when you place on the domestic market that additional 30 percent of our production which formerly went into the export trade, the oversupply has a depressing effect on the domestic price. Further, the industry confronts the very serious risk of having its former customers in the 16 participating nations turn to other sources of supply in South America, Australia, and elsewhere. Unless some assistance is given the industry, such as that provided in this amendment, it may be years before that industry can recapture from its competitors the markets it formerly enjoyed.

I believe it entirely legitimate that the Congress of the United States in this foreign-aid program give maximum attention to domestic surplus conditions created by the elimination of prewar foreign markets, particularly inasmuch as this can be done in the present instance without in any way jeopardizing or losing sight of the prime objective of the European recovery program. The 16 European nations, who participate in this program, stated in the CEEC report a desire to import in the first 15 months some 385,000 tons of fresh fruits. The participating countries, therefore, want our products, our domestic industry is ready and able to provide them, and this amendment insures that the Administrator will give full consideration to this problem. I hope every Senator on the floor will vote for it.

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from Vermont on behalf of himself and other Senators.

The amendment was agreed to.

Mr. REED. Mr. President, on March 4 I sent to the desk an amendment and asked to have it printed and lie on the table. That was done. The proposed amendment would do two things. The first part of the amendment would direct the Administrator of the program to purchase his grain and grain products through commercial channels. The amendment offered by the Senator from Georgia [Mr. GEORGE] which was accepted by the Senator from Michigan [Mr. VANDENBERG] in charge of the bill, took care of that part of my proposed amendment.

The second part of the amendment would require that 50 percent of the combined volume of wheat and flour shall be in the form of flour. That was a difficult requirement. Over a period of years the average amount of flour in the total aggregate of wheat and flour is about 33 percent. So I conferred with the Senator from Michigan, in charge of the bill, who in turn conferred with the State Department, and I in turn conferred with the milling industry, and I now offer and send to the desk and ask to have stated an amendment which has been agreed upon. The change is a reduction in the volume of flour from 50 percent to 25 percent.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 22, after line 11, it is proposed to insert the following new subsection:

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds neces-

sary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of wheat used to produce the wheat flour transferred to such countries under this act shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour transferred to such countries under this act.

On page 22, line 12, it is proposed to strike out "(c)" and insert in lieu thereof "(d)."

Mr. VANDENBERG. Mr. President, in the form now submitted by the able Senator from Kansas, the amendment is entirely satisfactory.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHERRY. May I inquire of the distinguished Senator from Kansas what significance lies in the fact that the Senator took the matter up with the State Department? What part did the State Department have in the amendment?

Mr. REED. The State Department issues export licenses at the present time. Such export licenses are issued partly by the State Department and partly by the Department of Commerce. The State Department is greatly interested in the bill. I recognize that the State Department is interested in it, and I wish to meet the views of the State Department when I can.

Mr. WHERRY. But, Mr. President, the Department of Commerce issues all export licenses. When the amendment offered by the Senator from Delaware [Mr. WILLIAMS] was under consideration it was stated that Senators met with representatives of the State Department and obtained their advice. What is the significance of seeking approval from the State Department? Why must we secure approval of amendments from the State Department?

Mr. VANDENBERG. Mr. President, will the Senator from Kansas yield to me?

Mr. REED. I yield.

Mr. VANDENBERG. I do not think there is anything very peculiar about consulting the Department from which legislation basically originates in connection with its legislative evolution. In the Department of State inevitably are those who have had the largest experience up to date with the administration of these foreign programs. Under the proposed act that basic concept is to be changed. I would think there was no capital offense committed in seeking the opinion of the State Department, for whatever it may be worth, on the basis of its experience, in connection with any amendment submitted to the bill.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHERRY. Certainly, it is a function of the State Department to make observations and secure facts. But, after all, the Senate is writing the legislation. When legislation comes before us we decide upon its merits, not because it is acceptable to the State Department.

Mr. VANDENBERG. Mr. President, I have not heard anyone say that the amendment is submitted at the request of the State Department or under its caveat. What the Senator from Kansas said was that the State Department's experience had been drawn upon. We had a considerable argument about it. We can eliminate the State Department now. I suggest, on behalf of the Senate Foreign Relations Committee, without regard to anybody or anything else, that the amendment is satisfactory.

Mr. REED. Mr. President, I want to make an observation before the Senate votes on the amendment. The Administrator has not yet been appointed. I agreed, after consultation with the milling industry and the grain trade, to lower the percentage of flour to be included, from 50 percent to 25 percent; but I want the Record to show, for the information of the Administrator when he is appointed, that from 1931 up to 1946 the percentage of flour represented in these export transactions was 33.14 percent, and the present export of flour, from July 1, 1947, up to and including April of this year, is about 35 percent. I hope in good faith that the Administrator will not let the proportion of flour fall below the historical basis of about 33 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. REED].

The amendment was agreed to.

Mr. REED. Mr. President, I wish to take about 2 minutes to make the shortest speech that has been made or will be made upon the pending bill.

I voted against the Taft amendment last night. I do not want it to be understood that that means I am going to vote against the bill. I expect to vote for the bill. I do not want it understood that that forecloses me as to the amount of money involved. I voted against the Taft amendment because I thought the authorization should be at a limit which would make for flexibility in the handling of appropriations and the funds to be appropriated from this time on.

I am a member of the Committee on Appropriations, and in that committee I shall subject the amount to be appropriated to the closest scrutiny of which I am capable. There were five members of the Appropriations Committee present in the Chamber last night who voted for the Taft amendment. That includes the distinguished Senator from Nebraska [Mr. WHERRY] and others. They will have an opportunity to consider the sum to be allowed in the Appropriations Committee. Five members of that committee, including myself, voted against the Taft amendment. We have publicly stated that we favor the lowest sum that can be reasonably appropriated to do the job. That makes 10 members of the Appropriations Committee of this body who have either acted to lower the sum, or have stated that they may do so in their capacity as members of the Appropriations Committee.

Mr. President, I intended to make this statement last night, but there were sev-

eral long speeches, the hour was late, and Senators were tired. I am taking this opportunity to lay before the Senate and the people of the country the fact that there are 10 members of the Appropriations Committee who are committed, either by their vote or by their public statements, to a close scrutiny of all the facts which will make up the record upon which we shall finally act.

I hope to be able conscientiously and fairly to vote for a smaller sum than \$5,300,000,000, but I want a record before the Appropriations Committee which will justify such a vote.

Mr. O'DANIEL. Mr. President, I hold in my hand an amendment to Senate bill 2202, commonly called the Marshall plan, or the European recovery program, which I desire to present at this time. My amendment seeks to render the same service and extend to our aged pioneer citizens the same treatment that the British Government now extends to all of its citizens, even to the least babe in arms, and that is a supplemental food subsidy.

Today, according to Edgar Snow, writing in the Saturday Evening Post, the British Government is underwriting a food subsidy of 70 cents a day a person.

I do not think any Senator would question this statement by Mr. Snow. He wrote his article while in England. Further, Mr. Snow does not enjoy a reputation of being overly friendly to any form of government that does not bend double to do the "liberal" thing at any and all times. But here are the exact words of Mr. Snow as they appear on page 29 of the March 6, 1948, issue of the Saturday Evening Post. He writes:

Basic foods are rationed to guarantee that even the poorest shall have the barest necessities, at prices which cost the Government about 70 cents a day in food subsidies for every person in the country. And no one questions that the "underprivileged third" are eating better than before.

We have in the United States 2,297,995 aged pioneer citizens who are drawing starvation pensions from their States, supplemented by this Federal Government. Many of these fine aged Americans are being hastened into their graves because of malnutrition, improper housing, lack of heat, and other absolute necessities. Out of their pitiful doles they are unable to obtain the simplest medicines and seldom, if ever, are they able to pay for the services of a physician. All this is happening right here in the United States of America, in the country that is now attempting to feed, clothe, house, and otherwise care for the citizens of 16 foreign nations. This is happening in a country that is now preparing to dish out billions upon billions to stabilize the economy of tottering nations who cannot make up their minds to get down to work and dig themselves out of a mess that is theirs and is no fault of ours. We saved them from Hitler, but we cannot save them from themselves.

Mr. President, this amendment proposes to subsidize the food ration of our aged people to the same extent that we

are subsidizing the food ration of all the people of England. I am not asking this subsidy for anyone but the deserving. I want the assistance made available to all of our pension enrollees in addition to the pitiful dole they are now receiving at the hands of their Government. This is purely a food subsidy. It will add 70 cents worth of food per day to the diet of the needy citizens of the United States. Let me say to all within range of my voice that this subsidy is badly needed.

I send this amendment to the desk with the plea that we be as generous with our own needy citizens as we are with the healthy working people of England. The amount in dollars and cents asked for by this amendment, in the hope of restoring health and giving life to the 2,297,995 aged pioneers, means an expenditure of \$600,000,000. It means \$21 per month per person.

This \$600,000,000 is mere chaff in the eyes of the present administration, and those who vote here in favor of the \$17,000,000,000 give-away foreign recovery program. So, let us be honest and deal fairly and squarely with the grandpas and grandmas of our own land. Their children are paying the bill in connection with the so-called Marshall plan, and their grandchildren and great-grandchildren will be paying on the debt if we are not taxed into totalitarianism.

Mr. President, if our Government is determined to give away all our resources to foreigners, should we not let a few crumbs fall on the dinner tables of our own destitute and deserving aged pioneers?

I ask that this amendment be accepted and become a part of Senate bill 2202. I sent the amendment to the desk. The amendment proposes, at the proper place, to insert the following new section:

SEC. —. (a) The Secretary of the Treasury shall pay to each individual receiving old-age assistance under an approved State old-age assistance plan \$21 a month in addition to the amounts received as old-age assistance. In carrying out the provisions of this subsection, the Secretary is authorized to utilize the services and facilities of each State agency which makes old-age assistance payments under the State plan.

(b) In order to carry out the provisions of this section for the period of 1 year following the date of enactment of this act, there is hereby authorized to be appropriated \$600,000,000.

Mr. President, I sent the amendment to the desk and will call it up later for a vote. At that time I shall ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator wish a vote on his amendment now?

Mr. VANDENBERG. Mr. President, why not vote on the amendment now?

Mr. O'DANIEL. I am willing to do so, but first I shall ask for a quorum call, so that we may have the yeas and nays if the Senate so desires.

Mr. VANDENBERG. If the Senator asks for the yeas and nays that will ipso facto produce a quorum.

Mr. O'DANIEL. I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Murray
Baldwin	Hickenlooper	Myers
Ball	Hill	O'Connor
Barkley	Hoey	O'Daniel
Brewster	Holland	O'Mahoney
Bricker	Ives	Overton
Bridges	Jenner	Pepper
Buck	Johnson, Colo.	Reed
Butler	Johnston, S. C.	Revercomb
Byrd	Kem	Robertson, Va.
Cain	Kilgore	Robertson, Wyo.
Capehart	Knowland	Russell
Capper	Langer	Saltonstall
Chavez	Lodge	Smith
Connally	Lucas	Sparkman
Cooper	McCarran	Taft
Cordon	McCarthy	Taylor
Dworshak	McClellan	Thomas, Okla.
Eastland	McFarland	Thomas, Utah
Eaton	McGrath	Thye
Ellender	McKellar	Tobey
Ferguson	McMahon	Umstead
Flanders	Magnuson	Vandenberg
Fulbright	Malone	Watkins
George	Martin	Wherry
Green	Maybank	Wiley
Gurney	Millikin	Williams
Hatch	Moore	Wilson
Hawkes	Morse	Young

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment which has been submitted by the Senator from Texas [Mr. O'DANIEL].

Mr. VANDENBERG. Mr. President, the Senator from Texas is anxious, as I understand, to have the yeas and nays on his amendment. That is quite agreeable to me, if he wishes to make the request.

Mr. O'DANIEL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. VANDENBERG. Mr. President, I merely want to say very briefly that the amendment submitted by the Senator from Texas addresses itself to a matter completely extraneous to the pending bill. He is proposing to add \$21 a month to the old-age-assistance payments of all old-age-assistance beneficiaries of the country, with an initial authorization of an appropriation of \$600,000,000. Regardless of whatever the merits of the suggestion may be, I think it is almost a transparent fact that the Senate could not embark upon a project of this nature without study, without committee investigation. Certainly the amendment is not germane to the pending bill. I shall be glad to have the vote taken.

Mr. O'DANIEL. Mr. President, the subject that I have brought up in the amendment is not new to the Senate. It needs no further study. It has been studied for years. I have read in the Record the statements made by Senators on the floor of the Senate with reference to old-age pensions. The amendment embraces the philosophy which has been advocated by a great many Senators for direct pensions from the Federal Government, regardless of what the States may do. There is no question but that, due to the extreme increase in the cost of living in our Nation, which is also fully understood, I presume, by all Senators,

the aged citizens of this Nation are suffering. They are in desperate condition. I have letters not only from my State of Texas but from other States, reminding me of the small pensions that are being paid. The pensions do not begin to take care of the cost of living on its present high scale. The old folks are actually hungry. They are in want. Many of them are sick, but they are unable to get the medical and surgical attention from doctors which they need. Their condition is desperate. There are many old folks in this country who are suffering as much, and who are quite as destitute as any of the people in foreign countries. When it comes to charity, I think it should begin at home. I do not think it should end at home. I think we should practice charity in every nation in which there are hungry and destitute people, and that we should practice charity individually and personally to the limit of ability.

But inasmuch as we are now going down the line and putting the Government into the practice of the exercising of charity for foreigners, and inasmuch as the need is so great here in America, I think we should include a small amount, compared with the total, and give that small amount of charity to the needy of our own country.

I recently referred to an article by Edgar Snow, published in the Saturday Evening Post on March 6. Referring to England, Mr. Snow, a correspondent of the Saturday Evening Post, at page 29, said:

Basic foods are rationed to guarantee that even the poorest shall have the barest necessities, at prices which cost the Government about 70 cents a day in food subsidies for every person in the country. And no one questions that the underprivileged third are eating better than before.

By the bill which is under consideration, if it is passed we shall be giving a large amount of money to England. England, by virtue of the use of the money she is receiving from us, is better able to provide a subsidy for her own people, not only the aged and destitute, but England, according to the article to which I have referred, is paying a subsidy to every citizen of the land, to the healthy, to those who are employed, to the wealthy, to little babes in arms. Everybody is getting on an average of 70 cents a day. Why should we not do the same thing here in America? Why should we not be equally generous with our aged pioneer citizens who have helped to build America into this great Nation, when we feel we are able to help others all over the world? Our aged pioneers have produced the boys and girls who fought the war for freedom. They are impoverished. Their children who have returned from the war are barely able to cope with the high cost of living. Our Government has adopted a program under which it undertakes to give aid to our old folks. That program is in operation, but the assistance given is not sufficient to care for the needs of all the old folks who are on the roll. So, Mr. President, while we are in the mood to give away practically every-

thing we have in this country to foreigners, why not give some consideration to the folks at home? Why not let a few of the crumbs fall from the table, for the benefit of our destitute and aged pioneers, the fathers, mothers, grandfathers, and grandmothers of the people of this Nation? Why not do for all those who are receiving old-age pensions in America what England is doing to each and every one of her citizens? My amendment is patterned after that plan, although my amendment does not provide that assistance should be rendered to every citizen in the United States. It provides that aid shall be rendered to those who are, by the State organizations that have been set up for that purpose, declared to be in need. Those needy persons have all been interviewed by representatives of the old-age assistance administration. They have been placed on the old-age assistance roll, and they are getting all that the money which is now appropriated will provide. They are not receiving equal amounts. My amendment, if it shall pass, will leave each aged pensioner right where he is now, drawing exactly the same amount he is now drawing and will continue to draw under the present law. In addition to that, it appropriates \$600,000,000, so that every aged pensioner on the roll, regardless of the amount he now receives, will receive an additional \$21 a month. That amounts to 70 cents a day for 30 days, the same amount which England is doling out to her citizens, with our money.

How can we sit in the Senate and appropriate money to England to dole out to her citizens and leave the old folks in this country hungry, ill-clad, ill-housed, sick, afflicted, and unable to obtain the necessary attention. It has been said my amendment is not germane. That is a queer argument which is seldom heard on this Senate floor. It can easily be made germane to this bill by simply amending the title, and I will promptly move to amend the title as soon as my amendment is adopted. It is certainly germane as far as rendering aid to our own citizens is concerned. The main purpose of the Marshall plan is to feed hungry people. Since when did it become germane to feed hungry foreigners and in the same bill become not germane to feed our own senior American citizens who are in dire need?

I do not think we should stand on a technicality and say it is not germane, and thereby penalize the old folks of this country, while we are feverishly working to give away everything we have to other countries. In my opinion, the plan contained in my amendment to help our senior citizens obtain the bare necessities of life is more germane to our American way of life than every other provision in the Marshall plan.

I have made a speech against the Marshall plan. But I believe it will pass, anyway. If it shall pass, and if it be the will of Congress and of the administration to put our Government into the charity business, or to continue in the charity business, by what reasoning process can we omit our old folks at home, especially those who are needy, destitute, hungry, and sick?

Mr. President, ever since I have been a Member of this Senate I have fought for more consideration for our senior citizens. It seems that others always found excuses for delay. It was always contended that it was not the proper time, or not the right kind of bill, or it was the wrong plan, or not germane, and as a consequence, practically nothing has been done. We have done much to boost the wages, salaries, income, and profit of many other groups of people to help them cope with the ever-increasing cost of living, but we have shamefully neglected our own needy old folks. We have given billions upon billions of dollars to aid peoples of foreign nations, and are now about to give away over five billions more, but not \$1 is included in this bill for aid to our own needy aged folks here in our own country whose cost of living has also increased tremendously while their old-age pensions have in many cases decreased. I do not think there is any way on earth to justify a vote against my amendment, which authorizes a contribution to help our own aged citizens.

So, Mr. President, I ask for favorable consideration of this amendment, and I also wish to say at this time that since I offered my amendment the Senator from South Carolina [Mr. JOHNSTON] has asked me for permission to have his name entered as coauthor of the amendment. I shall be glad to welcome the Senator as coauthor of the amendment, and if there are any other Senators who would like to be coauthors of it, I shall be glad to welcome them into the fold. Even though they are not coauthors, I implore each and every Senator here to be just, honest, and fair and not to discriminate against the old folks of this country, who at the present time are in destitute circumstances. As I have said before, my mail is filled with letters from persons pleading for a bite to eat while this big give-away administration is pouring out our billions for people in other parts of the world and paying no consideration to the aged citizens other than the mere pittance which they are now receiving. I urge the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. O'DANIEL]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, the Senator from South Dakota would vote "nay."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from Illinois [Mr. BROOKS] and the Senator from Kansas [Mr. REED] are detained on official committee business. If present and voting, the Senator from Illinois [Mr. BROOKS] would vote "yea."

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY], the Senator from Tennessee [Mr. STEWART], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The result was announced—yeas 13, nays 73, as follows:

YEAS—13

Capehart	Langer	Revercomb
Hawkes	Malone	Taylor
Jenner	Murray	Thomas, Okla.
Johnston, S. C.	O'Daniel	
Kem	Pepper	

NAYS—73

Aiken	Gurney	Morse
Baldwin	Hatch	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Mahoney
Brewster	Hill	Overton
Bricker	Hoey	Robertson, Va.
Bridges	Holland	Robertson, Wyo.
Buck	Ives	Russell
Butler	Johnson, Colo.	Saltonstall
Byrd	Kilgore	Smith
Cain	Knowland	Sparkman
Capper	Lodge	Taft
Chavez	Lucas	Thomas, Utah
Connally	McCarran	Thye
Cooper	McCarthy	Tobey
Cordon	McClellan	Umstead
Dworshak	McFarland	Vandenberg
Eastland	McGrath	Watkins
Eaton	McKellar	Wherry
Ellender	McMahon	Wiley
Ferguson	Magnuson	Williams
Flanders	Martin	Wilson
Fulbright	Maybank	Young
George	Millikin	
Green	Moore	

NOT VOTING—10

Brooks	Reed	Wagner
Bushfield	Stehnis	White
Donnell	Stewart	
Downey	Tydings	

So Mr. O'DANIEL's amendment was rejected.

CHANGE OF DATE OF CONFERENCE OF MINORITY

Mr. BARKLEY. Mr. President, while the membership of the Senate is present, I wish to announce a change in the date and hour of the conference of the minority which I had called for 10:30 o'clock on next Monday morning. I did not know that the chairman of the Committee on Foreign Relations had called a meeting of that committee for 10 o'clock Monday morning to hear General Marshall on the problem of further aid to Greece and Turkey. It seems that is the only day on which he can appear. Therefore, I am asking the members of the minority to keep in mind the fact that I am requesting that the date be changed until Tuesday morning at 10:30 o'clock instead of Monday morning at that hour. This will obviate the necessity of sending out further notices.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. WILSON. Mr. President, I ask unanimous consent that there be printed in the RECORD as a part of my remarks letters written by me to the State Department asking for information relative to the so-called European recovery program, their reply, my answer, and a brief statement relative thereto.

There being no objection, the letters and statement were ordered to be printed in the RECORD, as follows:

MARCH 1, 1948.

HON. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

MY DEAR MR. SECRETARY: If it is agreeable with your wishes, may I have a copy of the trade agreement recently entered into between England and Russia?

Thanking you in advance for your attention to this matter, I am,
Sincerely yours,

GEO. A. WILSON,
United States Senate.

WASHINGTON, D. C., March 9, 1948.

HON. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.:

Under date of March 1, I wrote you as follows: "If it is agreeable with your wishes may I have a copy of the trade agreement recently entered into between England and Russia." I have not been supplied the information nor have I had an answer to my communication. May I expect one?

GEORGE A. WILSON,
United States Senate.

DEPARTMENT OF STATE,
Washington, March 10, 1948.

The Honorable GEORGE A. WILSON,
United States Senate.

MY DEAR SENATOR WILSON: Reference is made to your letter of March 1, 1948, in which you requested a copy of the trade agreement recently negotiated by Great Britain and the Soviet Union, and to your telegram of March 9, in which you inquired further regarding this subject. It is a matter of regret that the Department possesses only a very limited number of copies of this agreement. These copies are urgently required for daily reference by officers whose duties include attention to such matters.

In the course of seeking to obtain a copy of the agreement for you, an inquiry was made of the British Embassy, which has informed the Department that, while it has no copies for distribution, they may be obtained for a minimum fee from the Sales Office of His Majesty's Stationery Office, care of British Information Service, 30 Rockefeller Plaza, New York 20, N. Y.

Officers of the Department will of course be pleased to discuss this agreement with you, should you wish, and to answer questions concerning it.

Sincerely yours,

For the Secretary of State:
CHARLES E. BOHLEN,
Counselor.

MARCH 11, 1948.

HON. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

MY DEAR SECRETARY: On March 1, I wrote you as follows:

"If it is agreeable with your wishes, may I have a copy of the trade agreement recently entered into between England and Russia. Thanking you in advance for your attention to this matter, I am, etc."

On March 9, having had no reply from you to the letter quoted above, I sent you the following urgent telegram:

"Under date of March 1 I wrote you as follows: 'If it is agreeable with your wishes may I have a copy of the trade agreement entered into between England and Russia.' I have not been supplied the information nor have I had an answer to my communication. May I expect one?"

Today, March 11, I received a letter from the Department of State as follows:

"Reference is made to your letter of March 1, 1948, in which you requested a copy of the trade agreement recently negotiated by Great Britain and the Soviet Union, and to your telegram of March 9, in which you inquired further regarding this subject. It is a matter of regret that the Department possesses only a very limited number of copies of this agreement. These copies are urgently required for daily reference by officers whose duties include attention to such matters."

"In the course of seeking to obtain a copy of the agreement for you, an inquiry was made of the British Embassy, which has informed the Department that, while it has no copies for distribution, they may be obtained for a minimum fee from the Sales Office of His Majesty's Stationery Office, care of British Information Service, 30 Rockefeller Plaza, New York 20, N. Y."

"Officers of the Department will of course be pleased to discuss this agreement with you, should you wish, and to answer questions concerning it."

"Sincerely yours,

"For the Secretary of State," etc.

Your Department, in denying my request, suggested that "for a minimum fee" I could obtain a copy of the agreement from the sales office of His Majesty's Stationery Office, care of the British Information Service.

You state that the copies you have are "urgently required for daily reference by officers whose duties include attention to such matters."

From such a statement I am led to believe that the copies were of utmost importance to our people. Does it not seem to you that these copies likewise would be of utmost importance to the United States Senate?

Senate debate on the Marshall plan opened about March 1. Congress must determine the eventual policy on matters of this nature. It is a sad commentary that the executive branch of the Government refuses to supply the legislative branch with information bearing upon such an important matter, and instead, serves notice that Congress must secure such material from a foreign government.

Could it be, Mr. Secretary, that this is the policy under which the executive branch of the Government intends to operate the European recovery program? Must Congress, upon whose shoulders rests the trust of the people of the United States, be compelled to seek information from the propaganda agency of another government, or should we seek information from our own public servants?

Would it be possible for me to have a copy of this agreement if I were to send someone from my office down to copy it?

Sincerely yours,

GEO. A. WILSON,
United States Senate.

STATEMENT BY SENATOR GEORGE A. WILSON,
REPUBLICAN, OF IOWA

In approaching the European recovery plan, I have pursued every avenue available to me in my quest for facts. I have spent long and patient hours in study of the foreign situation, and I have had my office staff obtaining information for me.

Foremost in my mind has been, and still is, an honest desire to do the things for the best interest of our own people and the world.

With these thoughts in mind, I have been attempting to explore all of the ramifications, benefits, and pertinent information involved in this program.

Unquestionably, the recent trade treaty negotiated by Great Britain and Russia is related to the matter now pending. For that reason, I asked the Secretary of State to furnish me a copy of that agreement. Did he do so? He did not.

Instead, the Department of State finally acknowledged that it did have some copies of the trade agreement between Great

Britain and Russia, but advised me that those copies were urgently needed by State Department officers, and I quote, "whose duties include attention to such matters."

The Department of State then referred me to "His Majesty's Stationery Office" in New York City where I could obtain a copy for a minimum fee.

This is a case of the executive branch refusing to give pertinent information to the legislative branch of the Government. It is, furthermore, an affront to Congress when an executive department, in so doing, forces a representative of the people of the United States to seek facts from the propaganda office of a foreign power.

Apparently we no longer have a republican system of representative government, but do have a bureaucracy operated by military men.

When those in the executive branch think and assert that the legislators have no right to inquire about facts behind legislation, and when the executive branch has those facts and refuses to divulge them, then I am sure the people understand that it is most difficult to determine what is the right thing to do, in the interest of preserving our America and the peace of the world.

Mr. PEPPER. Mr. President, I wish to speak today not only to the so-called Marshall plan, but to the foreign policies of the Soviet Union and the United States, and, with all the earnestness of my heart, to the relationship of that plan and those policies to the peace of our country and our world.

Certainly without design on the part of our country, the fact is that this Nation and the world today are at a way station on the road to war. In my humble opinion, if the policies of these, the two greatest countries in the world, can be reconciled into practical accord, this plan could be the first step in a program which could reverse the trend of the world and turn it from war toward peace. It is, therefore, my hope that it will be possible to alter the policies of these two principal countries so that this plan may restore the bonds of friendship and wartime unity with which the Allies won the greatest victory of all time.

Mr. President, the time has come for the Senate, the Congress, and our country, to realize and to reckon with the seriousness of the present situation. That suggestion is not only from the consciousness of the Senator from Florida; it is embodied in the statement in yesterday's press from the President of the United States, the headline of which says, "Truman's confidence in peace shaken by European events." It comes from the statement in Thursday's issue of the Washington Post by the Secretary of State of our Government, who gave occasion for the headline which reads, "Situation is very, very serious, Nation warned by Marshall."

Mr. President, when the President of the United States and the Secretary of State warn their fellow countrymen and the world generally of the imminence of war, it is time that we begin to consider whether we are conscious actors upon the stage of the present, or whether we are the victims of momentums over which we have no more control than the actor in a Greek tragedy, who had to wait for the destruction of an inevitable happening.

Today's newspapers carry evidence that western Europe is in process of

drafting not only an economic, but what amounts in substance to a military compact, to face what they deem to be the threat of a possible physical invasion, which would simply be the beginning of a world-wide conflagration. Across the headline of the Washington Post of this day we find, "UN to study Reds' Czech coup," indicating that the United Nations Organization is today dealing with that situation. In this morning's New York Times we see the headline: "Two in House ask Congress to order halt in Soviet plots."

Then there is the subheadline: "Republicans ask military aid to any free nation in peril of Communists."

Mr. President, I have here an article which speaks not only about what individuals in public life are saying, but about what the people themselves are saying. I refer to an article in today's Washington Post by Malvina Lindsay, which says:

Events in Czechoslovakia, Finland, and elsewhere have caused a fresh spurt of war talk. Well-tailored men in smoking cars remark to each other that it looks as if they might be commuting to Washington again on war contracts; maybe they'd better start mending their hotel fences.

Matrons who look as if they had a dozen of everything speculate at hotel luncheons as to whether they should begin to stock up on a few staples—well, maybe not on clothes that would go out of style, but at least on nylons and canned foods. They were suckers the last time because they didn't hoard. Besides, they never dreamed that inflation lasted so long after wars.

Complacent couples relate how they are buying a farm in Ohio or fixing up the old homestead in Iowa so they will have a safe place for themselves and children. And in taxicab discussions a pinched little man or a big blustering one comes up occasionally with the solution, "We ought to drop the first bomb."

Mr. President, in the issue of the Washington Post of March 5 we find the following in the Matter of Fact column, by Joseph and Stewart Alsop:

The Soviet-western conflict is now a new and perhaps decisive phase. Phase 1 was the period of American self-delusion; a phase of appeasement toward the Soviet Union. Phase 2 was a period of awakening; a phase of attempts to halt Soviet imperialism by political and economic measures culminating in the European recovery program. Phase 3 will be a military phase marked by defensive pacts, military basing arrangements, and coordination of war plans throughout the non-Soviet world.

Again the same authors, in the Washington Post of March 10, say in the same column:

The military phase of the Soviet-western conflict has clearly begun, marked by the proposed defensive alliance between the western European powers and the United States.

Mr. President, responsible leaders of our country are saying that it is necessary for us to incorporate in the bill military as well as economic aid, and we read in the press that our sister body contemplates incorporating in a single bill provision for military as well as for economic aid.

Responsible and patriotic leaders are telling us that it is not wise to give economic assistance to the 16 western European powers unless we follow the eco-

nomic-assistance feature with a military pact, which means that we will go to their side with military power in the case of military aggression.

So, Mr. President, we face today a very ominous world situation. We face it in spite of all we have done since the end of the war by economic aid and assistance to world recovery to avoid just such a condition as we now confront.

I have before me a report from the Committee on Reduction of Nonessential Federal Expenditures. That committee, under the able Senator from Virginia [Mr. BYRD], has given a very wise and helpful statement of how much had been spent by our country in foreign aid up until September 1947. Here is the way it is summarized by that committee:

Assistance for civilian relief, rehabilitation, and reconstruction valued at \$15,300,000,000.

Fifteen and one-third billion dollars, Mr. President, since the fiscal year beginning July 1, 1945, up to September 1947. That is before the present proposal. That is before the interim-aid bill of the special session. That is beyond anything that we might consider in this or any future crisis.

It says also:

Direct contributions for military assistance, exclusive of the maintenance of United States armies of occupation and military installations abroad, valued at \$951,000,000.

So, Mr. President, we have already contributed more than \$16,000,000,000 in trying to restore a war-torn world.

This bill carries an authorization of not to exceed \$5,300,000,000, and it carries also, in my humble and individual opinion, something very much akin to, if not actually, a moral obligation on the part of our country, if the recipients of this aid do their part under the program in a cooperative way, to continue to help them until the end of 1951, which may envisage under this program a total expenditure exceeding \$17,000,000,000 by the Government of the United States in 4 years. Seventeen billion dollars added to the \$16,000,000,000 we have already spent since July 1, 1945, makes, obviously, Mr. President, a sum nearly equivalent to the total national budget of the United States in the present fiscal year—\$39,000,000,000.

Mr. President, we are also told that we cannot stop with economic aid in other parts of the world outside western Europe. For example, General MacArthur, General Wedemeyer, and General Chennault have all in solemn public statements addressed to an official committee of the Congress said that it is not sufficient to give economic aid to China, but we must follow it up with military force. It may be that we intend the Chinese to furnish the fighting personnel, but we shall certainly have to furnish the matériel. We already have forces in China. It would be unusual if we did not increase them, and if they did not do there what they are steadily doing in Greece—get closer to the front, farther and farther into the field, until, for all practical purposes, they will be participants in the military clashes which occur in those countries.

We are told that in Greece the program which we adopted last year has not succeeded in crushing the guerrillas; that we will have to give more military aid; that economic assistance was not enough last year, as we hoped it would be. We are told that it was necessary to divert some of the money originally appropriated and intended for economic assistance to the Greek people to the military program, because the guerrillas were gradually increasing in strength and military power; they have increased in numbers. We are told now that we must give additional military support to the Greek Army and the Greek Government if there is to be any hope of crushing the Communists.

So I say, Mr. President, we are marching steadily forward along the almost inevitable course of, first, friendly counsel, then economic cooperation, then military aid; and now many are leaping the last hurdle, Mr. President, and saying, "If necessary, we will have to use our own men, to fire our own guns, in order to be successful in the expenditure of our own funds."

Furthermore, Mr. President, we have heard offered here in the Senate by responsible and able Senators amendments to the bill proposing alterations in the character of the United Nations organizations, and making such provision so that the majority will have the power to use the full force and authority of that organization. The contention is made that the present organization is impotent and a failure, unable to prevent aggression and to keep world peace, and that at long last we must have an organization that will have a military police force which can be used against an aggressor.

We are also told here in the Congress, Mr. President, that we must depart from the traditional American policy of not having universal military training in peace time and adopt a universal military training program at the present session of Congress. Events have appeared so ominous to our able Committee on Armed Services here in the Senate that they seem to have reversed their previous decision or understanding that they would not hold hearings until the House disposed of the legislation. Now they have announced, as I understand, that there will be hearings. They sat by the hour in consultation with our top military advisers, as well as with the able Secretary of State, and consulted as to what military measures we might now take to put ourselves in a state of readiness to meet the danger which threatens from many parts of the world.

Moreover, we have had the reports of two committees about what we should do to increase the strength of our aviation arm. One committee—the Finletter Committee—comes forward with a proposal that we should spend something like \$6,000,000,000 in adding to the strength of our air power. The joint congressional committee headed by the able Senator from Maine [Mr. BREWSTER] tells us that we should spend \$10,000,000,000 in creating the mightiest air force in the skies of the world today.

So, Mr. President, all these things are counseled—these preparations, these

steps toward military competency—as I have said, by the very highest leaders of our Government charged with the defense of our country. Such leaders include the Secretary of National Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Forces.

I do not know whether we can always place reliance upon headlines or not. The other day there was a headline in the newspapers to the effect that we were reactivating the selective-service boards, that they were being brushed off, as it were, to eliminate the cobwebs, and that we were readying the conscription machinery, the draft machinery which we employed in time of war.

We know that we have reopened an air base in Tripoli, and that probably we have substantial air power there. The newspapers tell us from time to time about the maneuverings of our fleet units in the Mediterranean. A little while ago the news accounts told us that the marines accompanied some of those vessels, that they were clad in battle equipment, and that their organizations carried tanks and landing craft. We are also told that we must ready ourselves for war emergency; and the question in the minds of Members of Congress today is: Just what extremity will the Congress have to face?

It is against that background that we come to the consideration of the pending bill, known as the Marshall plan. In many respects this is the most magnificent proposal ever made by a government, ever offered by a Congress, or ever supported by a citizenry. It proposes to take of our substance—never too plentiful—in the course of 4 years \$17,000,000,000 and, for all practical purposes, to give it away in peacetime to other peoples in other parts of the world.

I voted with the Senator from Texas [Mr. O'DANIEL], who proposed aid for the old people of the United States. I realize that the charge of irrelevancy and lack of germaneness could have been made against his amendment, but I know the plight of the old people of America. I know the experience of many of them in my State. I know the low level at which many of them live, the misery in which many die, and the poverty in which they come to the sunset period of their old and honorable lives.

We know that in America all the people are not without their pains and privations; yet out of our own people's substance we propose to make this magnificent contribution to the people of western Europe to aid them to recover from the devastations of war and to rehabilitate their economies. With that principle I am in the heartiest accord.

I will say that there are some reservations with respect to this bill which I wish did not exist. I will say that I think the initiation of it was perhaps erroneously carried out. I shall express regret that the beneficiaries of the plan are not larger in number, and that the area benefited is not wider in scope. I shall say that I think it would have been better to have initiated it in a different way, through the United Nations, and that

more people should be brought within the realm of its blessing.

The bill itself contemplates that the participating nations shall, in the course of 4 years, become so advanced in their recovery that they shall gain a level of living about equal to that of 1938. That is not very much. That does not offer them very much improvement as to the past, Mr. President, but vast improvement in relation to where they are now.

I am not at all sure but that we have erred in the way we have divided the relief in respect to capital equipment. It is my understanding that instead of the capital equipment which would permit them to build factories and to produce goods, constituting about 32 percent of the value of the contribution, the Harriman committee reduced it to about 14 percent. I am told that that will make the American export trade pattern about what it was before the war. Our principal exports will be raw materials and not manufactured goods or capital equipment.

I am told that, in the white paper issued in England recently by Sir Stafford Cripps, he told the manufacturers of textile equipment that they would have to export 85 percent of the textile equipment which they manufactured, because they had to have hard currency with which to buy the things they needed from the hard-currency countries of the world.

I believe it would have been better if we had given more capital equipment, more machinery, to the beneficiary nations so that they could have helped themselves more, even if we had to sacrifice a little more. In the long run I believe it would have been an economy. The immediate sacrifice, relatively small as it would have been on the part of our country, would have more than paid off in the years ahead, in the rapidity and certainty of the European recovery and rehabilitation.

Generally speaking, of course, it is known that the effect of this bill is expected in 4 years. Let me emphasize that if we are going to do it at all, we should commit ourselves now, if conditions do not radically change, to go all the way through. What good does it do a farmer to lend him enough money to buy seed if he has no farm equipment, if he cannot cultivate his crop, if he cannot harvest it and transport it to market? If in the very inception of the loan you do not give him enough to go through with the project you might as well not start. You will hurt yourself and him, too.

Mr. President, I expect to vote for the bill, although I expect to offer an amendment at the conclusion of my remarks. So long as I am here I shall be prepared to go through with the program unless conditions change. I believe there is something very much akin to a moral obligation on the Congress once we undertake the program, if conditions are not materially altered, to see it all the way through.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MORSE. If I correctly understand the Senator from Florida in connection

with the point he has just made, I find myself in complete agreement with him. Let me state it this way, by way of a question:

I understand that what the Senator from Florida is saying, in effect, is that, so far as the individual Members of this body who vote for the Marshall plan are concerned, if in their judgment the European powers keep their part of the bargain during the 4-year course, then certainly the individual Senator, unless some extraordinary conditions develop within our country in the meantime, ought to consider that there is a moral obligation to keep our side of the bargain.

Mr. PEPPER. I feel so very distinctly.

Mr. MORSE. I share that view of the Senator from Florida.

Mr. PEPPER. I thank the Senator very much.

Mr. President, this plan marks a step forward. Instead of giving merely relief, instead of allowing only consumer goods, which are gone with the occasion, we have tried with this plan—not to as great an extent as I think we should have—to give them something permanent on which to go.

I used the example of giving a farmer some assistance in growing a crop. That implies making it possible for him to have the seed and the fertilizer and the labor and the equipment with which to cultivate it and harvest his crop, and the means by which to gather it and put it into the mart. What we propose to do here is to give the kind of assistance which will make it possible for the nations that are a part of the plan to help themselves, because even the wealth of America is not inexhaustible.

What I raise today is the question, not about this plan, but about the policies of the two countries of which I am going to speak in a few minutes. Unless those policies are changed, Mr. President, this \$17,000,000,000 will be an insignificant part of the demands upon the economy of this Nation. If those policies are not changed, this plan will thrust us closer to war, not farther away. If we cannot make this plan a signal approach toward an alteration of our two policies, toward a different attitude on the part of all of us toward these world problems and a new possible basis of cooperation and accord. It will eventually take us to the end of the line of the road toward the precipice of disaster.

Mr. President, I said that it is well known that the goals set in this general plan are, in substance, that cereal production will be raised by 1951 in the European countries benefited, to the level of 1938. That is as to food.

That the coal output of the beneficiary countries will be increased by 1951, if the plan succeeds, to 5½ percent above the 1938 level.

That the electricity output of the participating countries by 1951—and I refer to the end of 1951—will, in case of the success of the plan, be 66⅔ percent above the level of 1938.

That the oil-refining capacities of the participating countries, if the plan should be carried out, will rise, by the end of 1951, to 250 percent of the 1938 level.

That the crude-steel production will rise to 20 percent above the 1938 level.

That the inland transportation facilities will rise to 25 percent above the 1938 level; and

That the merchant fleets will rise to the equal of the 1938 level.

Mr. President, in connection with the naming of the beneficiary countries, this bill contains the following language:

PARTICIPATING COUNTRIES

SEC. 3. As used in this act, the term "participating country" means—

(a) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(b) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this act.

I commend the committee upon having technically left the door of this plan ajar for the possible entry of other nations. It seems to have limited them to Europe; I wish it had said the world. But unless we change the policy of the Soviet Union and the United States, Mr. President, the eastern European countries, the so-called satellite countries of the Soviet Union, are not going to participate. Instead of participating in the plan, they are going to oppose it. As the report of the able committee says, they will attempt to defeat it and to sabotage it. I propose to emphasize, as does the committee report, that they have a vast power to squander the money we appropriate, to defeat the program we propose, to destroy all the grand hopes and aspirations which are in the hearts and heads of those who have initiated this magnificent proposal. That is the reason why I am not only interested in the plan, but I am interested in the policies of those countries, without the alteration of which this plan cannot succeed. I so strongly favor this plan that I want it to succeed, and I want a climate in which it will have a chance to develop and to realize the ambitions of its authors.

Mr. President, there was a reduction in the amount of aid contemplated from \$29,000,000,000 to \$22,000,000,000, by the Committee of Economic Cooperation in Europe. It has been intimated that that was done at the suggestion of our own governmental representatives. I do not know whether it should have been reduced from \$29,000,000,000 to \$22,000,000,000. I do know that they should have enough to be able to go through with the program, for, Mr. President, to be penny wise is to be pound foolish.

I have always been one of those who believed that we did an injustice to the British in beating down the amount of the British loan to a figure less than they told us would be necessary; and then, when inflation in this country robbed their purchasing power by one-third of its capacity, we refused to increase the loan. So by beating down the first

amount and by giving no compensation for inflation, we did a double injustice to the British people.

I say I do not know whether the amount for this program should have been reduced from \$29,000,000,000 to \$22,000,000,000.

I have also seen the intimation that our representatives told the European Cooperation Committee that Congress simply would not vote for \$29,000,000,000, that it would be necessary, in order to have the plan passed by the Congress, to reduce the total sum.

Then, later, various committees re-examined it and rescruinized it, until finally the amount is proposed to be some \$17,000,000,000 altogether, based upon relatively the current purchasing power of the dollar.

Mr. President, I warn my colleagues, there has already been a reduction from an estimated \$29,000,000,000 as necessary to do the job, first to \$22,000,000,000, and now to \$17,000,000,000. We are still told that the Appropriations Committee, as, of course, technically it does, has complete authority to reduce the amount to whatever figure it may deem to be appropriate. I only say that we are going into this as a long-range program; so let us do the job right while we are at it, to keep from draining ourselves to death.

I am reminded of the farm hand who said to his master, "Golly, boss, you 'de-duck' this, and 'de-duck' that, and 'de-duck' the other, until the 'ducks' done eat up all I made."

So, Mr. President, I am afraid that by deducting various amounts here or there we are defeating the job we wish to have done.

I have already called attention to the fact that we propose to diminish the quantity of capital equipment which they beg for, and which they should have. That was also done to ease this measure politically in the Congress and the country. We were trying to help Europe without hurting the people of America. Mr. President, sometimes it is better to give until it hurts, rather than not to give an adequate quantity. You defeat your own plan, sometimes, by the miserliness with which you make your contribution.

But there is something far more serious in this matter, something affecting the policies of the two principal countries, which is inherent in this plan. This plan is predicated upon the resumption by 1951 of approximately normal trade between the United States and the countries of eastern Europe. Again, Mr. President, those are not my words, but I am reading from the New York Times of February 8, 1948, quoting a Geneva expert. I have the newspaper itself here. The headline is:

More east-west trade is big need in Europe—increased exchange of goods with Soviet bloc is held necessary.

Geneva, February 7.

The article is by Michael L. Hoffman, a special correspondent to the New York Times.

There is general agreement among experts that a considerable increase in trade between eastern and western Europe is an es-

sential condition for European recovery and for the success of the Marshall plan.

Western Europe is now living on an accumulated reserve gold and turning shortages with American and Canadian loans or gifts. As a region it cannot produce enough salable commodities or sell enough of what it can produce in the Western Hemisphere to pay for the present level of imports. Unless it is to continue living on credit or charity—

I interpolate, Mr. President, whose credit, whose charity?

western Europe must find some place where it can sell enough exports to pay for a large part of the imports it is now getting from the Western Hemisphere, and eastern Europe is that place.

What I am saying, Mr. President, is that it is the opinion of experts, it is substantially the opinion of the Foreign Relations Committee, by what appears on page 40 of its report, it is the opinion of those who have made a study of the subject, and especially those who wrote the European economic cooperation plan itself, that the success of the plan depends upon the revival of the ordinary normal trade of the prewar pattern between eastern and western Europe.

I am reading now, Mr. President, from the report, to which I referred, on page 112. It is put out by the Department of State. It is volume I, of the General Report of the Committee on European Economic Cooperation. It states the hypotheses of the Marshall plan, with which I am afraid the public is not generally familiar. I read:

As explained in paragraphs 19 and 20, it is not possible to frame any precise estimate of the dollar deficit of the participating countries and western Germany for the years 1949-51. The tentative estimate given in table 3 is based on a number of assumptions.

Remember, Mr. President, the estimate as to the money required, which has already been reduced from \$29,000,000,000 to \$17,000,000,000, is based, to quote again—

on a number of assumptions.

I continue to quote:

These include the assumptions that their production will increase greatly and that the imports required for this will be available, that a state of full employment and full use of productive resources will be continuously maintained, that an increasing number of the needs of the participating countries and western Germany can be obtained from eastern Europe and from southeast Asia, that the goods which the participating countries can produce for export can be sold to the American Continent and to the rest of the world, that there will be a progressive reduction in the price of imports in relation to the price of exports, and that nonparticipating countries will so far as necessary be able to pay for such goods in dollars.

What does that mean, Mr. President? It means that those are the conditions to the success of this plan. It means that if those things do not occur the plan fails. It means that our money will not do the job, that the recipient countries will fall back into the present morass and sink again into the quicksands from which we are trying to rescue them, or that we shall have to initiate a new Marshall plan, or a Smith plan, or a Jones plan, or some other kind of plan that will

have the same purpose and that will take the American people's money and goods, and try again to rescue a sinking part of the world.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the able Senator from Kentucky.

Mr. COOPER. I would like to say to the Senator from Florida that he is performing a very valuable service in pointing out that the success of the plan is predicated upon a number of assumptions.

I agree with the Senator that the assumptions should be made known. If the plan is to succeed and if it is to be continued after this year, it must have the support of the opinion of our people based upon a knowledge of all the facts. I strongly support the plan, but believe that every argument, good and bad, should be clear. I do not agree with the conclusion that the plan will fail if some of the assumptions are not achieved.

It might be argued more accurately that if these assumptions are not realized it would make our help more important.

The Senator has stated a number of assumptions. He has said that the plan is predicated among other assumptions upon the understanding that trade will be resumed between western and eastern Europe. I ask the Senator if it is not also true that in the report filed by the European nations it was stated that there must be a furtherance and increase of trade between the United States and the countries of eastern Europe, in order to provide dollars to enable the countries of eastern Europe to resume and augment their trade with western Europe. Is it the Senator's understanding that the contemplated resumption of trade between eastern Europe is another assumption which must be known and considered?

Mr. PEPPER. The Senator is absolutely correct. As a matter of fact, Mr. President, it is technically indisputable that much of the money we are spending in western Europe under the plan could more profitably and productively be spent in eastern Europe, could we but change the policies of the United States and the Soviet Union to cooperation instead of conflict in the world.

As an example of what I mean, in Poland, Mr. President, there is coal. Europe needs coal for productive purposes. We are trying to increase the coal output of European countries, particularly Germany and England. But, Mr. President, I think the experts will confirm that dollar for dollar we could spend our money better in putting coal-producing equipment in the mines of Poland than by putting it in the mines of Great Britain or in the mines of western Germany. But, Mr. President, we cannot send any coal-producing equipment to Poland. Why? They are a part of a system which is divided from us today and from western Europe by a conflict in policy between our country and the principal country in their sphere. So what I am saying, Mr. President, is that if we want to use our money to the best advantage, if we want to make the expenditure of our funds not a futile gesture, we must reexamine the policy of the Soviet Union and of the

United States and try to find the basis for cooperation instead of the conflict which at the present time divides us, costs us immeasurable money, threatens the peace of our Nation and of the world, and even threatens civilization itself.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from Florida yield to the Senator from Illinois?

Mr. PEPPER. I yield.

Mr. LUCAS. I presume that before the able Senator finishes his address he will discuss the two policies and his conclusions as to how those policies might be altered to the mutual advantage of the two countries.

Mr. PEPPER. I shall.

Mr. LUCAS. I rose to interrogate the Senator on that point, merely because of the example he gave with respect to Poland. It is my belief that, had Russia and her satellite nations come into the Marshall plan, the very example the Senator gave with respect to coal in Poland probably would have been worked out by means of either unilateral or multilateral agreements.

Mr. PEPPER. There is no doubt about it. I could give an instance of exchange between Yugoslavia and France. Yugoslavia has certain things that would aid France in its agricultural production. But Yugoslavia cannot produce certain fertilizers, for example, because she lacks the necessary machinery, and in other cases the necessary raw materials. Yet France has some of these things, and an exchange of the capacity of one with the capacity of the other would help both. But they are divided by this conflict of policy which today, unhappily, has severed the former friendly relations between the Soviet Government and the United States.

Mr. President, let me recapitulate those assumptions, because they are very important, and the American people need to know that the very success of the Marshall plan is dependent upon the accomplishment of those conditions, delineated as assumptions, not by the Senator from Florida but by the Committee on Economic Cooperation, which put together the magnificent report upon which the whole plan is predicated.

First, in the countries of western Europe, there will be increased production of cereals, of coal, of electric equipment, and output, increased production of steel, and increased production in other categories of the economy. Who does the work of the 16 participating countries? The people, the workers, the men and the women who bear upon their backs the labor of their land. Suppose those workers should get the idea, either through propaganda or otherwise, that the Marshall plan we are promulgating in the Congress is not really intended to aid them, their families, their communities, or their countries; that it is simply a weapon in an ideological so-called cold war between two giants struggling with each other for economic and political mastery over the resources and the peoples of the world. Suppose they are asked to work longer hours and to receive less pay, so that their conditions

of employment are more onerous. Will they readily and voluntarily discharge that added burden of duty for 4 years unless they be immune to the propaganda that the Marshall plan is devised not so much to help western Europe as it is to put a buffer state of powerful and organized people between the United States and the power and the threat of the Soviet Union? I say that if we can change the policies of the two countries and eliminate the conflict, we shall have cooperation, and the workers will not be amenable to that argument. The workingman will understand we are trying to help him, his family, and his country, and that we are not making him an advance weapon of ours in a struggle for victory in a cold war.

Mr. President, without the cooperation of the working people the plan cannot be successful. The economies of the participating nations are to be stabilized by this plan. We make those governments sign an agreement that they will balance their budget, stabilize their currency, and control inflation. How can they do all that without the cooperation of the people? We have not been able to accomplish all those aims here. We have not been able to control inflation. We have not been able to keep our workers from striking for higher wages as living costs have advanced. We have not always balanced our budget, rich as we are. We have not always stabilized the value of products with the purchasing power of the dollar. Yet we make it a condition on those governments that they shall accomplish what we ourselves have not been able to do in this free land of ours, for the obvious reason that to make effective policies so rigorous as are those policies, it takes a strong government, one which has the power, the authority, the courage, and the political backing to carry through such an exacting program.

I say, therefore, that without the cooperation of the country involved and the people of that country—and I go further and say, generally, without the cooperation of the political elements that make up the political strength of the country—we cannot put such a program through and support and maintain it for 4 years. That is the reason it is so important that we create a climate in which the governments of the countries in question can succeed. If this plan be but our weapon in an ideological war, those governments cannot for 4 years maintain that political stability which will be necessary to execute such a severe program over their economies.

So, Mr. President, I say that if we expect this plan to succeed we must take it out of the atmosphere of war and put it in the climate of peace. We must let the public know this is not a sword, Mr. President; it is something which symbolizes a friendship and a cooperative desire by us.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. PEPPER. In just a moment. We must convince them we are going to them as friends. Therefore let us strip this program of every reference to the fact that we are using it to beat communism, to stop Russia. I wish there

never had been an intimation of such a purpose in the program. I wish it could have been clear to the understanding of any fair-minded person that it was merely aid to the economy of western Europe because it was the right thing to do and in our own economic interest.

I yield to the Senator from California.

Mr. KNOWLAND. The Senator will undoubtedly recall that approximately 10 years ago the world was going through another period of tension. At that time, in order to bring about a rapprochement and a better understanding, Mr. Chamberlain and Mr. Daladier took a trip to Munich. I think we know the results which came from the Munich Conference. The road to Munich did not guarantee the peace of the world. The surrender of the rights of small nations to Hitler at Munich, of Ethiopia to Mussolini, and of Manchuria to Japan did not guarantee the peace of the world, but, like paying blackmail to international blackmailers, it merely tended to whet their appetite to increase their later demands.

I feel quite certain that the able Senator from Florida is not suggesting that we again follow the road which the world took to and from Munich. I think there is a basis of understanding among the civilized, law-abiding nations of the world. This Nation has demonstrated in the United Nations Charter, in the Atlantic Charter, and in every effort we have made since the cessation of hostilities our desire to have a peaceful world and at least to rehabilitate the war-torn parts of the world. Certainly if Russia will make an honest effort to withdraw her troops, to withdraw her pressures upon nations which have a right to be and ought to be free and independent in the fullest sense of the word—if Russia will show some indication that she is willing to do that—I think there is yet ample opportunity to serve the peace of the world.

So far as I am concerned, if this rapprochement to which the Senator refers means surrendering the liberties of people in Greece, in Turkey, in Iran, in Austria—if we have to surrender their liberties as the liberties of the Czechs were surrendered at Munich—then I say it is far too high a price for the law-abiding nations of the world to pay, because that would not bring peace to the world. It would only postpone for a very short period of time greater and increased demands which would come from this power which today is the only threat to the peace of the world. [Manifestations of applause in the galleries.]

Mr. PEPPER. Mr. President, the suggestion made by the Senator from California is not a new one. It has been uppermost in the policy of this country since the end of the war. I am prepared to let the pragmatic test of success or failure determine whether the policy and the point of view and the attitude expressed by the able Senator from California, esteeming him as I do, is the right policy for our country. As I have said, I am willing to test the attitude of the Senator from California, which appears to have been the dominant policy

of this Government since July 1, 1945, by the criterion of success or failure.

Mr. President, I am coming more directly to the discussion of the Senator's question, because, of course, I anticipated it. I wish to say to him that Munich, which he mentions as a very ignominious and humiliating act, may have meant the difference between one side or the other winning the war. I have heard it said that discretion is the better part of valor. There are instances in which there may be a tactical retreat until one can regroup his forces and counterattack. It may be that the year which doddering old Chamberlain gained may have given just the time that Great Britain, France, the Soviet Union, and the United States all needed to build up their strength, which by 1945 brought victory to the Allies instead of to the Nazi arms.

The attitude of the distinguished Senator from California, as I have said, is the dominant attitude today—no compromise, no willingness to admit any possible error either heretofore or now in our own policy, "We are right and you are utterly wrong. We will not change. Before God and man we will go straight ahead even if the end be a precipice."

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. PEPPER. I should like to have an opportunity to answer the Senator, but I yield.

Mr. KNOWLAND. I may say to the able Senator from Florida that I think he has misinterpreted my remarks.

Mr. PEPPER. Perhaps the Senator from California misinterpreted mine.

Mr. KNOWLAND. I have never said that this Government has never made a mistake, but I refuse to stand on the floor of the United States Senate and say that this has been the only Government that has made any errors.

Mr. PEPPER. And I am not saying that today.

Mr. KNOWLAND. I believe that the Government of the Soviet Union has itself made many errors in its dealings in international affairs. I believe that the record will show that since the end of the war our Government has certainly done far more to help preserve the liberties of the world than has the Soviet Government, which has attempted to enslave free people wherever they were in close proximity to them.

Mr. PEPPER. The Senator from California would have made himself unmistakably clearer if he had said that in the first place, but he started out with the assumption—which provoked the applause on the part of our distinguished visitors—that we by implication had not erred at all, that we were clad in the raiment of complete and unimpeachable righteousness, and that arrayed against us was this devil of all devils. He implied that anyone who suggested an honest and earnest effort to stop and turn back before we went over the precipice of war, which would do immeasurably more to the little countries the Senator mentions than any effort at reconciliation on our part, was guilty of Chamberlainian appeasement.

Mr. President, that may have been the psychology and the propaganda against which our Secretary of State warned just day before yesterday when he was telling the American people to remain calm. That might have been what the Secretary of State had in mind when at the Washington Cathedral, night before last, he told a great audience of church people that we, among other nations, had to try to understand the position and the point of view of other peoples in other parts of the world.

Mr. FERGUSON. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. In just a moment, when I have finished this thought.

The able Senator from California evidently did not notice accurately the earlier part of my remarks. In the very first or second sentence I said I wished to consider not only the plan proposed but the foreign policies of the Soviet Union and the United States, and with all the earnestness in my heart the relationship of that plan and those policies to the peace of my country and my world. Not one time in what I have said today have I implied that the fault was wholly on America and none on the Soviet Union, and I am good enough citizen of this country—and I must in deep earnestness say it—to state that the fault is not altogether and exclusively the fault of the other countries of the world.

I do not put us above error. I do not put us beyond mistake. I do not accept the suggestion of the inevitability of conflict unless the Russians back down and run. They are not disposed to run very fast. I still have the hope of peace in my heart, and if we in the Senate and in the Congress, and the people of our country are not going to urge those in authority to make an honorable effort to find a basis for peace, we accept the inevitability of a war that will not only destroy us, but threaten the continuity of civilization itself.

Mr. President, I am not so awed, I am not so much deterred by the fear of accusation, or the suggestions and innuendoes of those who misunderstand the implications of what I say—which I was hoping I would get a chance to develop in an orderly fashion—that I am not going to put myself squarely on record as an American defending America, of advocating with all the earnestness of my heart to our President, to our Secretary of State, to our Congress, to our country, that we do what General Marshall said the other day, not approach this matter with the frenzy of a fanatic, or the zealotry of a new convert to a new faith, or as people so blinded by their emotions that they cannot think, trying to solve the complicated problems of war and peace with the back part instead of the front part of our brains.

Mr. President, General Marshall urges calmness to solve this crisis in the world. I have before me the New York Times of yesterday, and I read from the report of General Marshall's address. The article states:

"The cooperation of 16 nations in subscribing to the ERP was a remarkable demonstration," he said, then added:

"And it has led today to a strong and promising effort to form a political association which may be the first step to what has been the dream of many great minds troubled by the dangers of the existing, uncoordinated situation.

"The world is in the midst of a great crisis, inflamed by propaganda, misunderstanding, anger, and fear," Mr. Marshall told his cathedral audience. "At no time has it been so important for cool judgment, for an appeal to one self for a proper sense of justice, for a realization of conditions, material, political, and spiritual, in other parts of the world."

If we have reached the point, Mr. President, where we cannot make proposals for peace, if our eyes are shut to any prospect of change, then I say again that we are simply the hopeless actors in a Greek tragedy waiting for the sword of destruction to fall upon our necks. But the tragedy of it is that there are so many all over our country who are not here to speak for themselves, who would be the ones principally upon whose young and tender bodies the stroke of death and destruction would fall.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. PEPPER. I promised to yield to the Senator from Michigan, and then I will yield to the Senator from Indiana.

Mr. FERGUSON. Mr. President, referring back to the remark made by the Senator from Florida that the Munich of 1938 may have been the difference between defeat and victory for America, I wonder whether in line with that remark, the able Senator from Florida would now advocate, in 1948, another Munich, a retreat from the principles for which America fought the last World War, and upon which she now stands?

Mr. PEPPER. Mr. President, I advocate a policy which I believe to be the best for the United States of America and for the world; to get back as closely as possible, not to the policies of Chamberlain, but to the policies of Franklin D. Roosevelt [manifestations of applause in the galleries], by which, in the time that he lived, he did find a basis for reconciliation and accord even between the Soviet Union and ourselves. I propose, Mr. President, not to get back to the policies of Chamberlain, but to get back to the practices of Cordell Hull, of Tennessee, who served 11 magnificent years as Secretary of State of our country, and who laid down and pursued principles which, if followed now, I believe, would improve, if not cure the situation if, Mr. President—and let me emphasize that again and again—if we can secure some reciprocity, some cooperation from the other side.

I have said, Mr. President, that if I were going to write a book on foreign policy today I would make the title of it "Peace Begins At Home," But I would add a subtitle "But It Does Not End There." Where there are two parties in conflict, Mr. President, it requires cooperation on the part of both to establish accord and reconciliation.

I have never, intentionally at least, by statement or implication inferred that the fault wholly was on the part of the United States, and that the Soviet Union was a glistening angel of righteousness and purity. Quite the contrary; the

dastardly deeds they have done have been emblazoned across the pages of the press of the world, and the knowledge of them has sunk deep into the hearts of the peoples of the world, and I do not need to add my voice in denunciation of these deeds. All I have done was to refrain, Mr. President, from joining in the chorus of denunciation, because I thought that since the chorus was so voluminous, perhaps it might be better for a few of us to ask "Is it still too late? Have we crossed the Rubicon? Is the chance of peace gone and is war inevitable?" Perhaps that course may be better than to join in the chorus and the clamor, and thereby perhaps better CLAUDE PEPPER's political standing. Maybe what I have done is to jeopardize, from a political view, my standing in the Nation in the eyes of those who often do not see or understand to plead for what I have profoundly believed to be for my country's interest.

I want to say this, Mr. President, I am not going to dwell upon my virtues, because I possess so few, but I do not recall any other United States Senator who has been hanged in effigy in front of this Capitol for his convictions on foreign policy, as I was in 1940 when I urged lend-lease and other measures and I did not have the support of many of my colleagues at that time. Yet time did not prove me perhaps as erroneous as some of those who thought then that I erred.

What can any of us do except have the courage to speak up and say what he thinks is right, submit it to the counsel of his colleagues and his Congress and his country, with the confidence that in the long run they will make the right decision.

Unhappily, today, if one says a word that implies that we may have committed some error, that we may have not been able to see ourselves, as the poet says "as others see us," which he tells us is so difficult—if maybe we have been misunderstood unintentionally, if we have given rise to offense when we did not desire it or design it—if one suggests that it is still possible to achieve peace, one is condemned.

I think Mrs. Franklin D. Roosevelt is as good a patriot as we have in the United States. Her article *My Day* published in the Washington Daily News of March 10 carries the headline:

Both Russia and America are to blame.

I think the time has come for us, as citizens, to review what is happening in our world today.

She did not say "recant." She said "review." That is what I am asking. I am saying that if we are going to make the Marshall plan succeed as a Marshall plan, we have got to get the Soviet Union and the United States of America to change their policies, or else it is doomed to failure, if war itself is not the inevitable result by virtue of the provocation which this plan itself may constitute, and the reaction the other side may feel called upon to take.

I condemn with all my heart what has occurred in Czechoslovakia. Like many of my colleagues I knew Jan Masaryk here and in his own country. I shall never forget one evening sitting in his

own dining room nearby the very window from which he hurled himself in his last lamentable despair, with our Ambassador Steinhardt, and having dinner with Jan Masaryk. I have seen him at the United Nations Organization. I have seen him in London and in many other places. He was one of the great minds, he was one of the noble patriots, he was one of the lofty spirits of the world, and he preferred to give his life for his country in protest against an aggression upon the land of which his father was the George Washington, and to which he had given the exertions of his mature life.

But Mr. President, I do not know but that that is one other way of fighting a cold war. If the Soviet Union feels that its situation is so desperate as to imperil its security; if it thinks that this western European bloc which is forming over there with our encouragement and help had better be destroyed now than later; if it is unalterably opposed in policy and in interest, to what we now do I do not know what country may be next.

I am saying that in a cold war, in any kind of a conflict, bystanders are likely to get hurt. The Soviets do not have the money we have. It cannot fight with dollars. Maybe the Soviet Union feels that it has to fight with some other kind of manifestations of power. I say I do not know what will be the consequences. All I know is that there is war talk in this Congress and in this country, with the President stating that his hope of peace has been shaken, and the Secretary of State, who is not a man given to exaggeration, has said the situation is very, very serious. I am saying that it is time to review our policy, to make every honorable effort to induce Russia to review its policy, to see if there may not yet be time, yet be an opportunity for us both to draw back with honor from what many think is the inevitable conflict.

The headline of Mrs. Roosevelt's column was "Both Russia and America are to blame." I say as she does that probably both of us are somewhat to blame. Maybe we are not entirely free of fault.

Mrs. Roosevelt says in her column:

There is no doubt that in the past few years the situation between the United States and the U. S. S. R. has become increasingly dangerous. Some people in this country feel that it is the fault of the United States.

That is our country.

Others feel strongly that it is the fault of Russia. I personally feel that both countries are to blame. We have done a considerable amount of dangerous talking.

And, with the right of an American to express his conviction, I agree.

Mr. President, I should like to get back to this subject a little later. I was trying to analyze the assumptions upon which the Marshall plan is predicated. I started by saying that the Marshall plan itself will fail unless the assumptions on which the Marshall plan is predicated by the European committee on cooperation itself are achieved. One of those assumptions is the restoration of

trade between eastern and western Europe.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CAPEHART. Does the Senator know what incident or incidents precipitated the falling out between this Nation and Russia?

Mr. PEPPER. Will the Senator allow me to reach that subject a little later? I wish to come to that question in the latter part of my remarks.

Mr. CAPEHART. I am very much interested in the Senator's address. I should like to have someone tell me what particular incident or incidents caused this friction. When did it start?

Mr. PEPPER. The relationship between nations is in my opinion not generally dissimilar in principle from the relationship between private individuals. It is a problem in deteriorating human relationships. I do not know that any one episode or incident was the complete propulsion of both of us into this period of conflict instead of cooperation. It is the sum total of many motivating influences, a part of which goes to the very difference in fundamental background and attitude of our two peoples.

It must be remembered that there is a great dissimilarity in our past. It has been said that if one scratches a Russian he will find a Tartar. We know that the Oriental influence enters into the Soviet character. We used to see among the Russian troops the high cheek bones and the yellow countenance of the Oriental marching along beside the Russian of the Caucasus, or White Russia. The Russian people are made up of many languages, many peoples, some going back even to Ghengis Khan. No doubt many Soviet citizens of today are lineal descendants of the great Khan and others of his land. That is one of the things.

Another thing which is often overlooked is that the Soviet people—that is, the peasants—were freed from feudal slavery just 2 years before the Negro slave was freed in our own Southland. In 1861, for the first time, the Russian peasant had the right to move from where he lived upon the feudal estate.

Another thing is the difference in educational background. There is the difference in the economic and political systems of our two countries. Their philosophy places emphasis upon economic security while ours puts its principal emphasis upon political security, the Bill of Rights, human independence, and freedom.

There were two or three obvious factors. First, the nations of the world, including the Soviet Union, were in almost a state of fiscal bankruptcy at the end of the war. So was western Europe. That precipitated political chaos, which always comes in the wake of economic chaos.

Another thing was a shift in power from western Europe to eastern Europe. Before the war Germany dominated central Europe, and Japan the Far East, Germany and Japan being militarily crushed as a result of the war, Russia was left rising as a colossus, immensely

more powerful than any single nation or aggregation of European countries. That produced a different power situation in Europe. In turn, we became the unquestioned leader of the world in terms of economic, political, military, and financial strength. There are many other reasons. We also must remember that one of the things the Russians must have kept in mind was the experiences they have had in the past when their country has been invaded.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the Senator from Colorado, after which I wish to tell an incident illustrating how scars linger in one's memory.

Mr. JOHNSON of Colorado. I thank the Senator. He may not agree with this statement, but I should like to suggest that one of the important incidents in this long chain of incidents was the enunciation of the most unfortunate Truman doctrine. I believe that had a great deal to do with it.

Mr. PEPPER. I have no doubt that that was a link in the chain of events. The Senator knows that I felt so at the time. I felt that it was a mistake for us to enter into military resistance and military participation in that country. Like the Senator from Colorado, I voted against that bill.

Mr. CAPEHART. Mr. President, will the Senator yield for another question?

Mr. PEPPER. I yield.

Mr. CAPEHART. When did our leadership and the administration come to the definite conclusion that Russia and the United States could no longer be friendly, and that they had to participate in the so-called cold war?

Mr. PEPPER. The Senator from Indiana is as well informed about that as is the Senator from Florida. I can only express an opinion. Perhaps it was about the time of the enunciation of the Truman doctrine by the President. It may have been earlier or later.

Mr. CAPEHART. Does not the Senator believe that it would be helpful to all of us in the discussion if we knew what happened? If I remember correctly, prior to a year ago there was no discussion of any unfriendliness between this Nation and Russia on the part of our people or on the part of our leadership. What happened all at once? I think the people would like to know.

Mr. PEPPER. As I stated a while ago, a great many things happened. The reason I am always reluctant to discuss this question is that the first thing one knows the headlines say that he is defending Russia, that he is not defending America, that he is not a patriot, that he is influenced by some foreign power or foreign philosophy, or something like that.

I want it distinctly understood, Mr. President, that in response to the Senator's question, what I am saying is what to my mind is an analysis of the reasons for the disagreement. When we analyze a quarrel we try to say, "It started this way. This is what happened. One fellow said this, and the other fellow said that," and then we form some conclu-

sion, if we can, as to what was the principal cause which brought about the conflict.

Mr. CAPEHART. Up until about a year ago our administration and Russia were on very friendly terms, and all at once they quarreled. What did they quarrel about? What happened all at once to change the viewpoint?

Mr. PEPPER. Mr. President, they began to quarrel about more and more things; but the incidents are not so important as the sequence of events. In most quarrels one person says something, the other says something else, and then the first person comes back with a still stronger statement, and the first thing we know we have a full-fledged, and possibly dangerous, quarrel.

There has been a whole sequence of events which began even before the war was over, and continues down to the present hour. We exhibited differences in interest, differences in attitude, differences in point of view, differences in philosophy. What I prefer to speak about is whether or not it is impossible to improve the situation.

Mr. CAPEHART. Would the Senator say that if we do not reconcile the two we shall have a war?

Mr. PEPPER. I think it is inevitable, either now or in the relatively near future, if the situation continues to become worse, as it has in the past. If the acceleration continues, it is difficult for me to imagine the possibility of escape from a conflict.

Mr. CHAVEZ. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Ives in the chair). Does the Senator from Florida yield to the Senator from New Mexico?

Mr. PEPPER. I yield.

Mr. CHAVEZ. The question which has been asked by the Senator from Indiana is extremely pertinent. I wish the people of the United States would understand why the difficulty exists. The irony of the situation is that if we do go to war, if civilization is destroyed, eventually, if there are any persons left after the war, they will know about it because someone then will write his memoirs as to what happened prior to the war.

Mr. PEPPER. The Senator is entirely correct.

Mr. President, let me call attention to three matters which I wish Senators would consider. It is barely possible that the Russian people received the impression that we were not going to give them any assistance to repair their war damage because we did not like their economic system and did not like their international policy.

I have said this on this floor repeatedly, and I shall continue to say it, because I was a participant in the event: I have said, for whatever it may be worth, that in the presence of Mr. George Kennan, now supposedly "Mr. X" in our State Department, in an interview with Marshal Stalin immediately following an interview which he had with a House committee headed by Mr. COLMER, of Mississippi, after asking Marshal Stalin what he had to say to his critics who

said that if an American loan were made to his country, his government would use it for war purposes, and not for peace purposes, and after his recital as to what they proposed to use it for—that is to say, peace purposes, for the economic rehabilitation of his country—he leaned forward and said with intenseness, "But I must tell the Senator that 6 months ago my government applied to his government for a loan, but we have never even had an answer."

Perhaps he was giving me propaganda, Mr. President; maybe it was a hypocritical falsehood. I do not know. I am only saying that Stalin was the head of the Soviet state, and that is what he said in the presence of Mr. Kennan. Mr. Kennan and I wrote down a memorandum of the conversation immediately we reached his apartment; and I have a copy in my file. I gave him a copy of it, and I am confident he cabled it to the State Department immediately after the interview.

I met in the corridors here, only the other day, a member of that House committee, and I said, "I have been told here, since I returned, that the Russians never even applied for a loan. Did we not discuss a loan with the Commissar, with Stalin, and also at the Embassy?"

He said, "Of course, we did."

Yet when I got back home, our people said the Russians never applied to us for a loan.

Perhaps that is another evidence of misunderstanding. Perhaps the Russians felt hurt. Perhaps they felt we had already made up our mind that we were not going to help them. Sometimes we unintentionally give offense.

That is what I am trying to talk about. It is possible much of our difficulty grew out of a sequence of misunderstandings. The situation cannot be changed overnight; the sore is too deep now. But surely we can hope that with care and attention, our relations can be improved and we can reverse the present trend toward war, into a trend toward peace again.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAYLOR. The Senator from Florida said he did not know whether there had been a request for a loan. Recently I had a conference with a high official of this Government, and I brought up that question. The flat statement was made that the Russians had never asked us for a loan. When that statement was made I thought my senses must be leaving me, inasmuch as that statement came from such a source. So when I returned to my office, I said to my secretary, "Please look in the newspaper file and get me the clippings about that Russian loan controversy, that I remember reading about."

Of course, I have a whole sheaf of them, if the Senator wishes any confirmation that a loan was asked for. But the request was lost in a pigeonhole.

Mr. PEPPER. Mr. President, I thank the Senator from Idaho very much.

Mr. President, I wish to give three facts which I think may also have some possible bearing upon the Russian attitude.

First, here is the way we distributed our lend-lease money during the progress of the war:

Lend-lease to the extent of \$35,199,000,000 went to the Marshall-plan countries. I ask Senators to keep that figure in mind—\$35,199,000,000.

How much went to the Soviet Union and its sphere: Russia, Yugoslavia, Poland, and Czechoslovakia received \$11,349,000,000—not quite one-third as much.

Mr. President, it may be said, "But they did not do as much in the war; perhaps they did not deserve as much help from us." In that connection, I have obtained the casualty figures.

Mr. RUSSELL. Mr. President, will the Senator yield to me?

Mr. PEPPER. I yield.

Mr. RUSSELL. Does the Senator from Florida know whether the figures he has just given include the British matériel which was made available to Russia, and was replaced by matériel from the United States?

Mr. PEPPER. I think the figure I have given is only as to distributions made by us.

Mr. RUSSELL. It is only for the direct contributions. But if the Senator will obtain the figure which will include the supplies which were transferred by Britain to Russia, and subsequently were replaced by United States shipments to Britain, I think he will find there is a considerable difference.

Mr. PEPPER. Does the Senator from Georgia have that figure in mind?

Mr. RUSSELL. No; I am sorry, I do not carry that in my mind. But I recall that I saw the figure at one time, and it was a very substantial sum.

Mr. PEPPER. Well, let us suppose that the figure I have given for the amount of lend-lease received by Russia should be increased. Nevertheless, I think certainly our country gave a minimum of twice as much to the Marshall plan countries as we did to the Soviet Union and her satellite countries—at least twice as much, I am confident, Mr. President. On Monday, I shall try to obtain the exact figure, as suggested by the Senator from Georgia.

But here are the figures as to casualties. This information came from the Library of Congress.

Military and civilian personnel killed: In the Marshall plan countries for which figures were available, 585,110.

Killed, military and civilian, in the Soviet Union and her satellite countries, according to the available figures, and they include only the Soviet Union and Poland, 20,655,800.

Consider the difference, Mr. President: 20,000,000 killed in the Soviet Union and Poland, and 585,000 killed in the Marshall plan countries. Lend-lease during the war to the Marshall plan countries amounted to \$35,000,000,000, but it was only \$11,349,000,000 to the Soviet group. Perhaps there was a justification. I am simply giving those facts.

Here are the figures in regard to aid given since the end of the war. I refer to the Byrd report on reduction of non-essential Federal expenditures, Docu-

ment No. 112, from which I now read on page 1:

Assistance for civilian relief, rehabilitation, and reconstruction, valued at \$15,300,000,000, as follows: \$1,600,000,000 to Russia and its satellites; \$9,700,000,000 to aid other countries in western Europe; \$2,500,000,000 to four countries of the Far East; \$1,200,000,000 to other areas in western Europe, Far East, Middle East, Near East, and Africa; \$7,000,000,000 in contributions to International Bank, International Refugee Organization, and International Children's Emergency Fund, not distributed by nations.

Direct contributions for military assistance, exclusive of the maintenance of the United States armies of occupation:

Military installations abroad, valued at \$951,000,000, as follows:

\$696,000,000 to Asiatic countries.

\$250,000,000 to European countries.

\$5,000,000 to South American countries.

But none either to the Soviet Union or to any of the nations that are in the orbit of that country.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. JENNER. The Senator did not include war reparations; did he?

Mr. PEPPER. I included no reparations taken out of Germany for either group.

Mr. JENNER. I think the figures will show approximately the following: That of the \$17,000,000,000 we have spent in western Europe for relief, UNRRA, and various other projects, Russia since the war has taken in, in the form of reparations from those western European nations, \$12,000,000,000.

Mr. PEPPER. The Senator's information is just as good as mine on the amount of reparations taken out of Germany.

All I am saying, Mr. President, is not that we erred but whether or not there would be any possible justification for the Russians feeling that we had not treated them equally with other allies or as they deserved to be treated. I am saying this, Mr. President, that I believe we would have been better off if after the war we had continued to give assistance to our eastern European allies rather than to have cut it off because we disliked many evidences of their policies. I am saying, Mr. President, that I think we made a mistake when we discontinued UNRRA, which was in the spirit of the United Nations. I remember that Fiorello LaGuardia, a great and good man who has gone to his reward, once head of UNRRA, telling me shortly before his death, as he stated in the United Nations Assembly in December 1946, that if we had continued UNRRA, Stalin had promised him the Soviet Union would participate and contribute. Yet we stopped UNRRA because we did not like what we alleged to be the misuse of some of the UNRRA funds in some of the so-called satellite countries.

I say, Mr. President, getting back to the Marshall plan, it would have been better to have had them misuse a few million dollars than to have our cessation of UNRRA contribute to the necessity of our spending billions of dollars.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield to the Senator from Connecticut.

Mr. BALDWIN. Am I to understand from the Senator's remarks that he is confining his attention to things that we did after the war, or after the cessation of hostilities, which might have aroused distrust of the Russian Government?

Mr. PEPPER. That is correct.

Mr. BALDWIN. I wonder if the Senator recalls that while the war was on and when we were just entering it and had a tremendous task of our own, the report of Ambassador Standley and the reports of Cardinal Spellman were to the effect that a deliberate attempt was made by the Russian Government to disguise the fact that goods and materials and weapons and munitions of all kinds were coming from the United States to support them?

Mr. PEPPER. Yes; I remember that.

Mr. BALDWIN. I wonder if the Senator recalls that our jeeps which were painted with army insignia were repainted and the red star put on them. The same was true of our planes, the same was true of everything that we sent them. If I recall correctly in our newspapers and in reports to our own military headquarters and to the State Department, in instance after instance the Russian Government played down to her own people the efforts of friendship and good will which we were making toward them, deliberately to disguise the fact that this great Republic was able to come and did come to their aid.

Mr. PEPPER. Yes.

Mr. BALDWIN. What does the Senator say about that as producing misunderstanding?

Mr. PEPPER. I shall be very glad to remark about that. The Senator recalls the same things that I do, as stated by Admiral Standley. I also recall that steps were taken to try to see to it that knowledge was given to the Russian people of what we were doing. I say this, Mr. President: I think the Russian people were never in doubt about the material value of the contribution being made by the United States of America. Mr. President, if you will ask any visitor to the Soviet Union, as late as the end of the war, or for a while after the war what the reaction of the Russian people toward the United States of America or to any decent American was, that will be the best evidence that there was not an effective concealment from the Russian people of what America had done to help them save themselves as well as ourselves.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. PEPPER. The Senator will allow me just a moment. The Senator will probably also recall the testimony of our Ambassador Harriman that when Franklin D. Roosevelt died, a great host of 100,000 or more Russians gathered in front of the American Embassy and a block away from the Kremlin with tears in their eyes and hoarse notes in their voices, to sorrow with our Ambassador upon the passing of not only America's President but their friend.

The Senator will also recall the testimony of the Ambassador as to the per-

sonal exhibition of grief given by Stalin himself. I remember, as do other visitors, that all an American had to do was to say to a Russian group, "Russki, Amerikanski," and Russians would beam in appreciation of what America had done to help them stop the Nazi horde from destroying them. I also recall the personal testimony to me of the members of our UNRRA mission in White Russia, who testified that they did get free opportunity to distribute our UNRRA supplies; that our goods were marked as the law required that they be marked; that the people knew from whom they were coming; and that the Government cooperated with us in disclosing to the people that this was the benefaction of the United States of America.

Mr. BALDWIN. Mr. President, will the Senator yield further?

Mr. PEPPER. Yes; I yield.

Mr. BALDWIN. The Senator will recall that that was only after protest on the part of our Government to the Russian Government. Does the Senator also recall the difficulty that we had after we were in the war in making arrangements for shuttle bombing, the reluctance shown by the Russian Government to permitting our bombers to fly over Germany and bomb Germany, land in Russia, or between the Russian lines, then turn around and come back?

Mr. PEPPER. The Senator also recalls to my mind the difficulties in those negotiations. But the Senator himself, I am sure, will recall that the negotiations were finally successful, that finally the bases were allowed, finally our planes did shuttle to and fro, and contributed undoubtedly to the victory which we got in a common cause against the common enemy.

The Senator must not misunderstand me. I have in no sense of the world intimated that the Russian Government, and the Russian people for that matter, are not difficult to get along with, that they do not commit deeds of dastardly character, that they do not commit errors, that they do not have bad manners, and, it seems to me, sometimes, seek in some way to make themselves offensive. I am not saying we did not have all manner of difficulty in working out our differences. But I am saying that we did struggle along and worry along and muddle along and get through the war with remarkable unity, when we had the policies of Franklin D. Roosevelt, when we had the good faith that this Government under him exhibited to those people as dominant in our conduct, when we had the good-neighbor policy uppermost in the motivation of our country's attitude and actions. I am hoping Mr. President, that we can recapture some of that confidence, that we can induce them not to regard us with suspicion and fear and enmity, but that they will realize that we want to be their friends, that we are trying to cooperate to rebuild the war-torn world, that both of us can live in the same world, and must live in the same world, and that war is unspeakable folly for both of us.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BALDWIN. Mr. President, I should merely like to make a brief statement, because I want to make my position crystal clear. During the war years we had, in Connecticut, a program in connection with which school children in my State opened up correspondence with school children in Russia. Letters were exchanged back and forth, and they were translated. I thought that was an evidence of excellent good will. But, come the end of the war, that stopped.

Let me say to the able Senator from Florida that it seems to me our difficulty is not with the Russian people as such; our difficulties and misunderstandings, if there be such, are with the Russian Government. I am firmly convinced that if American citizens could get behind the iron curtain, if correspondence, business and otherwise, between their people and ours could be opened up again, and if the common people of Russia could only have a chance to understand us, there would be in due time a lessening of the misunderstanding of which the Senator speaks. But the point I want to make is that because of the policies of the Russian Government, our people, who want to be friendly, and who have tried their best to be friendly, are denied that opportunity. That is the basis of the misunderstandings of which the distinguished Senator speaks.

Mr. PEPPER. The Senator is no doubt correct. That is the system against which we array ourselves; that is the system we try to break down; that is the policy we are trying to change. That is what we are complaining about. But what I am asking, Mr. President, is this: Shall we beat down that difference by force, by threat, by the exertion of our own power, without some kind of invitation to them which might look like the hand of friendship and understanding? It may be that they have felt that our Government has taken a very wrong attitude toward them, not only since Czechoslovakia, not only since Rumania and Bulgaria but long before without their provocation. They may possibly feel that when American troops went with British, French, Japanese, and other troops into their country during their revolution, during World War I, that was not the sentiment of the American people, but it was the conduct of the American Government. The ordinary layman who simply reads the daily newspaper or listens to the daily radio commentator, forgets that long before Finland, long before the Balkan difficulty, long before Czechoslovakia, American troops invaded Russia. So did British troops, French troops, and Japanese troops, and so did many other troops, simply because the Communists in Russia had seized power from other Russians. We thought communism was a danger to us, and we were willing to enter their country to try to destroy the government in power by force of arms. Possibly they have not forgotten that. Possibly they think we have had some ideas regarding them which were not justified and which possibly our own people did not altogether share.

Mr. President, injury will sometimes linger for a long time in a man's heart.

I knew of a case in which a certain man killed another man and kicked the victim's little boy off a freight train in a certain part of my State many years ago. The little boy who was kicked off the train by the bully harbored in his heart the thought that that man had killed his father and had kicked him off the freight train. Twenty-five years later I drove up in front of the courthouse of a little town. The grand jury was sitting by the window in the room nearest to the street. As I drove up, the boy who had been kicked off the freight train, who was then a police officer in that little town, had just shot and killed, upon the first sight he had had of him, the bully who had killed his father and had kicked him off the train. He had never forgotten. Evidently he said in his heart, "If I ever see that man, I will kill him." That incident happened 25 years ago.

It may be that the Russians have had wrongs in their memories. They probably think we did things that should not have been done.

What I am speaking about, Mr. President, is the question whether hope is lost or whether it is still possible to find some basis of reconciliation.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the Senator from Illinois.

Mr. LUCAS. I have listened for an hour and a half to the Senator, and he has made a magnificent address. I was wondering when he would offer some suggestions with regard to our getting along with the Russians.

Mr. PEPPER. If the Senator will allow me, I shall now try to reach that point.

Mr. LUCAS. I hope the Senator will, because he has laid a wonderful premise and a fine foundation. I should like to know exactly how we can get along with the Russians.

Mr. PEPPER. I thank the Senator very much.

I have here the article to which the Senator from Idaho [Mr. TAYLOR] referred a few days ago. It is the thirtieth chapter of the Memoirs of Cordell Hull. I wish every Senator would read it. We talk about the effrontery of the Russian invasion of neighboring countries and her interference with their internal affairs. In this article former Secretary Hull tells the story of how Mr. Winston Churchill's government proposed to the Soviet Union in 1944 that the Soviet Union exercise dominant influence in Rumania and that the British Government exercise dominant influence in Greece. Later it was the Russians, not the British, who inquired of us whether we approved of it, and later Mr. Churchill—and that appears in Mr. Hull's language—said he applied that principle not only to Rumania and to Greece, but also to Bulgaria and to Yugoslavia.

I shall read a few lines of Secretary Hull's testimony. He says:

The President replied on June 30, simply enclosing paraphrases or extracts of the messages which had been exchanged between himself and Mr. Churchill.

These included the message to Mr. Churchill—

That is the President's message—

which we had drafted in the Department and I had sent the President on June 17. He had dispatched this to the Prime Minister on June 22. In it he said that he was a bit worried and so was the State Department concerning the Balkans. He said that frankly we were disturbed that the British took the matter up with us only after they had presented it to the Russians and the latter had asked whether we were agreeable to it. He said that in the future he hoped matters of this importance could be prevented from developing in this way.

The Prime Minister replied on the following day, June 23, that he could not admit that he had done anything wrong. Three people in different parts of the world, he remarked, could not work together effectively if each had to keep the third informed of any suggestion to either of the others.

Mr. Roosevelt replied to this on June 26 by saying that it would seem to him that each of them had inadvertently taken independent steps in a direction which they both now agreed was for the time being expedient. He emphasized that it was essential that they should always be in accord on questions bearing on the Allied war effort.

I continue to quote Secretary Hull:

Events fully justified the apprehensions we entertained over the Anglo-Russian arrangement which duly entered into effect following the President's acquiescence. When Prime Minister Churchill and Foreign Secretary Eden went to Moscow in October 1944, to see Stalin and Molotov, they extended the arrangement still further, even reducing to percentages the relative degree of influence which Britain and Russia individually should have in specified Balkan countries.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BARKLEY. Whatever merit or demerit may be attached to the suggestion of Prime Minister Churchill as described by Secretary Hull with reference to the use of dominant influence in different countries, does the Senator believe that Mr. Churchill's suggestion embodied the idea, either in Rumania or in Greece, that all political opposition to the existing government should be obliterated by executions, that a free press should be denied to the people, that the entire school system should be changed and the school books to which the Rumanian people and the Grecian people had been accustomed for generations should be completely barred and new school books teaching the philosophy of communism should be substituted, and that lifelong professors in universities in Rumania and in Greece should be discharged because they did not accept the theory of communism? Does the Senator believe that the sort of dominating influence which Mr. Churchill had in mind in making this suggestion—to which I am not giving my approval—is the sort of domination Mr. Churchill had in mind as to Rumania or as to Greece, the execution of political leaders because they opposed the policies of the government which had been superimposed upon them; the Senator would not say that is the sort of domination Mr. Churchill had in mind, would he?

Mr. PEPPER. No; the Senator would not say that or imply it, although the Senator would say that the facts are, as Mr. Churchill stated in this article, that

the British used guns and tanks and soldiers, and shot down the Communists in Greece on the public streets, and said that they were doing it in the maintenance of the kind of government they preferred. The Senator does not deny that, does he?

Mr. BARKLEY. I am not denying that in these conflicts in the cities between the forces that were supposed to be in control, or seeking to be in control, in a military sense, murder took place, but I am speaking about the systematic destruction of a long-existing civilization, in a progressive country devoted to the ideals of democracy, by ruthlessness, by brutality, by a cynical and diabolical brutality which we certainly do not approve, and which Mr. Churchill did not have in mind in making the suggestion, however improper it may have been in the sense in which he made it. I do know that those things have taken place in that part of this territory which was assigned to Russia even by Mr. Churchill.

Mr. PEPPER. Mr. President, I thoroughly agree with the Senator that Mr. Churchill never contemplated or envisioned or intended to acquiesce in the extremes to which the Soviet Union went in the countries where it has manifested its diminishing influence. At the same time, I would not say that the record of the British Government in its own imperial policies has been free of violence in the execution of its own policies in maintaining its colonial imperialism in many of the nations and places of the earth.

Mr. BARKLEY. Nor do I; but the Senator has been proceeding with a comparison between methods of the Soviet Government and the United States, and that is really the question, it seems to me, about which the Senator has made his very able speech.

Mr. PEPPER. Mr. President, if the Senator will allow me to go back just a moment, I wish to come to the concluding part of my remarks. I started to say a few moments ago, before I was diverted, that I am supporting the Marshall plan embodied in the bill, but I am saying that that plan is going to fail unless we can find a way to alter the policies of the Soviet Union and the United States of America, first, because the leaders will have to have the support of the working people and of the political parties generally in their countries to do the things they are obligated to do in the agreement they will sign as a condition precedent to getting the money.

Second, one of the assumptions is the resumption of trade between eastern and western Europe. If we do not get that trade resumed we will have to continue to pour billions of dollars worth of our goods and services into western Europe.

The third assumption is that we have to revive multilateral international trade. That means that Europe has to be able to sell in the channels of world commerce and to buy from those same channels. That means that all nations have to work together to rebuild world prosperity, not against one another to prevent recovery in any part of the world.

Another assumption is that southeast Asia has to make its own contribution to world recovery, to pour its own unique products and rare raw materials into the channels of world trade. That is conditioned, first, upon political stability, and I hope freedom to those people from the colonial oppression of old western European powers; secondly, economic stability, which should come in the wake of political stability based upon freedom for those people. The last assumption is a stable and prosperous economy in the United States of America.

Mr. President, that is the list of assumptions of the European Cooperation Committee itself, and if we want the plan to succeed, we not only have to pass the pending bill, but we have to try to make those assumptions come true.

Mr. President, the question is asked, quite naturally, how are we to do this? Again I say it is a problem in human relations. It is a problem in the cultivation of human good will. It is a problem in an analysis of differences, an attempt to find the motivating cause of conflict. It is the kind of exacting challenge which commands that each of us reexamine, in the face of the solemn alternative to our failure, our own policies, to see if they may not possibly be reconciled.

Mr. President, I voted here a few days ago for the amendment of the Senator from Idaho [Mr. TAYLOR], and of course the press immediately said that I was merely following, as usual, the Wallace line. There used to be many people who, if I happened to vote for things I felt an essential part of a liberal program, said I was merely being a "yes" man for Franklin D. Roosevelt. At one time I read here on the floor of the Senate, as I shall now, a paragraph from a letter I wrote December 22, 1928, to the then Governor-elect of New York, who had sent out a letter to members of State Democratic executive committees as to what they thought should be the policy of the Democratic Party. As a young man of 28 in a law office in my little town, I was giving my advice. This is in part, what I said:

I am convinced, however, that we shall not have our greatest success until we make more perfect in the public mind the concept of what our party is and at what it aims. For one, I want the Democratic Party genuinely to become the liberal party of this Nation. I want it not to compromise upon that matter, because we cannot go to the people with conviction in our eyes unless we are sincere in our liberalism—in our belief that right in this respect is the conferring of the greatest good upon the greatest number. To do that it shall be necessary that we declare ourselves, that we shall lose some of those who are now with us. They are appreciated; they are as noble as we, but they cannot go with us in a straightforward policy of liberalism in politics. We must stand for principle and not election always. We must be so firm in our allegiance to a utilitarian political philosophy that the people of this Nation shall know upon whom to call when they are convinced that that philosophy is right. Straightforwardness, honesty and clearness of statement, sincerity of purpose must characterize our party's relation with the public.

I did not just lately come to be a New Dealer, because the recipient of that letter 4 years later got to be President of the United States, and the writer, a few

years later still, came to enjoy the honor of membership in this great Senate of the United States.

Mr. President, I am not a new addict to the faith of the United Nations Organization. I believed in it from my boyhood, when it was first enunciated as a League of Nations out of the great understanding heart of Woodrow Wilson. I shall never miss an opportunity in the Senate to vote for anything that contemplates greater power and prestige and dignity for the United Nations Organization, and I do not seem to be alone in that.

I have in my hand an article from the New York Herald Tribune of March 4, 1948, entitled "What People Are Thinking," by Elmo Roper, one of the recognized poll takers of the United States. I think it is generally admitted that Roper and Gallup are the two most responsible poll takers in the United States. The headline is:

People of the United States still strong for UN. These are days when the United Nations is on trial for its life. Foreign Minister Ernest Bevin's recent proposal for a union of western European nations would set up a new world organization separate and apart from the United Nations.

Then Mr. Roper speaks of a poll taken by Fortune magazine in January of 1947 and again in December 1947. The question asked was:

Which of these four statements comes closest to expressing your views?

The first question was:

America should give up trying to build any kind of international organization and instead form separate alliances with friendly nations.

The affirmative answer in January 1947 was 9.9 percent. The affirmative answer in December 1947 was 9.5 percent.

The next statement was:

America should continue to count on the United Nations Organization and do all it can to make it work.

The affirmative answers in January 1947 were 55.2 percent, and in December 1947, 55.3 percent.

The next statement was:

America should go a step further and start plans for a world government in which various countries will become member states.

The affirmative answer in January 1947 represented 16.4 percent, and in December 1947, 19.6 percent.

The last statement was:

Can't choose between second and third alternatives.

The affirmative answers represented 3.2 percent in January 1947, and 4.1 in December 1947.

Over half of those who were interested said:

We believe America should continue to count on the United Nations Organization.

Mr. Roper in his article said:

"But the mandate from the people to the statesmen who represent us in the councils of the United Nations would seem to be: Make the UN work. Let it enforce the peace. We are counting on it to avoid future wars.

Today, in an hour of crisis, the leaders of the United Nations can take some comfort in knowing that they have the support of

the majority of the American people. In a day of doubtings, such a clear-cut vote of confidence should raise real hope for a lasting peace.

So the first thing I propose is that we try more diligently and patiently to use the United Nations Organization; that we not too soon become discouraged; that we not so often bypass it and then say that what we do unilaterally we are doing in order to strengthen the United Nations Organization.

I have here direct from the Secretary General of the United Nations the evidence as to the United States and Britain breaking up UNRRA. That was the cooperative plan of economic assistance. But it did not make any political distinction in the countries to which aid was extended. Here is what we solemnly promised when we set up a unilateral aid plan, and abolished the UNRRA. This is the resolution adopted by the Assembly in December 1946:

Reaffirming the principle that at no time should relief supplies be used as a political weapon, and that no discrimination should be made in the distribution of relief supplies because of race, creed, or political belief.

We violated that. We violated it in the interim-aid bill passed in the special session. We are violating it in this bill because all over the world there is the crying need of other people for help, people with low-calory diets, with bankrupt treasuries—an impoverished people.

Are we helping them by this bill? No; they are not a satisfactory weapon for us in an ideological cold war. They are not strategically important. That is the reason I said when the interim aid bill was up in the special session: Yes, it is good to help Austria and France and Italy, to feed their hungry people. But why stop with Austria and France and Italy, if they are not the only hungry people in the world? Today I say, it is good to help the 16 western European nations, but why just 16? Why not more when the need in so many other places is even greater than in western Europe?

Mr. CORDON. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CORDON. Was not the original offer under the Marshall pronouncement made to many other nations besides the 16? Were not the 16 the ones who accepted?

Mr. PEPPER. I am glad the Senator asked that question. If I recall the chronology of events, this is what happened. General Marshall made his speech on the 5th of June at the Harvard commencement. He did not mention any nation by name. A few days later the question was asked as to whether he meant to include Russia, and the general said that he did intend to include Russia.

Then what next happened? Foreign Minister Bevin of Britain and Bidault of France met in Paris to discuss the crucial proposal. They conferred in Paris 2 days. Then they sent for Molotov.

Now suppose this was a plan for the aid of the Western Hemisphere by some great nation in Europe, let us say Britain, at her former imperial financial

strength, and suppose representatives from Canada and Mexico had met and talked about it for 2 days, and then sent for the representatives of the United States.

The next thing I know is from the press, and from a man who is a radio correspondent, who was in Paris at the time. Molotov came to Paris with 80 or 90 experts to that meeting. He accepted the invitation of Bevin and Bidault. He stayed 2 or 3 days, and left, evidently indicating a break-up in the conference, and the nonparticipation of the Soviet Union in the plan. I do not know what was said. But it is barely possible that two of the three laid down the conditions of the plan. Did the United States Government, which had to put up the money, lay down the conditions of the plan at that time? It looks to me as if western Europe wrote the ticket then.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BARKLEY. After General Marshall made his speech in June suggesting that the European nations get together, it of course, became incumbent upon somebody to issue an invitation to all those nations. I do not know that any one foreign minister had any greater authority than another to issue such an invitation, but it had to be issued. It is true that Mr. Bevin and Mr. Bidault conferred in Paris with respect to the invitation, as to who should issue it, and decided that it should be issued by the foreign ministers of the countries involved, especially those having representatives in the Council of Foreign Ministers in Europe. Of course, that excluded our own Secretary of State. So they invited Mr. Molotov with the view of extending this invitation to all the nations of Europe by the three foreign ministers.

I do not know what happened in the conference. Mr. Molotov left. Then Bidault and Bevin issued the invitation to all the nations, including Russia. It is a little difficult for me to understand why Mr. Molotov took 90 experts along to determine whether an invitation should be issued to all the nations of Europe to get together to see what they should do about this matter, but perhaps that happened. But I think it ought not to be overlooked that it was felt that the foreign ministers who had been participating in all these conferences, and were a part of the Council of Foreign Ministers in Europe, should issue the invitations, and when Mr. Molotov declined, the other two issued the invitation.

Mr. PEPPER. Mr. President, I thank the Senator from Kentucky. But let me make a few relevant observations. In the first place, at the very time that General Marshall made his speech there was an existing organization functioning in Europe under the United Nations Organization, the European Economic Commission. I am just suggesting possibilities. Suppose that the United Nations Organization had issued the invitation. It would not have seemed very becoming to Britain and France if Russia alone had issued the invitation, probably. And

before an invitation was issued, would it not have been a good idea, whether it was Mr. Bevin or Mr. Bidault who suggested the meeting, for the other member of the Big Three to have been invited to the first meeting?

There is always an idea on the part of the last man to arrive in that kind of a conference that his neighbors have been talking about him before he got there. I am saying that if you want to get along with one of your neighbors, had you not better act in such a way as to try to avoid the forming of suspicion in his mind that you are making common cause with another neighbor to determine what the three of you will do?

Mr. President, I do not know why Mr. Molotov went there with 80 or 90 experts. He might have gone there with nothing in the world but the base purpose of wrecking the conference. I do not know. On the other hand, he may have gone there with the utmost earnestness, to try to participate in the conference and make it succeed by taking his experts along with him. I do not know; but I do know that it was not the United Nations Commission which issued the invitation. Whoever brought up the subject of a conference did not invite all of the Big Three to the first talk. Evidently Bevin and Bidault laid down the conditions of participation. Molotov apparently felt that he could not go along with it, and he took his experts and went home.

Furthermore, it was not the United States that issued the invitation. It might have been better, to avoid suspicion on the part of anyone, if the United States had issued a public invitation to all of them to come and sit down together and formulate a plan of cooperation and self-help, with the assurance that we would lend aid if we felt the situation justified it.

Again, I am saying that sometimes a little slight, an unintentional misdeed, may provoke an attitude of suspicion which may tend to bring about conflict and not cooperation between nations as well as among individuals.

I first said that I thought we should use the United Nations more, and recognize that it cannot in a few years make over the world. In my opinion we have been too impetuous about the United Nations, expecting it, which is an association of powers, to perform the functions of a successful world federal union. It may become that, but it was not created as such, and it is not that now. Let us quit bypassing the United Nations.

We are in Greece alone, unless it can be said that we are cooperating with the British. There is no "U. S." on one shoulder of our soldiers who are there as advisers and in other capacities and a "U. N." on the other shoulder. There is only a "U. S.". No other nation on the face of the earth, except Britain, has soldiers there as advisers with us. No other power that I know of has soldiers in China except the United States. They have "U. S." on both shoulders, and not "U. S." on one shoulder and "U. N." on the other. The same thing is true with respect to many other nations.

Could we not have got one other nation to go with us in the Greek aid? We

are giving it all. Could we not have found one other member of the United Nations which also wanted to preserve the independence of Greece? If we had to send our soldiers anywhere, why did we not rally those in the United Nations who would go with us to save the union of nations, and go to the border between Greece and her neighbors and say, "We will stay here, by force of arms, if need be, to see that aggression is not committed across the border." If eventually we shall have to come to that, we shall be there by ourselves when the shooting starts.

So I say that we have erred—unintentionally, no doubt—in bypassing the United Nations as we have done. As late as the early part of March Mr. Elmo Roper said that the American people felt the same way.

Second, I would do what Mrs. Roosevelt suggests. The headline on her column of March 11 is "I think we need a new start on making peace." The article reads as follows:

I THINK WE NEED A NEW START ON MAKING PEACE

HYDE PARK, Wednesday.—I find myself talking and thinking these days primarily of the things which are wrong in the world.

The only really cheering thing in the news of late was that an agreement to internationalize the Ruhr was reached at the London conference of the western powers, and that our Ambassador to Britain, Lewis W. Douglas, said Russia could be a party to this agreement if she so wished. Promptly, however, Russia stated that this internationalization was a plot designed to make the Ruhr a weapon against Russia.

This shows how differently we and the Russians view things. I had thought that this would be a safe way of treating this particular part of Europe, which has potentialities for misuse but which also can be used to control the recovery of Germany so that that nation can be prevented from being a menace to the rest of the world. This shows that, no matter what happens, we can see it from diametrically different points of view.

I have come to the conclusion that a new start should be made. The heads of the governments of the great European powers and of the United States of America should meet again, this time determined to talk truthfully to each other.

It would probably be necessary for the head of our Government to admit that there are groups of people in this country who, for financial reasons or because of a political point of view, might be willing to go so far as to jeopardize the peace of the world, thinking that they were assuring greater future security to this Nation. But this is not the feeling of the great majority of our people, our leader would have to explain. They want peace—but not peace at any price. They are prepared to arm on a realistic basis and to use their strength in a military way if necessary, but they would much prefer to use it in an economic way to help rehabilitation.

Wanting peace with honor and wanting it on as permanent a basis as possible, our people would expect justice to be done to the smaller nations of Europe. And they would require that those nations be given freedom from the political and economic pressures now held over them by the U. S. S. R.

One would hope that the heads of other nations would be as honest in their statements. And one would expect them to agree that defensive alliances on all sides must stop and that some kind of United Nations police force must be set up.

The deadlock over the control of atomic energy cannot go on forever, since without its settlement suspicion can never be allayed.

I would choose the wisest and most conciliatory representatives from each of the nations—

That would include our own—

to sit down together until they could find a solution to present to the UN as a joint position.

The fate of the world is at stake today. Future men and women, who are now children and hence unable to act in their own interests, depend on what the statesmen of today can be made to do by the responsible citizens of the various nations. We, the United States, must have a clear cut policy and stick to it—not vacillate as we have on Palestine, nor talk belligerently and then act with fear, as we have been prone to do on occasion.

Mr. President, I think Mrs. Roosevelt is right. But it is going to require a new point of view on the part of our own leaders, as well as the leaders of the Soviet Union, to get into the frame of mind which will make possible mutual concessions and the reaching of decisions which can save both of us from the devastations of war.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. KNOWLAND. I should like to ask the able Senator from Florida if the effort to meet on common ground, about which the Senator has been talking, does not run into some of the same difficulties which those who believe in freedom in the satellite countries encountered when they tried to meet on common ground with their domestic Communist parties. The Senator from Florida will recall that under the pressure of the western powers Mikolajczyk went back into Poland in order to set up a combined Polish Government of national unity. I believe that he made a sincere effort to get along in a government in which the Communist ministers dominated. Not very long ago—as a matter of fact, within 10 days of the time I left Poland—Mikolajczyk had to flee for his life.

In Rumania, Maniu tried very desperately to meet on some kind of common ground, and to get along with the local Communist parties in Rumania. Mr. Maniu, an able statesman who had a long record as a democrat in his nation, is now languishing in prison for the rest of his natural life.

In Czechoslovakia, Masaryk is being buried today. He tried to get along in a government in which the Communist ministers dominated.

And over in Bulgaria today, lying beneath a cross in a potter's field, is the body of Petkov, the democratic leader of that country who tried to get along with the Communist parties in his nation.

When we have before us the experience of those who tried desperately and sincerely to get along and work with the Russians, and when we see those examples before us, and when we have seen how time after time Russia has violated her sacred agreements in which she guaranteed that nations would have an opportunity to express their free choice in elections in setting up their own governments, I say we have reason to wonder whether the type of appeasement

that the able Senator from Florida is discussing would work if it were tried.

As one Member of the Senate, I am waiting very anxiously for the able Senator from Florida to continue his address to the point of presenting some specific proposals as to how he thinks we can meet the demands or the desires of the Russian Government, and what price we may have to pay in order to get along with them.

Mr. BARKLEY. Mr. President, will the Senator from Florida permit me to add a word about a more recent category? In the morning newspapers—

Mr. PEPPER. Mr. President, it is difficult to add anything to what has been said by the Senator from California, but the Senator from Kentucky always adds something valuable.

Mr. BARKLEY. We are familiar with what has happened recently in Finland, in respect to the invitation extended by Stalin to Finland to form an alliance with Russia. The Finnish delegates are now on their way to Moscow. In the morning newspapers we are told that the Communists in Finland are preparing to charge those who object to that, with treason.

Mr. PEPPER. All right. I say, in the first place, that I doubt whether either of them would make a qualified delegate to a conference where conciliation between this country and the Soviet Union was the objective.

Mr. BARKLEY. I would not make a qualified delegate—

Mr. PEPPER. Mr. President, I decline to yield until I finish my statement.

I am saying that if we do not find a way to get along, instead of a political leader in Bulgaria being buried in a potter's field, and a Masaryk being buried in an honored grave, there will be millions of Russians and Americans scattered in corpses all over the face of the earth.

I am saying to the Senator that when the United States of America, rearming itself, marshaling the decent nations of the world to its side, gets ready for a show-down about international policy, it does not sink to the impotent position of an unarmed political leader in a satellite country. I am not talking about a Maniu in Rumania, caught between two sides, but I am speaking about the armed might of the democratic world arming itself for a decision, but, before it comes to the brink of conflict, contemplating the awful consequence of failure, it re-examines the issues and sees whether there is still some hope of agreement. I am saying that the attitude that is often expressed today, not always outside the United States Senate, contemplates no possibility of accord, and it has no alternative except to go on to the brink of disaster, not only for Russia, but for us.

I am not so much concerned about what happens to Russia; but I voted one time, as did other Members of this body, a vote which sent nearly half a million Americans to a premature grave; and any political leader who is not a betrayer of his country and the dead whom he would send to war owes the utmost of exertion to see whether there can be the possibility of peace.

I am saying that in the past things have occurred that have widened our differences; that we are a different kind of people; and that has made it all the harder for us to get together.

I am going to say something else, and I say it in all kindness: Of all unfortunate times for a conservative sentiment to come to power in the United States, it was when we had the deal with the next largest power, a Communist country. I am saying that the point of view then, makes a difference in statesmen. I am saying there was a violence of dispute and conflict between the United States and this same Soviet Union under three Presidents, but that was reconciled under a fourth President, Franklin D. Roosevelt, within 6 months of his coming to power; that when a new Secretary of State and a new President, with a new point of view, began to examine and re-examine that conflict, they found, not a dishonorable means, but an honorable means of establishing accord and cooperation, which culminated in our joint effort against the dastardly Nazis, and won for us the greatest victory in all times.

I believe in my heart that if Franklin D. Roosevelt had not had the understanding that led him to try to bring those people into the family of nations, to the council table, World War II might have ended differently, and America, instead of being free today to dispute and to argue her points of view and her policy, might herself be the victim of a totalitarian heel.

I am saying exactly what Arthur M. Schlesinger, Jr., said—and he is well known as an anti-Communist. He is the great author of the Age of Jackson. In reviewing the book *World Communism Today*, here is what he said:

If they are going to meet communism's great challenge to the values and methods of democracy, the American people will have to learn a great deal more about communism than they know today. Too many Americans seem to prefer phantoms of the imagination to ascertainable facts on this subject; and the result of this flight from actuality is bound to be hysteria in one form or another, whether that of the alarmists or of the apologists. "It is the vague and shapeless," Martin Ebon well says, "which causes fear or panic"—and which causes, he might have added, unreasoning adoration as well.

One way to reduce the hysteria is to slap it in the face with facts—to exorcise the mystery in which communism has systematically shrouded itself. *World Communism Today* is a highly intelligent compilation of the crucial facts for just such a purpose. Mr. Ebon is a writer and editor who has worked for OWI and for the State Department. The book provides a patient, judicious, and dispassionate report, country by country, of the present state and significance of Communist activity throughout the world. More than this, it is a valuable analysis of the nature of the Communist challenge—and one which those concerned about Soviet totalitarianism should take into serious account.

Mr. Ebon's viewpoint may be described as that of the non-Communist left. He is firmly against the totalitarianism which appears to be the inseparable comrade of Soviet communism. (One wishes, by the way, that he had used that phrase instead of "world communism" which gives the U. S. S. R. too

much credit for internationalism.) But he is also aware that communism spreads, not because of the wickedness of radical agitators, but because of the defects in society which estrange large masses of people from the existing order. Communism is the modern cult; it has filled the "vacuum of faith" caused by the waning of established religion; it provides the sense of purpose which heals internal agonies of anxiety and doubt. "It is the hope to discover a short cut to salvation from misery and want * * * the desperate wish to find a purpose in what seems confusion and emptiness."

I say, Mr. President, that the bill is for the purpose of trying to avoid the spread of communism into western Europe by providing for the rehabilitation of the people of that area, and rightly so. But from the time of the first proposal I have wondered why we limit our aid to western Europe. Why not help the channels of international trade to flow again with the goods and services of a diligent mankind? Why are we merely helping those nations that are forming a buffer state to the Soviet Union? Why have we cut off all aid from eastern Europe when we learn that in order to make the plan itself succeed the countries of eastern Europe like those of western Europe must have their economies rehabilitated?

I am saying, Mr. President, that had we not made the mistake right after the end of the war of determining that we would not give money to anybody whose politics we did not like, we should probably be further along today toward world recovery and peace than we are. We gave Yugoslavia three hundred or four hundred million dollars. We cut off that aid because we said they were misusing some of our funds. But the first thing we knew, we were at dagger's point. I have talked in the city of Washington to official representatives of the so-called satellite countries, and they say to me, "Why do you refuse to help us? We want your help. Why do you not keep pulling us toward you with assistance, with cooperation, and win us back to a cordial cooperation with you?" But no; it has become politically impossible to help a country that has the taint of communism. Not only that, but our leaders are telling us we can no longer hope to crush communism with money; that we have got to go to do it with arms. And we are getting ready to do it in China. We are doing it in Greece, and it is threatening to lead us to war. I say we have got to disgorge our minds of the idea that we cannot and must not live in a world that is partially infected with communism, but we have got, under a sort of wise leadership, to try to strengthen the economies of all the countries in such a way that they will be an inhabitable residence for the Communist doctrine or a Communist Party.

But, Mr. President, let us take China. It is as good an illustration of our policy as I know. In China a great many people do not see anything but a civil war. They do not seem to appreciate that an ideological and economic struggle is going on in China, that there is a great program of land reform in progress. Yet are we aiding in forcing the anti-Com-

munist government to give the people of China a land-reform program and to give them a democratic character in their government? No. There are certain of our people who would solve the problem just the way certain employers try to solve a strike—send the militia out there and shoot the strikers down. They are going to say, as General MacArthur said, as General Wedemeyer said, and as General Chennault said to the House committee, "It is going to take military effort to crush these Communists." If that is the answer of the American Government, I can tell you, Mr. President, it will not succeed. Neither will the Marshall plan succeed in that kind of world, without war.

Mr. President, following my remarks, I want to put in the RECORD an article entitled "The Sickness of American Culture," by Reinhold Niebuhr, a man who is also an anti-Communist liberal.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. PEPPER. Reinhold Niebuhr discusses the classical liberalistic philosophy dominant today in America. He goes on to point out that neither is that the answer to the problems of the world, any more than is communism or nazism; that we have got to have the state working with the people and leading the people in order to save many of them. Yet a candidate for the Presidency made the proposal to the American people a little bit ago that we should not even give aid to a government in Europe that is socialistic in character. That would have knocked out practically every government in Europe. Why are they socialistic? To survive. Let their economy become abundant again, and they will not have socialization and nationalization and socialism. Yet a man who was candidate for President was so shortsighted as seriously to propose that we ought not to give any aid to a nation that has even socialism.

Mr. President, I have a concrete proposal that I think will make a beginning. First, I said, let us use the United Nations more. Let us be patient with it to the point almost of exhaustion, almost of remonstrance, almost of distaste, and the utmost of provocation.

Secondly, I say let us do what Mrs. Roosevelt said. Let us try to divest our minds in the council chamber of our prejudices, and, as General Marshall said, coolly and calculatingly, on the basis of what is best for our America, again tell these people with kindness and firmness, "Gentlemen, we are on dangerous ground, one with another. A spark might hit this inflammable mass of world opinion some day and throw out such a conflagration as would engulf us all. Gentlemen, is it not time for us to sit down, and for you to tell me what I have done that you do not like? Let me tell you with unmistakable candor what you have done that affronts me, and let us see if we cannot somehow or other restore the unity we once had."

But, Mr. President, we cannot well send to conferences people who have made up their minds on either side be-

fore they reach the conference. If they come back finally and say there is no hope, then there is nothing to do except what Franklin D. Roosevelt did one day, send a message to the Congress and ask for billions of dollars more of preparation, to throw every item and element of American strength into preparation, to get ready for war, and tell the world it is inevitable unless there is some change of opinion on the other side. All I ask is that we search our hearts. I ask our leaders whether there is not yet some hope that they perhaps may find a basis of cooperation and accord.

I have a simple amendment that I think would be helpful. I want to read it. The bill carries \$5,300,000,000 for 16 nations of western Europe, including Germany. Incidentally, a while ago when we were talking about how other people feel, Mr. President, how do you think Russia and Poland, who gave 20,000,000 dead to defeating Nazi Germany, feel today to see us pouring hundreds of millions of dollars into raising the diet of the very Nazis who slew their loved ones? Yet, Mr. President, I am saying the bill carries a \$5,300,000,000 authorization.

We have one organization under the United Nations that is now functioning. It carries on its work without regard to politics, without regard to the point of view. It is the International Children's Emergency Fund, which was set up by a resolution of the United Nations Assembly on December 11, 1946. Its objectives, stated in the Assembly's resolution, are:

(A) The fund is to be utilized and administered for the benefit and rehabilitation of children and adolescents of countries which were victims of aggression, as well as those at present receiving UNRRA assistance for child-health purposes generally.

(B) The fund shall consist of contributions made available by governments or obtained from voluntary sources and individuals.

(C) The fund, in agreement with the governments concerned, shall take all appropriate measures to insure the proper utilization and distribution of supplies.

(D) Distribution will be on a basis of need without discrimination because of race, creed, nationality status, or political belief.

That organization has existed since December 11, 1946. How much has the United States contributed to it? Fifteen million dollars. We made the condition of our contribution that every time we put up 57 cents other nations of the world all together had to put up 43 cents. Are we asking western Europe to do that? What does the report say?

On December 11, 1946, the General Assembly of the United Nations passed a resolution creating an international children's emergency fund.

In this pamphlet we are told that there are at least 20,000,000 children in the world who need help. What does this plan propose to give them? One meal a day, costing on the average 6 cents apiece, half of which is to be put up by the country in which the child resides, to be administered under an international organization set up under the United Nations. We have contributed \$15,000,000.

Mr. President, how much do they say they need? The amount is stated in this pamphlet as follows:

The children's fund believes, however, that the magnitude of the problem requires that provision should be made for a total of 20,000,000 children.

Not English children, not French children, not Russian children, not Chinese children—just, before God, children who are hungry, who are the victims of two wars, and will probably be participants in a third war if the present trend shall continue. I read further:

On the assumption that the interested government provide an average of one-half of the expense involved—namely, \$200,000,000, it would be necessary to send into these countries another \$200,000,000 in the form of food-stuffs from the food-surplus countries.

The provision of clothing and footwear for children in countries of more rigorous climate, and of cod-liver oil or substitutes, as well as medical supplies for child institutions and clinics, has close priority to food itself.

So, Mr. President, I have proposed an amendment.

On page 25, line 16, after the period, I propose to insert the following:

In order to further carry out the objectives of this act by encouraging and aiding the program of the International Children's Emergency Fund set up by resolution of the General Assembly of the United Nations on December 11, 1946, there are hereby authorized to be appropriated to such International Children's Emergency Fund not to exceed \$250,000,000.

That is in addition to the \$5,300,000,000 authorized by the bill. It does not tamper with the allocation already made in the bill, but it does two things, or, I should like to say, three things. First, instead of giving lip service to a United Nations Organization it says, "We will give you \$250,000,000 without its being matched by other countries, but reserving the duty of the country in which the child is aided to put up half of the cost, and we will help you."

The United Nations is a going organization and is today struggling along with a total of \$40,000,000. It received \$11,000,000 from UNRRA. It has had \$12,000,000 from all other nations of the world. It received \$15,000,000 from this country. That is all it has. It is asking funds through private contributions, for what? To give one meal a day, a little medical care, occasionally some clothing and a few shoes to the needy children of the world. That is what it is doing. We talk about good will. Will not the children find out that the aid comes from the children of the United States?

Yesterday afternoon I talked on the telephone to Miss Katherine Lenroot, the head of the Children's Bureau in the Federal Security Agency. She said the plan is getting along well and that the people who are receiving the benefits are cooperating. Five of the cooperating countries are in the so-called Russian satellite sphere. The Soviet Union itself is not cooperating, but five of the satellite countries are participating. I would not bar any nation in the world. They are expanding the program to 12 countries and have added China. But the total fund they have is \$40,000,000, and our contribution directly is \$15,000,000, so far.

If we want to carry out the objectives of the bill and build a better world and have peace, where could we make a better investment than in the children of every nation in the world, making no distinction as to whether they are black, yellow, white, or brown, but just God's children?

If the Senate of the United States shall pass this bill giving \$5,300,000,000 to western Europe, and tell the world at the same time, "We gave \$250,000,000 for the next year to the United Nations Children's Fund upon condition that every country where the benefit shall be conferred shall put up half the cost," that would do more to impress the world that we mean what we say about good will than would the \$5,300,000,000 which we are to give to the countries of western Europe.

So I say, Mr. President, let us rob the Russians of the propaganda that we will not help anyone who is not politically important to us, that we will not help anyone who does not vote our way, who does not have our views. Let us tell the world that at least when it comes to the care of children who are not responsible for this morass, America is still the America that they see from behind the Statue of Liberty, the America which is holding a beacon light for those who suffer in every part of the world. If we do this we shall show our good faith, support the United Nations Organization, and make a real beginning toward the attainment of peace. I cannot think it is without some Christian significance, because from the Scriptures Christ speaks to us across two milleniums: "Inasmuch as ye have done it unto the least of these, ye have done it also unto Me."

The PRESIDING OFFICER. Does the Senator desire his amendment to have consideration at this time?

Mr. PEPPER. Yes, Mr. President; I do.

The PRESIDING OFFICER. The clerk will read the amendment.

The CHIEF CLERK. On page 25, line 16, after the period, it is proposed to insert the following:

In order to further carry out the objectives of this act by encouraging and aiding the program of the International Children's Emergency Fund set up by resolution of the General Assembly of the United Nations on December 11, 1946, there are hereby authorized to be appropriated to such International Children's Emergency Fund not to exceed \$250,000,000.

Mr. VANDENBERG. Mr. President, I desire to take only a maximum of 2 minutes. The children's fund is entitled to the complete and utterly eloquent eulogy from the able Senator from Florida to which the Senate has listened.

The children's fund is a United Nations fund. The Government of the United States and the people of the United States are paying between 40 and 70 percent of all the expenses of the operations of the United Nations, depending upon the particular mechanism which may be involved.

It is a very unfortunate precedent, not only for us, but for the ultimate stability of the United Nations, if we are ever to start the habit and practice and precedent of making extracurricular—

if that is a correct term—appropriations for any of these United Nations organizations. I think it would be a most unfortunate precedent.

In the present instance I desire to yield to the Senator from New Jersey, who is even more intimately related to this particular project, because he too has given it the same kind of splendid loyalty as has the Senator from Florida, and I think he has a direct word to give to the Senate respecting the viewpoint of those who are actually operating the fund.

Mr. SMITH. Mr. President, the Senator from Florida is correct in stating that on December 11, 1946, the United Nations set up the so-called International Children's Emergency Fund.

I yield to no one in my enthusiasm for the children's fund. After World War I, I was closely associated with Mr. Herbert Hoover in the relief for the children of Europe. The present fund was actually suggested by members of the old organization for relief, and immediately after the fund was set up, Mr. Maurice Pate, who has had experience for years in directing relief operations, was asked to head the fund. I have been closely associated with him ever since it was set up, and I have done all I could to cooperate.

Immediately after the suggestion was made a day or two ago that the Senator from Florida intended to offer the amendment he has presented, naturally I was deeply interested, but I wanted to be sure that there was no complication with the present organization of the fund and what the fund was doing. I wanted to be sure that if an amendment like this were offered, it would be relevant to the bill before the Senate.

After getting the best advice I could from the officers of the fund, from the members of the State Department who have had all these relief measures in hand, and the members of the Committee on Foreign Relations who have been studying the pending measure, Senate bill 2202, it was our considered judgment that an amendment of this kind was not appropriate as an amendment to the pending bill.

As I reported only yesterday to the Senate, after conferring with the officers of the fund, I was advised that the House is presently considering a new amendment, which will extend the provisions of the existing law covering the United Nations fund until the end of fiscal year 1949. I emphasize that this children's fund is a United Nation's undertaking. The amendment provides for a new matching formula, which ultimately provides for a total of \$200,000,000 to take care of the program from the beginning of its operations through fiscal year 1949.

The whole activity has been organized, and the countries are prepared to proceed. It is true that up to date it has gone slowly. We have contributed only \$15,000,000, and our whole program calls for a total of \$100,000,000, I think the amount is, through the next fiscal year, and also a corresponding dollar-by-dollar matching by the other nations which are in the fund, and which are as eager as we are to see it carried out—making the total of \$200,000,000 referred to above.

With the facts before me, I called up the President of the fund today, who is at Lake Success, and he was discussing this matter only yesterday with his colleagues there. I can report officially that he asked me to request that this amendment be withdrawn, because the United Nations International Children's Emergency Fund officials prefer the other method of financing it.

I called this matter to the attention of the Senator from Florida, and requested that he withdraw the amendment, because I was urged by the officials of the fund today not to have the amendment attached to the pending bill. They fear it would upset the plans they have for the orderly organization for the program they have developed with the State Department, and the program they have developed with the cooperating nations. Therefore it is my request of the Senator that he withdraw his amendment, to the end that we can cooperate with this very worthy group which has been working on this matter since the 1st of January 1947.

Mr. PEPPER. Mr. President, will the Senator tell the Senate the alternative plan for getting the funds that is under consideration, how much more is expected from this alternative proposal?

Mr. SMITH. I will read the Senator what I read into the RECORD yesterday, the official statement prepared by the committee. I read from the RECORD of yesterday:

It is my understanding that the House is presently considering a new amendment which will extend the provisions of this law until the end of the fiscal year, June 1949.

I have been in conference with Representative HERTER, of the House, who has charge of the matter in the House, and he is as deeply interested in this subject as is the Senator from Florida or myself. I read further:

This amendment will provide for a new matching formula by which not more than 50 percent of the total resources available for all programs under the supervision of the fund will be contributed by the United States. For every United States dollar made available to the fund, other governments must have contributed the equivalent of 40 cents for use in programs outside their borders and the equivalent of 60 cents for use inside their borders, in addition to the existing ration.

Mr. PEPPER. Mr. President, I did not understand how much money was in process of consideration by the Congress for this fund.

Mr. SMITH. There will be a total, from the beginning—

Mr. PEPPER. I am not talking about from the beginning. We have given \$15,000,000, and we all know that. How much more of an appropriation is under consideration at the present time by the Congress?

Mr. SMITH. We will need an additional \$60,000,000 through the fiscal year 1949, plus the balance of payments we owe under our present commitment, a total of \$100,000,000.

Mr. PEPPER. It is over 15 months that is contemplated, and how much must be matched by other countries under that proposal?

Mr. SMITH. The same amount, to make a total of \$200,000,000.

Mr. PEPPER. Fifty percent has to be put up by other countries?

Mr. SMITH. That is correct.

Mr. PEPPER. The country in which the aid is given has to put up some more?

Mr. SMITH. Not in addition. It is a matching program, total matching, a dollar for each dollar we put up.

Mr. PEPPER. If the Senator will allow me, in the first place, I had some contacts also before I offered the amendment, and the reason why these gentlemen do not want the Senate to vote on this amendment today is because, with prescience, perhaps, they contemplated that the Senate would kill it, and do not want it to get that unfavorable vote in the Senate. They know we are not going to give the children that money. That is what they know. They know they have to beg and plead to get a miserly little addition to the amount we have already given them. They know the Senate has in the past been more interested in helping the big plans, where there was something else involved than just appropriating money for helping starving and dying children. That is what they know. They do not want the Senate to vote today, because they anticipate that they will get an unfavorable vote.

Mr. SMITH. Mr. President—

Mr. PEPPER. If the Senator will allow me to say one more thing, I have a book in my hand—

Mr. SMITH. Will the Senator yield?

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. SMITH. The Senator is reflecting on those who are at the head of this fund. I have talked to the president of the fund, and the executive secretary, and I asked them—

Mr. PEPPER. Did the Senator ask them whether they would like to have the \$250,000,000 if we should vote it?

Mr. SMITH. They might like to have \$400,000,000.

Mr. PEPPER. Oh, yes.

Mr. SMITH. Let me say further that the program definitely is being worked out by the United Nations through the International Children's Emergency Fund, and I am advised that, if action like this is taken by us today it will break down all their plans for international cooperation, which is a vitally important matter if the plan is to be carried out successfully.

Mr. PEPPER. Yes; it will break down cooperation so long as we require the other countries to put up half of the money, or, as we have been doing in the past, substantially half of it. But my amendment will not interfere with international cooperation. By it we will say we are going to add \$250,000,000 to the fund, and whatever can be raised from other nations will be added. It still means that it will be necessary to obtain the cooperation of the country in which the money is to be spent.

Let me read something at this point, Mr. President, from the United Nations Weekly Bulletin of December 2, 1947.

ASSEMBLY COMMENDS CHILDREN'S FUND—STRESSES IMMEDIATE NEED FOR FURTHER SUPPORT

An urgent appeal for all member states to organize financial support for the United Nations International Children's Emergency Fund was made by Dr. Oswaldo Aranha, pres-

ident of the Assembly, at the plenary meeting on November 20.

Dr. Aranha recalled that the Children's fund was created barely a year ago—on December 11, 1946. Today it was a reality. He deeply regretted, however, that so far the help given to the fund had been pitifully small.

Perhaps he had in mind our \$15,000,000, which we have considered from December 11, 1946, up until this good day in March 1948.

I read further from the same article:

Dr. Malik, of Lebanon, pointed out that the great political problems before the Assembly had captivated public interest, but the same could not be said of the more constructive deliberations on economic and social problems. He thought the Children's Fund deserved the fullest publicity.

Dr. P. C. Chang said that of the 13 countries receiving aid from the Fund, China was still the only one outside Europe.

The article says that representatives from New Zealand, Czechoslovakia, and other countries pleaded that help be given by the nations to the children's fund.

Mr. President, I say that if we give the International Children's Emergency Fund the money I propose to give them, without the requirement of matching, it will not interfere with international cooperation. It will support the program of the Children's Fund and the UN. I say, furthermore, it will add some spiritual quality, some touch of unselfishness amid all the selfishness in connection with the \$5,300,000,000 proposed to be expended, that in my humble opinion could not be equaled.

EXHIBIT A

THE SICKNESS OF AMERICAN CULTURE

(By Reinhold Niebuhr)

Most of the ills of western culture are due to the inability of man to master either the social and political complexities or the spiritual perplexities which have been introduced into life by the phenomenal expansion of technics in modern civilization. The specific ills of American culture, insofar as they can be distinguished from the general sickness of the Western World, must be ascribed to the wider scope of technics here, their greater obvious success, and the correspondingly more dangerous illusions and confusions created by man's increasing mastery over nature. Every thoughtful foreign observer notes a curious combination of pride and insecurity in our national character. The pride is quite obviously derived from our superior technical achievements. Our phenomenal power of production, added to the wealth of our natural resources, has made us economically supreme at the precise moment in history when economic supremacy can be easily translated into military and political supremacy. Our inner insecurity has less obvious sources. Could it be that we are darkly conscious that the mastery of nature and the accumulation of power solves no ultimate problem of human existence? That it teaches us how to live neither with ourselves nor with our fellow men? That it may, on the contrary, increase the sharpness of these problems without offering any additional insight for their solution? Does our insecurity combine the awkwardness of an adolescent with a mature apprehension of how difficult it is to bring our new powers into any kind of order or to find life meaningful amid these complexities?

For the sake of clarity it may be well to draw a distinction between the level of our culture which is concerned with the immediate problems of human community in a technical age—the moral and political level—and

that concerned with the ultimate meaning of our existence—art, philosophy, and religion.

On the first level European civilization has been involved in a war between two political and moral creeds, one upheld chiefly by the bourgeoisie, the other by the industrial workers. The two creeds are almost equally erroneous, and the internecine strife between factions which have countered half-truth with half-truth has created, or at least aggravated, the chaos of international relations. The creed of the middle class today is the creed of classical liberalism. According to that creed it is not necessary to be concerned too much about the problems of justice and brotherhood in an age of technics. All these new powers of man are believed to be governed by a mysterious natural harmony. In the history of mankind this harmony supposedly operates through the automatic processes of a free market and a generally uncontrolled expression of competitive economic interests—uncontrolled, they are supposed to check one another.

There is a curious irony in the fact that this theory, which wrongly equates history with nature and assumes that human powers and impulses are subject to the same limits which operate in nature, should have been propounded at the precise moment in history when a technical civilization would prove how unbounded human power may become, even as all history has proved how unbounded human ambitions may be. Adam Smith, father of the classical liberal theory, was a contemporary of James Watt, the inventor of the steam engine, at the University of Glasgow. That fact points up the irony nicely, for the steam engine typifies the whole industrial development which made nonsense of Adam Smith's theory. A technical civilization accentuated rather than mitigated the disproportions of economic power which existed in an undynamic agrarian society. Thus a bourgeois world, dreaming of achieving liberty, equality, and fraternity, developed such monstrous disproportions of social and economic power as to threaten not only the security of those who lacked power but the stability of society itself. The creed of classical liberalism created complacency at the precise moment when western man should have been morally and politically alert. The drives of human society require management just as much as the impulses of the individual. Without such management they lead to anarchy or tyranny or both.

The theory of course contained some truth. The various processes of a technical society are too intricate to be placed under the control of either the simple moral maxims or the simple political controls which sufficed medieval culture in dealing with an agrarian economy. But there was more error than truth in the theory. And it was the error rather than the truth which prompted the plutocratic oligarchy in western society to espouse it and use it as an instrument for making its inordinate power acceptable. It was the truth in it, however, which made this pretension plausible to the millions who had no power to set against power and could therefore not achieve the promised harmony of interests.

Sooner or later the error was bound to be exposed. But Marxism, which exposed it, wrapped the new truth in an equally grievous error. History is not a realm of harmony but of class conflict, said Marx—which was true, though the conflicts in human society are not as purely economic as he supposed and the class structure is more intricate than the two opposing classes he envisaged. Modern technical society, said Marx, would move toward catastrophe rather than toward greater harmony—which was true. From this conflict the proletarian class, he said, was fated by history to emerge victorious—which was false. But this miscalculation was minor compared with his basic error. Marxism believed that the institution of property had

thrown the apple of discord into the world and that the abolition of property would usher in an idyllic society of brotherly love, in which each would give according to his ability and take according to his need. If a period of dictatorship intervened no one would have to worry, since the whole state apparatus would wither away with the victory of its cause and the universal abolition of property.

Property, however, is not the cause but the instrument of human egotism. It may, in moderate forms, be a weapon of defense against the aggression of others; in inordinate forms it is the engine of injustice. In any case, the abolition of property is not tantamount to the abolition of economic power. The power is there, and if it is wielded by an oligarchy in the state, that oligarchy acquires political power also. The tyranny which has in fact emerged from Marxist theory was implicit in these two Marxist errors—the error of assuming an economic institution to be the sole cause of strife among men, and the error of assuming that its abolition would either destroy or equate all forms of economic power.

As political theories, Marxism and classical liberalism are antithetical. As moral and religious theories—and they are moral and religious theories—they are very much alike. Both are evasions of the deeper problems which all men face in seeking a tolerable harmony with their fellow men. Both obscure the fact that the root of man's lust for power and of his cruel and self-righteous judgments on his fellows is in himself and not in some social or economic institution. If man understands that fact, he can use and refashion political and economic institutions to harness, deflect, or suppress human egotism. If he does not understand it, civil wars arise between those who regard some institution, such as property, as the root of all social virtue and those who regard it as the root of all social injustice.

Britain and continental Europe are trying to achieve economic security and political stability in terms of pragmatic democratic and Socialist politics which avoid the errors of these liberal and Marxist dogmatisms. This is particularly true of Britain; on the Continent the ideological civil war of the past century makes the process more difficult. But Britain and the Continent lack the political and economic power to do as they like. Their political life is harassed by two great giants who incarnate these discredited theories.

Since we are dealing with the sickness of American and not of Russian culture, we may dismiss at this moment the pathetic mixture of moral cynicism and utopian illusion which characterizes Russian culture. What is noteworthy in the American attitude toward the moral and political problems of a technical society is that our business oligarchy, though power in industry is more centralized here than in any other western nation, worships, or pretends to worship, the tenets of classical liberalism. We express our faith in democracy in such excessively libertarian terms as to make it irrelevant to the rest of the Western World. For this world, trying desperately to restore its broken communities, is unable to believe that harmony and justice are the inevitable byproducts of freedom and the automatic balances of a free-market economy. I doubt that any modern nation could produce hymns to freedom so shamelessly loaded with ideological taint as those with which the National Association of Manufacturers promises abundance and happiness to all if only we will let everyone do what he wants in regard to the control and use of his property.

While our business oligarchy publicly proclaims its optimism it privately hedges against a possible inflation. This public optimism joined to private pessimism is one, perhaps superficial, aspect of the dangerous

conflict in our soul. We do not believe in ourselves and in our institutions as firmly as we profess. If we did, our conflict with Russia would not produce so much hysteria.

Unfortunately, the critics of the pretensions and illusions of the capitalist economy have had difficulty in expressing their dissent without embracing the illusions of the opposite creed. While there is not much Marxism among the workers of America there is a great deal among the intellectual critics of capitalist culture. There is also much confusion, generated by the debate between disillusioned Marxists and those who hold desperately to their dogma, no matter how implausible it becomes in the light of Russian policy. For this reason it has been difficult to lay the basis of a robust, pragmatic opposition to the older liberalism. Thus the Nation is drifting toward social disaster without a considered alternative to present policies.

In the field of pure culture the distinctive features of the American scene are also determined by the greater impact of technics upon our world. While the introduction of technics into the realm of art necessarily creates the problem of the vulgarization of art, the problem is sharper here than elsewhere. Hollywood has become a symbol to the whole world of the danger of reducing the content of works of art transmitted by mass media to some lowest common denominator. The contempt which both Europe and Asia express for the American movies' slickness and vulgarity, its empty sentimentality, and banal identification of luxury with success, is to be sure not altogether genuine. We did not invent the problem of a creative use of leisure in a technical society, and if we are the purveyors we are not the only consumers of the pabulum by which this leisure is beguiled. Europe's contempt for the art standards of our moving pictures is laced with envy. Many a critic is not quite sure whether he despises American movies for their standards or because they are unavailable to an impoverished world. Yet we can hardly deny that the vulgarization of art by mass media has gone farther among us than in Europe. Only our journalism, at least in its best exemplars, rates higher than that of Europe.

But such vulgarization of art is a comparatively minor aberration in our culture. More serious is the deleterious effect of a technical rationalism upon all the deeper issues of life. It is still the fond illusion of most of our social scientists that historical and human phenomena can be reduced to dimensions which will allow just such confident generalizations as are the very stuff of the natural sciences. Fortunately, our novelists and other artists do not take this idea too seriously. Otherwise they would not be able to create at all. But the effort to comprehend the human world in its individual and collective richness and variety from the standpoint of a rationalism nurtured in man's approach to nature has had an injurious effect upon our whole culture. It is difficult to present the ambiguity of human motives from the standpoint of such presuppositions. It is even more difficult to give an account of the tragic conflict of loyalties and values in which human beings are constantly involved, a conflict which no amount of rational analysis or prudential action can resolve.

Many good novels are written on limited themes, but few of them rise to the level of presenting life in all of its beauty and terror and in the curious mingling of the two. A culture which has officially disavowed the tragic sense of life does not find it easy to deal with life's deeper perplexities without despair or with its nobilities without sentimentality. If the artist has a sense of pity for mankind he is inclined to make his characters too obviously pathetic, as Steinbeck does. If he wants to arouse admiration for

man's more generous qualities he too often gives us sentimental fools from never-never land, as Saroyan does. If heroism in defiance of malignant circumstance is portrayed, it becomes equated with toughness, as in Hemingway—Hemingway knows how to challenge the official optimism of our culture but only by standing on the edge of the despair expressed by one of his heroines in the words: "Life is just a dirty trick." While many novels seem to present life in too simple terms, someone always manages to write one in which psychiatry is explicitly introduced, as if a rational analysis of the labyrinth of subrational human motives could substitute for an artistic projection of the complexity and unity of human personality.

It is just as difficult to deal with human enterprise in its wider aspects as with individual personality if one must start from the presuppositions of the eighteenth-century culture which still flourishes in America. No great novel with the recent war as its theme has been written or is likely to be written. The theme of Tolstoy's War and Peace was the paradoxical relation between human decisions and historical destiny—the desires and decisions of men, with their narrow objectives, were seen to be overruled by the wider purposes of history. Modern man's sense of historical destiny is usually comprehended in the idea of progress. But the catastrophes of our era do not fit into that pattern. The modern Russian novelist can present the war simply as a heroic defense of Communist civilization against "Fascist vipers," and the western novelist can present it as a war for the defense of democracy. But these portrayals are too simple to do justice to the depth of our tragedy or to the complex historical patterns of our chaos.

On the whole, modern man is too strong a voluntarist to be concerned with historical destiny. Our culture will therefore produce many more schemes for world government than works of art in which the dilemma of modern man is adequately presented. For these schemes for world government are the final efforts of rational men to bring the intractable forces of history under the dominion of human reason by creating a constitutional logic plausible enough to overcome the sense of insecurity and the lust for power of great nations. The fact that such schemes end by dividing the world more absolutely than it is now divided, all in the name of a global ideal, illustrates our real situation, particularly man's ambiguous relation to historical destiny. Only a great artist could describe this combination of freedom over and subjection to historical forces. The confident credos by which modern men have lived will have to disintegrate still further before we shall be able to survey our situation in its true grandeur and tragedy.

If our men of affairs betray a curious schizophrenia between their public optimism and their private apprehensions about the future of our economic and political institutions, the contradiction on the higher levels of our culture are even more serious. America is supposedly a young and optimistic nation, fortunately free of the canker of disillusionment and world-weariness which allegedly infects a decadent European culture. Actually Europe, with all the poverty and confusion of its external life, is closer to achieving a working faith which comprehends the meaning of life, despite its tragedies, than we are. Under our youthful buoyancy, made possible by the too simple meaning given to life, there is a sense of complete meaninglessness.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. PEPPER's amendment is as follows:

On page 25, on line 16, after the period insert the following: "In order further to carry

out the objectives of this act by encouraging and aiding the program of the International Children's Emergency Fund set up by resolution of the General Assembly of the United Nations on December 11, 1946, there are hereby authorized to be appropriated to such International Children's Emergency Fund not to exceed \$250,000,000."

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, the Senator from South Dakota would vote "nay."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from Indiana [Mr. JENNER] is unavoidably detained.

The Senator from Wyoming [Mr. ROBERTSON] is unavoidably detained and is paired with the Senator from New Hampshire [Mr. TOBEY], who is detained on official business. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from New Hampshire would vote "yea."

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. HATCH], who is necessarily absent, would vote "nay" on this amendment if present.

The Senator from Mississippi [Mr. STENNIS] is absent on official business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The result was announced—yeas 8, nays 78, as follows:

YEAS—8

Capehart	Kilgore	Pepper
Chavez	Langer	Taylor
Johnston, S. C.	O'Mahoney	

NAYS—78

Aiken	Gurney	Morse
Baldwin	Hawkes	Murray
Ball	Hayden	Myers
Barkley	Hickenlooper	O'Connor
Brewster	Hill	O'Daniel
Bricker	Hoey	Overton
Bridges	Holland	Reed
Brooks	Ives	Revercomb
Buck	Johnson, Colo.	Robertson, Va.
Butler	Kem	Russell
Byrd	Knowland	Saltonstall
Cain	Lodge	Smith
Capper	Lucas	Sparkman
Connally	McCarran	Stewart
Cooper	McCarthy	Taft
Cordon	McClellan	Thomas, Okla.
Downey	McFarland	Thomas, Utah
Dworshak	McGrath	Thye
Eastland	McKellar	Umstead
Eaton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	Millikin	Wilson
Green	Moore	Young

NOT VOTING—10

Bushfield	Robertson, Wyo.	Wagner
Donnell	Stennis	White
Hatch	Tobey	
Jenner	Tydings	

So Mr. PEPPER's amendment was rejected.

Mr. BALL obtained the floor.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BALL. If I may have unanimous consent that I shall not lose the floor, I yield to the Senator from Virginia for a brief statement.

Mr. BYRD. Mr. President, military might is the only language Russia understands, and as the crisis deepens our safety lies only in an impregnable national defense.

I feel that the most sacred responsibility that I have as a Senator is to do all in my power to keep the United States militarily strong and financially solvent. Once our home strength is undermined by undertaking to carry a large part of the world on our shoulders, we shall become an easy victim to Russia; but America strong and vigorous will never be conquered. If the fiscal stability of America weakens, the whole civilized world will fall.

Since the end of the war, exclusive of the costs of the military, we have given \$18,000,000,000 to the nations of Europe, yet conditions grow steadily worse. If one-half of this sum had been invested in great airplanes and atomic bombs, our security would be much stronger than it is today. The European recovery program proposes to guarantee the prosperity of the 16 European nations for an indefinite period by donating to them each year their trade deficits, that is to say, the difference between exports and imports.

This will be only the beginning, as requests already are being made that we give military aid also to the 16 nations by equipping the armies of those countries and furnishing implements of war. This will add many additional billions to the cost.

It is further proposed to start gifts to China and Korea, opening up a great new area for foreign spending. All of these expenditures once started will continue for many years; as it will be argued that if the donations are withdrawn those nations will be angered and may be influenced toward communism. Stalin does not fear American dollars to fight communism, but he does fear American dollars going into the most modern military preparedness. I do not believe our economic system can stand the drain of these enormous foreign gifts in a long-range program, and at the same time permit us to maintain an invincible national defense, wherein lies our only real security.

Preparedness must be our first and immediate objective.

I shall cast my vote against the pending bill.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a further statement giving my reasons in greater detail for voting against the pending bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HARRY F. BYRD (DEMOCRAT, OF VIRGINIA) IN THE SENATE ON THE SUBJECT OF THE EUROPEAN RECOVERY PROGRAM

On November 5, 1947, speaking at Winston-Salem, N. C., before the house of bishops of the Protestant Episcopal Church, the former Secretary of State, Hon. James F. Byrnes, made the following statement:

"America must be strong if Americans are to remain free. If a choice ever has to be made between providing long-term economic aid to Europe and providing funds for the na-

tional defense, there must be no question that our duty is to provide for our armed services. Freedom-loving people throughout the world are just as much interested as are the American people in our maintaining our military strength."

This quotation from the speech by former Secretary Byrnes presents to me the premise upon which I make my decision with respect to my vote on the European recovery program.

Let me say that in my 15 years in the Senate I have never given more thorough consideration or greater study to any legislation than I have to the pending European recovery proposal. In arriving at my conclusion, I have taken into consideration information coming to me as a member of the Senate Armed Services Committee, the Finance Committee, and as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures.

It is Russia we fear, and the only thing Russia fears is military might. So long as this crisis exists, the most sacred responsibility of every representative of the people in the Halls of the National Congress is to keep America militarily strong, which means military superiority for the preservation of peace, and at the same time keep our Government sound and solvent. Neither our own people nor those who seek our aid should ever forget that the might of America lies in this strength at home—our fiscal solvency, our productive capacity, under the free-enterprise system, and our ability to finance our obligations without crushing taxation. Our financial stability is far more urgent for freedom in the world than any program of international subsidies which would severely strain our economy. Financial instability in the United States would serve the enemies of democracy far more than any weapon that could be devised. By the same token, our financial soundness is the only hope for those who seek our help. Without it there would be no bulwark against communism, and freedom could not survive here or elsewhere. If the fiscal stability of America weakens, the whole civilized world will fall.

It is well for us to recognize that as rich as America may be, there is a limit beyond which we cannot go in public spending and still maintain our system of free, private enterprise. The vital spark that makes America great, that has enabled her to meet every crisis in her history, has been this system and the individual initiative of the average citizen to go forward to a greater destiny.

In World War II, America set for the world an example of military production never before equaled anywhere. This would not have been possible under a planned economy and dictatorship.

I wish to say that my position with respect to this legislation is not prompted by any spirit of isolationism, as my record proves. I voted for all measures to prepare this country for World War II. In fact, I was an early and vigorous advocate of military preparedness. I supported lend-lease and all the other measures to win the war, and since, I have voted consistently to send food, clothing, and other necessities to the distressed peoples of Europe and all over the world. I am not an appeaser of Russia and, long ago, advocated stronger measures than have been adopted. I was one of four Senators who journeyed to San Francisco and appeared before the American delegation to the United Nations Conference to oppose the granting to Russia of the veto power, the willful use of which has stymied the United Nations and virtually destroyed it as an effective instrument for world peace. This could be regarded as the first Russian appeasement.

On April 1, 1947, in the Senate, I proposed a show-down with Russia and her communistic satellites within the United Nations Organization and urged that we face the issue then without equivocation. I say this because, throughout the history of this

Russian question, those who vote to maintain the strength of America at home are often accused of being un-American.

I am convinced that to undertake the long-term commitment to restore prosperity to western Europe—at any price—and to maintain numerous other foreign-aid programs all over the globe, and back them up with the greatest peacetime military establishment in our history, would require a return to a wartime economy in peace. Our democratic system, based on free enterprise, cannot survive under continuing wartime controls in time of peace.

I am convinced that we are rapidly approaching a \$50,000,000,000 annual Federal peacetime budget which, plus State and local disbursements of \$13,000,000,000 will rest upon a Federal indebtedness of \$255,000,000,000, plus the debts of the States, counties, and cities of approximately \$17,000,000,000, and this will, in time, so impair the solvency of our Government as to make impossible the preservation of our freedoms. Nothing would give greater encouragement to Russian aggression than for us to permit ourselves to get into such a situation.

My conclusions that we are approaching a level of Federal expenditures of not less, and perhaps more, than a \$50,000,000,000 annual peacetime budget in the fiscal year 1950, the year beginning July 1, 1949, or the following year at the latest, are based upon these definite conditions:

I start with the \$40,000,000,000 budget recommended by the President in January. To this must be added the supplemental appropriations since requested by the President for aid to China and increased aid to Greece, increased benefits to the veterans, already passed by Congress since January, and increased civil-service retirement benefits, which also have been enacted.

In the President's budget there is carried \$4,000,000,000 for the European recovery program in addition to all other Federal-aid programs, as compared with \$5,300,000,000 annually which is specified in the pending legislation for the European recovery program. Therefore this will add \$1,300,000,000 to the present budget level of future spending for the European recovery program.

If universal military training is approved, as urged by the President and our military leaders, the cost within 2 years will be \$2,000,000,000 annually, with another \$2,000,000,000 annually for the civilian component activities contemplated in the National Guard. The one is essential to the other under the program which as a whole will cost \$4,000,000,000 annually.

Investigation of military appropriation requests reveals that they were scaled down for the present budget by approximately \$4,000,000,000. It is my considered judgment that at least a large part of these requested appropriations will be restored, because the requests were in such items as new aircraft, ordnance, etc., which will be regarded as essential if this present crisis continues. There is a strong feeling in Congress that the Air Force is our first line of offense and defense.

Also other bills are now pending to increase the salaries of Federal employees. If they are passed, this would mean an additional annual cost of between \$1,000,000,000 and \$1,500,000,000.

These figures do not contemplate new military aid to those countries, which, under the European recovery program, will receive economic aid.

In recent days there has been more than one suggestion that, hand in hand with economic aid to Europe, must go military aid. This opens up a vast new field, and if undertaken, will exceed the cost of the proposed economic aid. This possibility was given official recognition recently in a statement by a high official of the State Department.

General de Gaulle, speaking in Paris on March 7, sounded this call for military aid, and it is likely that practically every nation

will join in this demand. General de Gaulle said at a political rally in Paris that he saluted American initiative, which had led to the European recovery program for economic reconstruction. "But it is clear," he said, "that this support will have to be extended at the same time to embrace military measures and in a manner as precise and explicit as the Marshall plan is concerning credits and imports. It goes without saying that the first condition for this would be a true national defense of our own."

I make no estimate either as to the additional aid contemplated to South American countries, although the suggestion has been made in official quarters that such additional aid is probable.

The beginning of economic and military aid to China opens up a vast area for new spending and, of course, this would have to include Korea as well. The appropriation now proposed is little more than \$1 for every Chinaman. It certainly follows that this gift is merely a first payment on a costly long-range program.

It is upon these foreseeable possibilities that I base my opinion that America is rapidly heading toward a Federal budget in excess of \$50,000,000,000. It is also my definite belief that such a budget cannot be sustained over any period of time without a regimentation of our people that would impair the private-enterprise system and lead to disaster. Only recently, Mr. Allan Sproul, president of the Federal Reserve Bank of New York, said:

"Without our support (the Federal Reserve System), under present conditions, almost any sale of Government bonds, undertaken for whatever purpose, laudable or otherwise, would be likely to find an almost bottomless market on the first day support was withdrawn."

While I recognize that the interest rate paid on Government bonds is a factor in the situation, yet this must be considered as an alarming statement made by the President of the Federal Reserve System of New York. Let the Federal bonds go down 5 to 10 points, and practically every bank, insurance company, and other institutions will be bankrupt.

Let us remind ourselves that the present tax rates, the highest of all times, applied to the highest national income of all times, are producing Federal revenue which totals 10 percent less than \$50,000,000,000. Any recession in the existing national income, which is the combined income of all the citizens of America, would be immediately reflected in reductions in the present tax revenue. A reduction of 20 percent in the existing national income would mean a loss of \$10,000,000,000 in the Federal tax revenue, and would compel deficit financing. The present national income, estimated at \$203,000,000,000 today, compares to \$77,000,000,000 the year before the war, so that the thin fiscal ice upon which we are skating can be readily appreciated.

I make the confident prediction that, as things are now going, within 2 years, and perhaps sooner, the budget is very likely to read somewhat as follows: Military (assuming that compulsory military training is approved, costing \$4,000,000,000, and other requests already made for aircraft and military material are granted, but making no provision for extending military aid to European countries), \$18,000,000,000; interest on the public debt, \$5,000,000,000; veterans, \$7,000,000,000; foreign aid now authorized, plus the European recovery program now pending, \$8,500,000,000.

Add to this the other ordinary costs of government at the present basis of \$12,000,000,000, and it totals a peacetime budget of over \$50,000,000,000.

Russia does not fear American economic efforts against communism in Europe, but she does fear American dollars rolling to the manufacture of atomic bombs, the most modern and powerful airplanes, of rocket-

guided missiles, and other atomic era methods of warfare.

Before we embark upon a long-range program of economic aid to Europe, it is certainly the better part of wisdom to review the results from the expenditures we have already made. Since the end of the war, independent of all military costs, the United States has contributed to foreign aid nearly \$18,000,000,000, yet the conditions in the countries receiving this aid appear today to be worse than when the expenditures began.

And let us recognize this fact: These expenditures may be camouflaged by calling them loans instead of grants, but not one single dollar is likely to be repaid.

The British loan has already been virtually repudiated and, notwithstanding the fact that the loan of \$3,750,000,000 was expended in a much shorter time than anticipated, we are told that the British economy will certainly collapse unless further substantial United States aid comes this year.

It is not necessary for any American to condemn the inefficiency of the British Government and its misuse of the money that has already been loaned. It was spent in large measure for the socialization of England and the beginning of the establishment of a form of government which is a wide departure from democracy as we have developed it in the United States. It is not necessary for us to judge the utter and complete failure of the loan made to Great Britain, as this has been done better by the leaders of Great Britain, notably by the Honorable Winston Churchill, for whom, I think, the American people have great respect. Here is what Mr. Churchill said a year ago:

"There is no country in the world that is being racketed to pieces the way we are, and there is no country less capable of surviving such maltreatment. It is a very strange and uncomfortable position for us to get into that we cannot pay our way or earn our own livelihood without a large annual payment given us by our friends from abroad. What is to happen when this payment comes to an end, as it will soon do? Are the Socialist ministers going again to the capitalist, free-enterprise Government of the United States to ask for another loan, while at the same time they boast of all the easements and blessings that they are promising to the wage-earning masses here by socialism?"

Speaking again last month, Mr. Churchill said further:

"Look now how they (the present British Government) have squandered their money. I did my best to help them get the American loan. While we ourselves are hard put to it to get our daily bread, we have actually given or lent £750,000,000, or nearly as much as the whole of the American loan, to other countries. 'Be just before you are generous,' is an old saying. 'Charity begins at home' is another."

In Greece \$1,000,000,000 has already been spent in a nation of 7,000,000 people, and Greece is in no better condition than she was before. In fact, there were 7,000 guerrillas when the Greek-Turkish loan was made a year ago, and there are now 23,000.

I am told by unbiased Members of Congress who have recently visited Greece that the extravagance and inefficiency which characterized these expenditures is beyond belief, and some Members were convinced that Greece has made no real effort to conquer the guerrillas, because she feared the American aid would stop.

Since the war ended, United States aid to Turkey has run to about \$150,000,000, and, while to date most of it has been for military purposes, the Government of Turkey was reported on March 8 to be preparing a request for economic aid as well.

Since the war, United States aid to Italy and France has totaled more than \$4,200,-

000,000. The last special session of Congress was called to vote more than half a billion dollars to bail these countries out of economic and political difficulties. Now they need to be bailed out again.

How long can this go on? Where is there reason to believe that new money under the recovery plan will produce more order out of the European chaos than did previous financial shots in the arm?

So down the list, beginning with UNRRA, which was, I think, the most wasteful and inefficient operation that has ever been conducted on a large scale in the history of the world, and I say this from personal observation of UNRRA on an official visit to Europe after termination of the war.

The pending bill provides no limitation as to the amount of aid to be extended but it does set up a policy to aid these 16 nations until July 1, 1952, and the bill itself, in section 22, recognizes a possible extension beyond this date by requiring that the President shall report quarterly to Congress through July 30, 1952, and once every year thereafter until all operations under this act have been completed.

I am in complete disagreement with those who argue that the Congress of the United States will have a free hand in future years in deciding whether to continue or discontinue this aid. If I thought it could be arbitrarily stopped and commitments limited to a certain given sum, my position would be otherwise. I say that it cannot be stopped once begun, because the United States is, in effect, offering a program of economic and financial security to foreign countries in order to combat communism. We shall be committed, morally at least, and I quote from the provisions of the bill, to "the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence * * * the establishment of sound economic conditions and stable international relationships, and the achievement by the countries of Europe of a healthy economy, making them independent of extraordinary outside assistance."

Legally, of course, we can discontinue this program, but, realistically, as long as Russia remains a menace, this program, once undertaken, must continue until that menace is removed. How long will Russia be a menace? Russia will be a menace as long as she is an armed nation or a nation controlled by a communistic dictatorship. There is no reason to think that for many, many years to come these conditions will be changed. They will be changed only by an internal revolution in Russia. There is no evidence of this now.

Russia would welcome nothing more than to see the vitality and strength of America sapped by inordinate public expenditures.

The very nature of the distribution of this aid will make it even more difficult to abandon it. The method of distribution is to pay to these countries their deficits in trade. That is to say, to pay to them the difference between exports and imports. This integrates the American dollar into the economy of each one of these countries and does so on a specific basis, which strengthens its permanency. This method also is not on an incentive basis for the recipient countries to improve their own economy, because we say to them, in effect, that we will pay the difference between their exports and imports, which is the equivalent of saying to a man: You make as little as you please and spend as much as you please, and we will foot the bill. If these countries raise their living standards, which no doubt many of them desire to do, naturally they will export less and import more and therefore increase their need for outside funds to balance their trade.

Regardless of how unsatisfactory the results of this experiment in global charity may be, or how inefficient its operation, whenever

any effort is made by America to withdraw from the program, the cry will be raised that we are turning these countries over to the Communists.

The committee's report gives only for a period of 12 months the amount estimated that will be distributed to the recipient countries. I have obtained from the Bureau of the Budget a statement which I will now read, showing the estimated amounts that each deficit nation will receive over the 4½-year period of the program which is covered by this legislation.

BREAK-DOWN OF TOTAL ERP PROGRAM BY COUNTRIES

The following table shows the estimated composition of the full 4½-year ERP program by countries. It has not been possible to estimate with exactness how much of the total needs of each country will be met by sources other than ERP appropriation (International Bank and private credits, unexpended existing credits, assistance from other Western Hemisphere countries, etc.). The total expected from such sources cannot, therefore, be allocated by countries but is shown as an over-all deduction from the total requirements for all countries.

Estimated deficit of ERP countries on current account with total Western Hemisphere, by country

[In millions of dollars]

Austria.....	-713
Belgium-Luxemburg.....	-1,474
Denmark.....	-582
Ireland.....	-497
France.....	-2,924
French dependencies.....	-414
Greece.....	-473
Iceland.....	-38
Italy.....	-2,913
Netherlands.....	-2,512
Norway.....	-234
Portugal.....	-168
Turkey.....	-18
United Kingdom.....	-6,655
Germany:	
Bizone.....	-2,499
French zone.....	-310
Saar.....	-53

Combined balance on account (at July 1, 1947, price).....	-20,845
Adjustment for savings in dollar shipping services.....	+350

Total, adjusted for savings on shipping.....	-20,495
Adjustment for higher prices.....	-1,590

Total, adjusted balance (upper level).....	-22,085
Adjustment for lower prices and lower freight rates.....	+1,071
Total, adjusted balance (lower level).....	-19,424

[In billions of dollars]

Range of adjusted estimates.... 19.4 to 22.1

The last item is an estimate of the net deficits of the participating countries with the Western Hemisphere. The following further adjustments are necessary to arrive at an estimate of United States appropriated funds needed:

[In millions of dollars]

Range of deficits (last item above)	19,424 to 22,085
Add German bizone needs from outside Western Hemisphere.....	600
Add forward obligating authority.....	-----
Subtract GARIOA.....	-822
Subtract financing from International Bank, etc.....	-4,901 to -4,105

Net United States appropriation needed 15,111 to 17,758

It is to be expected that favorable price and other factors will reduce the cost of the

program below the higher figure in the range of estimates. However, it would be unwise to count on the full measure of price declines and other favorable factors reflected in the lower figure. The estimated 4¾-year requirement is, therefore, \$17,000,000,000. This lies between the high and low estimates and would cover somewhat more than two-thirds of the contingencies which are reflected in the range.

I want to call particular attention to the fact that those who prepared this program have undertaken to predict the financial condition of these various countries each year for 4 years in advance. I do not believe there is a man living in America today who is wise enough to predict definitely what will be the financial condition of the United States for the year 1949, yet we are committing ourselves to a program, 4 years in advance, based upon the prediction as to the degree of prosperity that will occur in these nations for a 4-year period.

It is to be noted that Great Britain will receive approximately one-third of the entire \$17,758,000,000 it is proposed to spend. To show the inaccuracy that is certain to occur respecting these estimates, for the year 1948 the adverse balance of trade in Great Britain was estimated under the recovery plan at \$1,923,000,000, yet just recently Sir Stafford Cripps stated that the adverse balance of trade for 1947 was \$2,700,000,000, and said further that the British Empire is on the verge of collapse. It is, therefore, very unlikely that in the year 1948 Great Britain will improve her economic condition to the extent of about \$800,000,000, as this estimate contemplated. A generosity that will carry us down to her state of financial instability would not be to England's interest and certainly not to ours.

I repeat again that all Russia fears is military power; that if we are to preserve ourselves in the years to come, we must not so weaken ourselves that we will be unable to create and maintain the greatest military power in the world. This is our only security.

If we have to choose, as in my judgment we now have to do, between great military power, combined with the continuance of our system of free, private enterprise, and the extension of economic aid throughout most of the civilized world, the choice I have made, as difficult as it is to do, is to cast my vote against the pending legislation. If we want to bring Russia to terms and prevent her aggression, I am convinced we must establish here a military power that she will fear. There are those who think we can do both and still remain strong at home, and with them I respectfully differ. I cannot believe that America alone can carry a good part of the world on our back and survive ourselves.

My advocacy of expanded military preparedness contemplates the utmost efficiency in the military services. This was the purpose of the unification law enacted a year ago. I want to express the very earnest hope that the meeting of Secretary of National Defense Forrestal and his service commanders at Key West this week will accomplish the coordination directed under the merger bill, and that every dollar of military funds be expended for the utmost preparedness with the utmost efficiency.

Mr. WHERRY. Mr. President, will the Senator from Minnesota yield?

Mr. BALL. I yield.

Mr. WHERRY. Three or four times within the past 10 minutes I have been asked whether there will be a session tonight. I should like to state that, if it meets with the approval of the Senate, the Senate will remain in session until action upon the pending bill is completed.

Mr. BALL. Mr. President, on behalf of the Senator from Washington [Mr.

CAIN], the Senator from New Jersey [Mr. HAWKES], the Senator from Nebraska [Mr. WHERRY], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota on behalf of himself and other Senators will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert a new section reading as follows:

SEC. —. (a) The Congress hereby declares that the achievement of the purposes of this act as set forth in section 2 requires the creation of an international agency capable of defending all member nations and peoples against aggression or subversion threatening their independence or freedom, since fear of such aggression or subversion is undermining the confidence essential to economic recovery.

(b) To accomplish the purposes of this act and the policy declared in subsection (a) of this section, the Congress directs the President and the Secretary of State to undertake immediately to negotiate with other members of the United Nations an agreement providing—

(1) for the establishment of a Supreme Council to consist of 11 members, all signatories of the agreement who are elected or permanent members of the Security Council of the United Nations to be, ipso facto, elected or permanent members of the Supreme Council, and any remaining members to be elected by the other signatories of the agreement;

(2) that each member of the Supreme Council shall have one vote, and that all decisions of the Supreme Council shall be made by the affirmative vote of seven or more members, including the concurring votes of a majority of the permanent members;

(3) that all signatories to the agreement shall agree, by their respective constitutional processes, to make their armed forces and resources available to the Supreme Council whenever the Council decides that the use of such forces and resources is necessary to maintain peace or to defend the freedom or independence of any or all signatories against aggression or subversion in any form;

(4) that the agreement shall become valid and binding as between its signatories when it shall have been ratified by 11 or more members of the United Nations in accordance with their respective constitutional processes.

Mr. BALL. Mr. President, I shall be as brief as possible, because there was some discussion of this amendment when it was submitted on Tuesday of last week.

Very briefly, it first recognizes as the sense of Congress that the achievement of political security against aggression and subversion is as important as economic recovery and probably essential to any successful economic recovery in western Europe. To achieve that security, it seeks to negotiate, on the initiative of the United States, among the members of the United Nations who are willing to join in it, a new agreement, in effect setting up a veto-proof security council, called a Supreme Council. That is the effect.

If Russia and her satellites would sign such an agreement and would forego the use of the veto, which unfortunately for 2 years has blocked any effective move toward making the United Nations an effective instrument for collective secu-

rity against aggression, then I would take that as a proof that the Russian people and their Government and those of the satellites really wanted peace, and that there was a chance to get together with them to accomplish that objective.

If they did not join, then the new Supreme Council would not include Russia and her satellites, and would act without the use of the veto.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BALL. I prefer to complete my statement first.

Mr. VANDENBERG. I simply wish to ask for an interpretation. However, I shall wait, if the Senator prefers that I do so.

Mr. BALL. The hour is late. I do not wish to delay the Senate unnecessarily.

Mr. VANDENBERG. Very well.

Mr. BALL. Mr. President, in our colloquy last week, the Senator from Michigan was slightly sarcastic about the fact that this was a new proposal, proposed to this bill at a moment's notice, so he said. As a matter of fact, considerably more time than that was spent in drafting it. But it is not a new proposal. Resolutions having much the same purpose and effect as this amendment does, have been pending in the Foreign Relations Committee of the Senate and in the Foreign Affairs Committee of the House of Representatives for at least a year. No action has been taken on them; and so far as I know, no hearings have been held.

The substance of what is proposed is not new. It has been debated in many places in the United States ever since it became apparent that Russia's obstructive use of the veto was making it impossible for the United Nations to achieve the purposes which we hoped it would achieve when we set it up.

I may add that 5 years ago this month, in the Senate, the Senator from New Mexico [Mr. HATCH], the then Senator Burton, of Ohio, now Mr. Justice Burton, the Senator from Alabama [Mr. HILL], and myself introduced Resolution 114, which became known as the B2H2 resolution, which urged at that time that the United States take the initiative in organizing a United Nations Organization which would have specific authority—

To establish procedures and machinery for peaceful settlement of disputes and disagreements between nations.

(5) To provide for the assembly and maintenance of a United Nations military force and to suppress by immediate use of such force any future attempt at military aggression by any nation.

That the Senate further advises that any establishment of such United Nations Organization provide machinery for its modification, for the delegation of additional specific and limited functions to such organization, for admission of other nations to membership, and that the member nations should commit themselves to seek no territorial aggrandizement.

Mr. President, the Foreign Relations Committee substituted for that resolution the so-called Connally resolution, which the Senate adopted, but which was much more general in its language. It did not provide, as a condition of joining

this new organization, that the member nations should commit themselves to seek no territorial aggrandizement. I think that paved the way for the United States action in joining the United Nations; but I submit that it may be true that in writing the Charter of the United Nations it would have been better to pledge its members against territorial aggrandizement, even if that had meant that Russia would not have been in it from the beginning, because, frankly, I do not see much hope of a stable and lasting peace in this world so long as millions and millions of people are dominated and controlled by foreign power; and that, unfortunately, is what has happened in much of Europe and in a considerable part of Asia.

This amendment seeks to put the Congress on record in favor of driving immediately for a show-down with Russia on this crucial question of whether she and her satellites really want peace in the world, or whether it is so late and the possibility of getting together is so remote that the remaining free nations of the world must unite to defend themselves.

Mr. President, the primary purpose of this bill, I recognize, is to promote the economic recovery of western Europe. But I submit that the economic distress of western Europe today is due far less to the war damage—after all, Europe has had many, many wars, from which she has always recovered—that it is to a number of other factors, one of which is that the iron curtain between eastern and western Europe has disrupted normal trade. It is as if from Chicago to the Gulf of Mexico we had an iron curtain stopping communication and trade between the two halves of the United States. All of us know what would happen to our prosperity and our economy if that should happen.

I think their present situation is due in considerable part to the mistaken policies which we and our allies have followed in the occupation of Germany, reducing that country, which has for many decades been the workshop of Europe, to a condition of virtual nonproductivity. I do not believe that western Europe can possibly recover until we change our policies and make Germany at least self-supporting, and, preferably, able to contribute to the recovery of Europe.

Furthermore, I think a considerable part of Europe's difficulties are due to the fact that for 50 years their governments have been drifting steadily toward totalitarianism, either of the Socialist, Communist, or Nazi variety; and I think that the various types of control which they have been trying in times of crisis have contributed considerably to their present troubles.

Finally, Mr. President, I think their present difficulties are due in large measure to plain fear of the future—fear of Russian oppression or fear of oppression by their own Communist minorities, who first create a crisis and then use it as an excuse to seize power and then enslave the people.

As I said last week, I do not see how we can expect the people of Europe, in the absence of any real collective secu-

rity against that type of aggression, really to build economic recovery, because that means they must build for the future; and how can they build for the future, with no real hope that there will even be a free tomorrow for them?

I think that situation, plus the policies of their own governments, is the main reason why the nationals of the 16 countries, who have \$14,000,000,000 of assets here in the United States, are not willing—are not patriotic enough, if you please—to invest those assets in the recovery of their own countries. Yet, we are asking American taxpayers to invest billions of dollars of their money in the recovery of those countries, when their own nationals are unwilling to risk their savings in the recovery and future of their native lands.

Will economic aid accomplish the purpose? Will it stop communism, as we have been assured it will? I submit, Mr. President, that economic distress or the absence or presence of aid from the United States had nothing whatever to do with the Communist seizure of control in Poland, Hungary, or Czechoslovakia, or, if it should happen tomorrow, in Finland. It was plain, naked, ruthless power, either the threat to use it, or its actual use. So, I ask, is it necessary, in order that the program of economic aid may stand a reasonable chance of achieving its objective of recovery in Europe, for the United States to commit its military strength to help defend those countries and their independence against aggression? I have heard no clear, unequivocal answer to that question. But I think the American people and the Congress are entitled to a clear answer.

I am an internationalist. I think sound internationalism requires the simultaneous cooperation of the nations of the world on many fronts, not merely on the economic front. It seems to me that appropriating billions of dollars to prevent world war III or to stop communism, without recognizing the fact of political and military and power aggression, which is disrupting the whole fabric of Europe and the world, is a form of idealism; it is burying our heads in the sand and refusing to face the grim facts of the world in which we live.

Testifying recently before the House Foreign Affairs Committee, Lieutenant General Wedemeyer, Director of Plans and Operations of the Army, made it clear that he also believed that economic aid is not sufficient. I quote him:

I think you may rehabilitate some factories, you may create better economic conditions temporarily, but this vast movement that has been so successful recently in Czechoslovakia, through the Balkans, and through Poland, and probably in Finland, is sweeping down from the north, and if we Americans are determined to put an end to that advance, we cannot do it entirely by giving aid.

Mr. President, the program is admittedly a large one, but it seems to me to be part of an American policy of trying to confine Communist aggression throughout Europe and Asia by means of economic assistance and aid and American dollars. I do not think it is a workable policy. In little Greece we have spent \$300,000,000. A report received very re-

cently states that all we have succeeded in doing is holding the line against a few thousand Communist guerrillas in the hills. I have no way of knowing, but I would wager that Russia or the Cominform spent not more than \$300,000 to create that pressure against a free world in Greece. I submit, Mr. President, that if the United States is to continue the policy of trying to confine the power aggression of Communist Russia by economic assistance alone, on the ratio of \$1,000 in American expenditures to \$1 of Russian effort and pressure, it is a hopeless undertaking, it can have only one end, and that is failure, if there were a war. I think there must be more to the program on which we are embarking than merely economic aid, otherwise it is doomed to futility.

I agree with the Senator from Michigan that the hour is very late. I do not want to delay action on the bill, but I think it is very late for the free nations of the world to face the political realities as well as the economic realities of the situation, and that unless they very soon get together and find and develop a means of combining their power and strength to resist aggression through some form of collective security, then one by one they will be swallowed up by Communist totalitarian Russia, until we alone shall be left to carry on the fight.

Mr. CAIN. Mr. President, I should like to make a brief statement on the amendment presently before the Senate. I suppose that Senators like all other Americans can sometimes become troubled and very unhappy. Certainly this Senator is both.

The junior Senator from Washington was a cosponsor of the amendment which has just been discussed by the Senator from Minnesota [Mr. BALL]. I respect the Senator from Minnesota and I agree completely with the motives which impelled him to write the amendment and to submit it to the Senate. I was deeply privileged to be given the opportunity, in company with the Senator from New Jersey [Mr. HAWKES], the Senator from Nebraska [Mr. WHERRY], and the Senator from Minnesota [Mr. BALL], to participate in the submission of the amendment.

The amendment recognizes that our great national desire and expectation of providing free nations everywhere with material and financial assistance in keeping with their crying need of reestablishing financial and economic sanity, stability, and balance, will carry no real hope of being realized unless those nations, as well as the United States, can be assured that somehow they shall be protected against aggression and subversion and the fear of terror, tyranny, and despotism.

Collective security, in my considered opinion, must go hand in hand with the European recovery plan and every other act this Nation performs in concert with other free peoples. There is no collective security on the face of the earth today. Everyone knows that to be so. The world is presently scared to death. Until an adequate system of collective security shall have been firmly established, we, as responsible public servants, shall

be taking longer and greater chances with the lives and fortunes and peace of mind of tens of millions of human beings, a thing which is not to be justified upon any ground.

Mr. President, after as much thought as I could give to the subject I have decided to vote against the amendment which bears my name as a cosponsor. I think the amendment has served the great purpose by focusing substantial evidence of our prevailing and consuming need for setting aside a time, and doing it soon, when the Senate may devote itself and its very great talents and energy to the task of working out and demanding a system of collective security which will provide the protection we all seek, and about which I think at times we have done so very little.

Mr. President, the idea and the ideal behind the amendment under discussion are, in my opinion, altogether good. Some of its details and recommended procedures are subject to doubt, but certainly all of them are deserving of debate in their own right.

I think the amendment does not properly belong within the pages of the bill which we seek to pass tonight. But what the amendment was intended to accomplish must be soon achieved, or whatever our great Nation attempts to do for others will be wasted, despoiled, and diluted by the very vices we wish to drive from the face of the earth.

There was sound reason for the Senator from Minnesota and his associates preparing and offering this amendment. In the month of July, its 9th day, 1947, the following Senators submitted to this body a resolution which was intended to do precisely what the amendment offered by the Senator from Minnesota was intended to accomplish:

The Senator from Michigan [Mr. FERGUSON], for himself, the Senator from New Hampshire [Mr. TOBEY], the Senator from Connecticut [Mr. BALDWIN], the Senator from Vermont [Mr. FLANDERS], the Senator from Washington [Mr. CAIN], the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Connecticut [Mr. McMAHON], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Idaho [Mr. TAYLOR].

In form the resolution was a concurrent resolution. It was referred to the Foreign Relations Committee. I take only sufficient time to read its substance. It is brief. It reads as follows:

That it is the sense of the Congress of the United States that permanent world peace can and will be achieved through the United Nations and to that purpose we believe that action should be taken under the provisions of the Charter of the United Nations to propose and adopt amendments and revisions that will strengthen the United Nations as an instrument to prevent war and maintain world peace.

It is not for me to presently know or understand the reasons why that concurrent resolution has never been reported to the floor of the Senate, but what I do know, Mr. President and Senators, is that practically every Senator who has spoken during the course of the debate has expressed his own individual hope and desire to strengthen the United

Nations, to the end that collective security may become a reality and not continue as a futile dream.

During the course of the debate, and after having listened most carefully to the very distinguished Senator from Michigan [Mr. VANDENBERG] and his arguments in opposition to the amendment which was proposed by the Senator from Minnesota [Mr. BALL], I went to the chairman of the Foreign Relations Committee and inquired of him as to whether he would accept, by way of a substitute for the amendment of the Senator from Minnesota, the following single paragraph:

SEC. —. Recognizing that the fear of aggression or subversion threatening their freedom and independence is undermining the confidence necessary to economic recovery in Europe, the Congress urges the President to undertake without delay the development of collective-security measures which might allay such fears and halt such aggression or subversion.

The chairman of the Foreign Relations Committee wanted to discuss the reasons why he thought even this paragraph should not properly become a part of the bill which we are striving to pass. I should merely like to say in his presence that I was entirely satisfied with the reasons which he gave for his resistance to the inclusion of this paragraph. The distinguished Senator from Michigan has proven to me that whatever justification there may be for the idea which the Senator from Minnesota has advanced—and the Senator has said very willingly and publicly on the floor that there is great reason for discussing the subject—it was not proper to embody it in the bill, and he convinced me it should not be a part of the European recovery plan. But I gather from the senior Senator from Michigan and from every other Senator that we ought, as soon as we can, to attempt to develop parallel lines of what amounts to security, economically, on the one hand—call it reconstruction or relief, if you please—and military or collective security—call it what you will—on the other hand.

To that end, and in company with other Senators, I understand and hope there is to be submitted in the Senate some time in the very near future a brand-new, fresh, and revitalized amendment on the general subject of collective security so as to meet the problems of the world in which we live.

I have only this to say regarding the resolution which will be forthcoming, that it will be introduced not as an amendment to the bill which is before us, or in opposition to the European recovery plan, but as a plan in itself to parallel and to supplement on the political front the European recovery plan counter-offensive on the economic front. The resolution will contain, I trust, a simple but very specific formula for the revision of the United Nations Charter, with Russia, if possible; without Russia, if necessary. I almost said, in brackets, as one who has had the good fortune, as well as the tragic fortune, to see service on fronts around the world, through which duty I associated with and worked next to the Russian as an individual, that I use the words advisedly, to revise, alter,

and do over the United Nations in the hope that there is yet a chance for us to do business with one of the two greatest powers presently on the face of the earth. That does not mean appeasement; it does not mean being unreasonable. It means trying to go in the direction of something we have only painted with a broad brush without getting down to details.

Mr. President, in closing, let me say that the fundamental purpose of the resolution to which I refer is to avert, if men, women, and children of intelligence, hope, and heart can possibly do so, that thing which we call even now a third world war, by organizing society itself against any aggressor, by employing the overwhelming power of a world collective front of peaceful nations, not as a power politics alliance, but under the powerful authority of a revised United Nations. I think every Senator shares with me a dream of a happier world.

Mr. President, for the reasons stated, I shall not with apology, but with compliments to the vision and the courage which impelled the Senator from Minnesota [Mr. BALL] to introduce a worthwhile subject, vote against the amendment to which I had proudly been a party.

Mr. VANDENBERG. Mr. President, I wish to thank the able Senator from Washington for the candor and eloquence with which he has stated his position. I wish to thank the Senator from Minnesota for having underscored in this debate what I completely agree is an inevitable responsibility; namely, the reorganized, restabilized, and vitalized mechanisms of an instrumentality for international security which will deliver the goods.

I think it is perfectly obvious that it is quite impossible to pursue the subject to an adequate or satisfactory conclusion in an amendment at the eleventh hour of the consideration of the bill, and I suggest a vote.

Mr. FLENDER. Mr. President, on March 10 I wrote a letter to one of my constituents giving a few of the reasons why I shall vote for the pending bill. Rather than take the time of the Senate by way of an extended speech outlining my reasons for supporting the measure, I shall content myself by asking unanimous consent that following my remarks there may be incorporated in the RECORD the letter to which I have just referred.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE
AND FORESTRY,
March 10, 1948.

Mrs. MARTHA G. ROBINSON,
President, Louisiana League of Women
Voters, New Orleans, La.

DEAR MRS. ROBINSON: I have your letter of the 3d.

I will be glad to address your organization in New Orleans on April 16. It is rather difficult for me to determine at this time what Congress will be considering on that date, but I am reasonably certain that I will be able to be present.

As I wrote you on several occasions, I have been giving my most earnest consideration to the European-recovery program. I procured as much information as is available on the subject in order to reach my conclusion, which, reflected by my vote on the measure, would insure to the well-being of our country. I have studied the reports of independent economists, and in addition to your organization, I have consulted representatives of labor, civic, and commercial organizations, and I have carefully analyzed the studies of the Krug, Nourse, and Harri-man committees. In addition to this, I have reviewed the findings of the Senate and House groups charged with the responsibility of determining the facts as they presently exist in Europe and the United States, and I have exchanged views with Members of the Congress who, as I did, personally visited the continent of Europe to secure first-hand information.

In concluding to support the committee's recommendations, with a few reservations, as they appear in S. 2202, I am not unmindful of the serious effects which this program may have upon our own economy and the dangers which might precipitate adverse incidents in a world so full of distrust and misunderstanding. These risks we must calmly and deliberately take as being the best possible solution under the present circumstances.

As you may recall, when the Marshall plan was first advocated I indicated that I would not support the program unless there was included therein definite assurances that the countries involved would take the necessary steps to stabilize their currencies, balance their budgets, stop issuing currencies to help pay the operation of their respective governments, and, among other things, remove the barriers which have prevented the normal flow of trade. Another requirement upon which I insisted was that while it was very definitely established that the program was one which was being projected for a period of 4 years, a specific authorization should be limited to 1 year at a time, in order that periodically a study could be made not only of the cooperation of the participating countries in meeting their end of the bargain but to be assured that the results were shaping up as we had visualized.

These safeguards are now a part of the plan. The agreement between Belgium, the Netherlands, and Luxemburg, commonly called the Benelux agreement, is a step in the right direction, and it is to be hoped that in the administration of the program, stern application of the mandatory requirements shall be put into effect and that the agreements shall be fully and thoroughly enforced.

It is my hope that the Administrator of this huge program will profit by the mistakes we have made in the past in the handling of relief to our friends across the seas since the end of World War II. It is my further hope that the assistance will be made available so as to help our friends to help themselves. The Administrator must be made to realize that the salvation of western Europe lies in the extent to which the citizens of the 16 nations involved help themselves. Food and dollars will not do the job. Those peoples must work; they must make sacrifices, and they must be made to realize that future help from our country will be dependent upon the extent to which they help themselves.

The purpose of this aid to Europe has been said to be threefold—humanitarian, economic, and more or less political. On the humanitarian side let it be said that I have no quarrel. I have always voted assistance to feed the hungry and to help clothe the naked.

From the standpoint of our own economy there is much to be desired. Because of the war, our whole economy has been stepped up to such an extent that our productivity is now the highest in our history, and quite

a few of our basic commodities are being produced in excess of our own requirements and of our normal export trade. It is my view that if we should abruptly curtail our production it might seriously affect our own economy. I feel that it would be of greater benefit to our producers if we are in a position to gradually taper off our production so as to meet our own future needs and that of our export trade.

As to the third objective, the political angle, much can be said, in the light of recent events, for supporting the program. We want no part of communism. I find no fault with those countries whose people voluntarily embrace communism, but when a powerful country attempts to force communism on others, then a line must be drawn somewhere. I believe it has been sufficiently demonstrated to the world that our former ally is making every effort to absorb in its own orbit all of Europe. Should that occur, we would be compelled to initiate a program for our own defense which would be much more costly in every way than the plan we are now being asked to embark upon.

Some say that the greed of our former ally will sooner or later lead to her own destruction. They argue that people who have once been free will not remain in shackles and they will sooner or later loosen themselves from these bonds. I can visualize the whole of western Europe, once a proud people, under the heel of Stalin. Some of our statesmen have advocated that it might be a good thing for the countries of Europe, which were once free, to become communistic, so that they can find out for themselves what communism stands for. Such a course produces much food for thought, but what concerns me is the present plight of the people of western Europe. They are desperate; they have been existing under most abnormal conditions; they are the victims of a cruel war. They are easy prey, because of their present circumstances, to rabble rousers, to selfish tyrants. I do not believe we should take a chance, but rather we should work to the end that the peoples of western Europe and western Germany shall be restored to normalcy, in the hope that they will soon again breathe the blessings of freedom and then be in a position to combat the scourge of communism.

Before closing I would like to further discuss the economic side, in the light of the proposed aid which will be made available to the United Kingdom. This form of aid closely resembles the British loan of 1946. Our unhappy experience insofar as the British loan is concerned impels me to remind the administrator of the program of the things which I predicted at the time I opposed this loan, in order that he might realize that most of the criticisms which I made at the time were justified by the subsequent turn of events and my predictions that we were more or less pouring money down a rat hole have come to pass.

I stated in the course of the debate opposing the loan that imperial preference was largely a thing of the past and that because of industrial development and increasing independence the British colonies and dominions would not continue granting preferences to the United Kingdom. It is well known that the basic and fundamental trouble in the United Kingdom lies in the fact that her imports far exceed her exports. She produces sufficient coal to meet her own requirements; she mines about one-sixth of her needs in steel; she grows about one-third of her food, but the rest of her needs must be met through imports. It is true that such a condition has for many centuries prevailed in the United Kingdom, and the difference between exports and imports has had to be maintained from the income of foreign investments and from the profits resulting from shipping. With the almost complete wiping out of her investments abroad, and the tremendous decrease in shipping, the gap has remained

unfilled. She is now attempting to survive on a more or less false economy, and I can see no hope for her ever to be in a position to sustain the 47,000,000 people who now occupy what is commonly known as the United Kingdom.

I have said it before and I repeat it now, that in case of war the United Kingdom would be a millstone around our neck rather than a source of assistance. We would be compelled to help feed her people and make available to her raw materials so she could convert them into implements of war.

It is my hope that the British people will swallow their pride, give up some of their costly traditions, and agree to move their industries where natural resources are plentiful. In my speech of 1946 opposing the British loan, I suggested South Africa. There is no question but that South Africa forms the nucleus for the development of a strong and powerful nation.

Much has been said about moving some of the plants of western Germany to the United Kingdom, so as to carry out certain portions of the Potsdam agreement. My advice is that should some of the plants of Germany be dismantled that instead of moving them to the United Kingdom, they be erected in South Africa or other colonies of the British Commonwealth of nations, where natural resources are located and are in abundance.

In voting for this plan, I am not unmindful of the fact that our offer to assist the 16 nations of western Europe will lead to the formation of a bloc that in turn will lead to power politics, and which may, in the course of time, bring us into another war. I am hopeful that Russia will soon realize that we have no ulterior motives in our advocacy of the course we are pursuing. Russia should learn by experience that we are not after more territory, but that we are making every effort to protect our way of life. It is my hope that through the efforts of the League of Women Voters and other organizations of a similar character, the United Nations Organization will come to life, and that through it permanent world peace can be attained.

I shall vote, as I stated above, for the plan. I hope the course I am pursuing is the correct one. I fear there is no other alternative.

With kindest personal regards, and hoping to have the pleasure of seeing you soon, I am,

Sincerely,

ALLEN J. ELLENDER,
United States Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. LANGER. Mr. President, I should like to ask the Senator from Minnesota if he has any objection to changing the word "eleven" in paragraph 4, line 5, to "forty."

Mr. BALL. I do not think we should have an executive body of 40 members.

Mr. LANGER. The Senator misunderstands me. In line 4, on page 3, the language is "it shall have been ratified by 11," and so forth. Would the Senator object to having that changed to "ratified by 40 or more members of the United Nations"?

Mr. BALL. Yes, I would. I think we cannot wait to get 40 nations together. I should like to get the 16 European nations, the United States, and the British Commonwealth, together for mutual defense against aggression just as rapidly as we could do it. I do not want to have to wait for 40 nations.

Mr. LANGER. Then, Mr. President, I wish to say, as the one Senator who voted against the United Nations, that when this particular question was

brought up, no attention was paid at that time by the overwhelming number of Senators who voted for the United Nations to men like former Senator Wheeler, and other distinguished Senators, who discussed it on the Senate floor. So far as I am concerned, if the amendment provided for 40 instead of 11, I should most certainly vote for it. I do not believe that 11 nations, 10 of which might be very small countries, should have the right to have an armed force and vote the United States of America into war.

Mr. HAWKES. Mr. President, if the Senator from North Dakota will yield, I should like to say that I think he is laboring under a misunderstanding covering this whole amendment. It does not contemplate an organization inside the United Nations. There might be only 11 members, not necessarily 40. It would be an outside organization. The hope is that an organization may be provided with power to see to it that the assistance rendered shall not be spread all over the world and used carelessly, so that one or two nations may absorb all the benefits intended for other nations. There might be only 10 or 11 nations. Did the Senator understand that?

Mr. LANGER. Let me call the attention of the Senator from New Jersey to the very able argument made by the Senator from Michigan a few days ago, when he said that his objection to the proposal made at that time by the distinguished Senator from Minnesota was that 10 or 11 nations could vote the United States into war. I call attention to paragraph 3 of the proposed amendment:

That all signatories to the agreement shall agree, by their respective constitutional processes, to make their armed forces and resources available to the Supreme Council whenever the Council decides that the use of such forces and resources is necessary.

I believe the distinguished Senator from Michigan was right when he said that this country does not want 6 or 7 or 8 or 10 other countries to vote us into war.

Mr. HAWKES. Will the Senator yield further?

Mr. LANGER. I yield.

Mr. HAWKES. I agree with the Senator, and there was no Senator in this Chamber who, at the time the United Nations was formed, held stronger views on that point than I did. In other words, at that moment I would not have been willing to have our country voted into war and not have the veto in our own hands. But I wish to ask the Senator, Where are we going in the situation which has been created? What is the United Nations doing today? All I hear of is that the United States of America must do the whole job, must furnish all the money, and I hear of nothing that is being accomplished by the United Nations, except one thing, and that is leading to terrible trouble.

Mr. LANGER. Would the Senator be willing to have seven countries vote the United States into war?

Mr. HAWKES. It would depend on which seven countries they were.

Mr. LANGER. It says here that any 11 that sign can make it effective. For

that reason, I shall vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. BALL] for himself and other Senators.

The amendment was rejected.

Mr. BARKLEY. Mr. President, inadvertently, because of conversation in the Chamber, I voted "aye" on the vote just taken. I meant to vote "no."

Mr. McMAHON obtained the floor.

Mr. MYERS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. McMAHON. I yield.

Mr. MYERS. Mr. President, I believe the debate on Senate bill 2202 has been rather comprehensive and all-embracing, and I sincerely hope the Senate will proceed to vote on the pending bill some time this evening. Time is of the essence, and the longer the Congress delays the final enactment of the bill, the less help and assistance will we be able to render those who will receive the benefit under the bill.

Mr. WHERRY. Mr. President, will the Senator from Connecticut yield?

Mr. McMAHON. I yield.

Mr. WHERRY. I should like to ask the distinguished Senator if he has not been in the Chamber time and again during the debate and heard objections made to any Senator farming out the time? Of course, I have no objection to the Senator from Pennsylvania or any other Senator being recognized on the amendment that is to be offered by the Senator from Connecticut, but I feel that if we are to proceed in an orderly way, the distinguished Senator should comply with the request that was made, and that it will help expedite the progress of the pending bill. I shall not object to the Senator from Pennsylvania finishing his remarks, but I have objected to any Senator yielding to another for the purpose of permitting a statement to be made in the time of the Senator who has been recognized. I hope that practice will prevail during the rest of the consideration of the pending measure, because it is the best way to handle legislation, and I am sure the Senator from Connecticut agrees with me.

Mr. McMAHON. I will say to the acting majority leader that the Senator from Pennsylvania assured me that he had a 2-minute contribution to the debate which he desired to present at this time. I am sure that both he and I overlooked the matter referred to by the Senator from Nebraska, and I appreciate the concurrence of the Senator from Nebraska in permitting the Senator from Pennsylvania to proceed with his further observations.

Mr. MYERS. Mr. President, I assure the Senate I have no intention of delaying a vote on the proposed legislation. I say that the longer the Congress delays final action on the legislation, the more will the opponents of the Marshall plan both here in America and abroad be able to delay the recovery and rehabilitation of the western European powers.

Yes, Mr. President, the more we delay here, even if the delay be only of hours

or days or weeks, and it may still be weeks, in adopting the Marshall plan and providing the appropriation to implement it, the more time will Russia and her satellites have to effectuate their plans of sabotaging the Marshall plan. That is what Russia wants, Mr. President, delay, delay, delay, and more delay, and the Congress, I fear, may be playing right into her hands.

Mr. President, I do not propose to speak at length on the issue, for I have stated my position time and time again as being one of wholehearted support for the pending bill. The CONGRESSIONAL RECORD will attest my repeated affirmation of my support of it.

On Wednesday of the present week, at the annual Philadelphia Evening Bulletin Forum, I again addressed myself to this subject, and I expressed similar sentiments. I therefore ask unanimous consent to have my address of Wednesday printed at this point in the RECORD, so that my position on this issue may again be made clear and definite. I trust, Mr. President, that the Senate will shortly conclude the debate which has already lasted a long time.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY UNITED STATES SENATOR FRANCIS J. MYERS, OF PENNSYLVANIA, AT SECOND ANNUAL BULLETIN FORUM, BELLEVUE-STRATFORD HOTEL, PHILADELPHIA, MARCH 10, 1948

The course which the world takes in the months and years immediately ahead depends to an extent which is almost frightening on the course which the United States of America chooses to take. The course which our Nation takes is the course which is demanded—and implemented—by the people, by you.

I, therefore, congratulate the Bulletin and its editors and the Bulletin Service Club Bureau for their public service in sponsoring this series of forum meetings designed to bring us some of the background we must have if we are to be not merely citizens in a democracy, but informed citizens in an alert and enlightened and effective democracy.

It is urgently important that as citizens of this particular democracy we are, in truth, informed. I firmly believe that this democracy of ours holds within it the power to win or lose for ourselves and for all humanity what may be the last battle of our time for survival of decency as a world force.

I have been asked to discuss the place of freedom in these issues, and what we must do to keep it here at home, to broaden it and protect it, and to spread it throughout the world.

What is this human freedom which we regard with such devotion, we in America? In essence, we all know what it is although we may define it differently. To each of us, and to everyone in the world, freedom means a different thing, depending upon our national heritages, our political backgrounds, or our economic level.

In America, freedom is something we have grown up with, something which has been there all the time, which evidences itself in every activity in which we participate. I think it is safe to say that we all, here in America, know what freedom means to us.

We differ sometimes, however, over what it should mean to the next fellow. Sometimes innocently, usually innocently, but in a few rare cases deliberately, we have joined in the denial of freedom to others. This is the Achilles heel of our own freedom, whether we realize it or not.

For freedom is like peace. It is indivisible. It cannot really exist, in truth, for any Amer-

ican unless it exists for every American. It cannot be secure in America while it is menaced or destroyed abroad.

Czechoslovakia is a long way from Independence Square, even by air line, but when freedom dies in Czechoslovakia the luster dims on the Liberty Bell in Philadelphia.

I think every American recognizes this fact today, and very fortunately so. Unfortunately, it took a horrible, bloody, and, yes, unnecessary war to teach us that truism. We weren't ready as a people to accept it as a fact in 1931. Manchuria was too far away, too remote. We weren't ready to accept it in 1933 when the lights of freedom flickered and slowly died in central Europe. I think it was only when freedom finally lay stifled and suppressed in nearly all of the civilized world that we suddenly realized our own freedom was in danger, in very grave danger.

Pearl Harbor ended our indecision and solidified our unity and we beat back the danger at great sacrifice and horrible loss of human life. We beat it back by force of arms. But all the while we felt there had to be a better way. We are still seeking that way, sometimes hopefully, sometimes, as now, fearfully, and in the meantime, Czechoslovakia, for the second time in 10 years, is a helpless prisoner of the police state, her freedoms once again denied and destroyed.

A part of America lies captive in that little land with the long name. There is no tie of empire between the United States and Czechoslovakia; there is a tie, however, which is even stronger. It is of the spirit, of the soul, of the heart. The founders of this little country, students of history and of politics, had found in the American way, in the American freedoms, the pattern they wished to follow for themselves, for their people, in their own little republic, in their own democracy.

What they found here in America, what they liked best, was the status, the dignity of the individual. In America, in America as we like to think of it, it is not just "the people" who count; it is each person who counts. Nearly every religion ascribes to man such dignity and such importance as an individual. The police state denies it. And we are gradually being surrounded once again by the police state.

When freedom died in Czechoslovakia, a part of America died. Something died within the heart of every American. What now? Are we to mourn and go our way and forget? There lies the path to disaster—to world disaster, to a world disaster which will catch us up and whirl us, too, to disaster.

The murder of freedom of Czechoslovakia was an inside job—by a "fifth column"—but by an inside gang bolstered by a gang outside which was ready to commit the crime if the insiders couldn't swing it. With the Red Army at the border and faced with civil war which would undoubtedly follow the pattern of the so-called civil war in Greece, Czechoslovakia capitulated.

The capitulation of Czechoslovakia meant a clean sweep of the police state over the whole of the Soviet sphere. The tear in the iron curtain has been mended.

There are those among us who say that the pattern of police-state expansion westward, as it worked out in Czechoslovakia, is inexorable and cannot be prevented. They counsel us, therefore, to abandon the Marshall plan because, they say, you can't stop bullets with dollars. But is this advice sound? I think not.

Up to now, and including the capture of Czechoslovakia, the Soviet Union has advanced its system of Communist dictatorship westward largely by force and threats of force. All of the nations in the Soviet sphere are nations dominated by fear of the Red colossus—by military fear of Russia. The United Nations, to a great extent, because of Soviet maneuvers within the UN, has not been able to dissipate this fear. The Red

army is, thus, the real spokesman of Soviet diplomacy in the Balkans. It is important to remember this.

None of the Soviet satellites has turned to communism as the free choice of the people. There were no free elections in any of the nations behind the iron curtain to establish a Communist dictatorship. They were captured and thrown into communism by minorities at home, buttressed by the force of the Red army at their backs.

In the case of the so-called Marshall-plan nations, however, the situation is altogether different. They do not lie on the supply line of the Red army. They are not under the immediate threat of armed aggression by Russia. In France and Italy, for instance, communism is trying to sell itself to the people as the free choice of free citizens.

That this repressive philosophy of slave government has been having such success in free nations, where free men have free choice, is a great source of mystery to the average American.

I think we need only to recall the America of a dozen and a half years ago in order to dispel this mystery. The United States in 1930 was a nation demoralized by economic disaster. Food and jobs dominated our thoughts. Families were hungry and workers were idle and men despaired. America was ripe for demagogues and promisers. Sentiment for totalitarianism in America reached its zenith in those years between 1930 and 1933 because totalitarianism promised something which was completely lacking in the America of those days—and that was decisive action.

Some Americans looked yearningly at the methods Mussolini used to restore train schedules in Italy and said, "What we need is a strong man who can get things done." Others looked to Soviet Russia and said here was dynamic social action and that we could have the same thing here; that freedom in America meant the freedom to starve, while in the Soviet Union, while there might not be freedom, there was also no unemployment.

Bread is still the greatest political motivation of all. We must recognize that. Communism is today selling that brand of political theory to the hungry of the free nations of Europe and the world. It is hard for a hungry man to have sales resistance against a policy which promises him food for himself and his family in return for the surrender of freedoms which he may not be making much use of at the moment.

Halting the westward expansion of communism rests today on the ability of men and leaders who believe in freedom to prove that freedom can work efficiently and fairly, that democracy can work. Economics—bread, jobs, security—these are the factors today in western European politics. And that's where we—the people in rich, free America—come in. Here is where we must make our big down-payment on the purchase, once again, of our freedom.

For freedom must be paid for over and over again. Like any precious thing, hard-won, it must have constant care. The upkeep is continuous and expensive. To most of us, to most Americans, freedom, despite its price, its cost, is a real bargain.

But, too often, having had this freedom for so long, we take it for granted. We get tired. We expect the next fellow, who shares our freedom, to protect it for us and to work at keeping it for us while we loaf along complacently. The obligations of freedom cannot be passed around that lightly.

Right now, through the Marshall plan, America is committing itself to help those nations of Europe where freedom is on trial to solve extremely complex economic problems growing out of the devastation and dislocation of war, to again take their places as self-supporting peoples. We think that if these nations can regain their economic health, freedom can survive. For that rea-

son, the American people overwhelmingly support the Marshall plan and favor appropriations adequate to carry it out.

Because of this wholehearted American sentiment I am confident that the Marshall plan will pass, and I believe it will pass with few disrupting changes. Many Americans will then consider the job as done, because our Government will have been committed to it.

Actually, however, the job will just be starting—the job, that is, for the rank and file of the American people. The authorization for this program, the bill which is now under debate in the Senate and in the House Foreign Affairs Committee, carries no appropriation with it. The money must be voted separately by Congress and from year to year.

Each of these appropriation bills will be a storm center. Each time the question will be raised whether America can afford to lend its efforts and so much of its wealth to the decent world we seek. There is no gainsaying that the cost of the program is high or that it will entail many sacrifices.

But before each of us at all times must be the realization that as difficult as the Marshall plan may be for us financially, we can afford it infinitely better than we can afford another war, infinitely better than we can afford to be pushed into the isolationism of a feared and hated democracy in a sea of totalitarianism.

The American people have a precious freedom which can be used to protect all of our freedoms. It is the freedom to make our voices heard on every issue affecting us as citizens in a democracy. Our Government will do what our Congress directs, and our Congress will do what it knows the people want it to do. Those Members of Congress who refuse to heed the wishes of the people can be—and should be—removed from Congress.

But writing a letter to your Congressman will not end your obligations. The Communist element which is seeking to block the Marshall plan, for instance, is not contenting itself with letter writing. It is using every possible avenue to influence public opinion. The zeal and the untiring effort put forward by this group is simply amazing. True Americans who believe in freedom must be just as energetic.

We must be energetic in our unions, in our business and social organizations, in our circle of friends, in strengthening public interest—and public action—in those things we think are right and proper and decent.

This applies not only to foreign policy; it applies to national and State and local politics; it applies to our economic life; it applies to our daily activities.

The issue in the world today, the great overriding issue, is not merely capitalism versus communism. It is freedom versus slavery; democracy versus totalitarianism. It is the right of men to think and to speak without fear of transgressing any ideological "line." It is the right of each of us to walk upright in pride and dignity.

When the rights of Americans are transgressed anywhere in America, that is our business. When Americans in powerful positions allow their greed to disrupt our economy, that is our business. When peoples elsewhere are subjugated and in political slavery, that, too, is our business.

Our business, all over the world, is decency. It is the one heritage America can never deny.

There has been one Pearl Harbor after another in this new fight, this never-ending fight, for human decency, for human freedom. We must be equal to the challenge.

Mr. McMAHON. Mr. President, the United States of America has attained the position of world leadership and of being the first in the family of nations, partly because of two world conflicts,

but largely because of the virility of our people, the extent of our natural resources, the inventiveness and imagination of our 140,000,000 citizens, and because, above all, of our obvious devotion to the cause of right and objective truth.

Mr. President, I like to believe that being first in the family of nations imposes duties and responsibilities as well as rights and powers and privileges. Just as the important and the wealthy and the powerful citizens of the towns or cities or States of our Nation should be held to higher account, so should nations be held to account for the powers and the privileges and the rights which they enjoy.

When the roll is called at the end of time and when the name of the United States is reached I, for one, am confident that the record of the last decade will be one in which every citizen of this great land can take pride and satisfaction.

Mr. President, how have we discharged our rights and duties in the past few years? What has been our basic policy, and how have we implemented that policy? As I see it, our basic policy has been the pursuit of peace with justice and with respect for the dignity of man. I think it can be demonstrated that we have implemented that policy day by day, not only in this Chamber but also in the Hall of the House of Representatives, and in the executive department of the Government.

I should like briefly to review some of the things which we have done, which should make us proud of the record we have compiled in the past few years. Mr. President, in all history what is to compare with what we have done for the Philippine Nation? Not only did we build up that nation and give to its people of our substance when they were torn by war, when the deluge came upon them, but we have come to their aid since with hundreds of millions of dollars and have attempted to see to it that that nation becomes a strong member of the family of nations.

After the end of the war we poured out billions of dollars through UNRRA. Oh, I know, Mr. President, that there are those who regret that that money was spent; there are those who regret that we did not earmark it more carefully; I know that much of it was used against us; but I also know that it was one of the most magnificent gestures, one of the most unselfish and generous acts ever performed by a free people.

Then, Mr. President, we went into the United Nations, and we pledged it our faith, our confidence, and our support. Furthermore, Mr. President, as I read the record, we have fulfilled every pledge, we have fulfilled every commitment we solemnly made under our adherence to that Charter.

Mr. CONNALLY. Mr. President—
The PRESIDING OFFICER (Mr. COOPER in the chair). Does the Senator from Connecticut yield to the Senator from Texas?

Mr. McMAHON. I yield.

Mr. CONNALLY. The Senator has spoken of the magnificent gifts we have extended to European and other nations since the war. Historically, in the past,

subsidies have been provided largely in order to promote wars and to sustain warring powers. Has there ever been anything in the history of the world comparable to our generosity and our largess and our charity in extending these magnificent sums for the aid of stricken people, and to rebuild their fortunes after a devastating war?

Mr. McMAHON. The Senator eloquently and beautifully states the case and, of course, he is absolutely correct. That is why as a Senator of the United States I stand here and raise my voice in pride at the record this Nation has compiled in the last decade. There is nothing in all the role of history which can, for one moment, compare with it. Not only did we go through with UNRRA, not only have we subscribed to the principles of the United Nations, but we went to Bretton Woods and again pledged of our substance to try to establish the economic stability of the world. We also became a member of the International Monetary Bank. Then, Mr. President, there was one other thing with which I have perhaps a somewhat intimate acquaintance, one other thing which I think demonstrates the worth and the validity and the essential justice of the foreign policy of the United States of America. We wrote a page in history which I confidently believe even exceeds the generosity of our action in fostering UNRRA, to which the Senator has alluded. I refer, Mr. President, to the proposals which we made, through the United Nations, to all the world on the subject of atomic energy. Ah, it was our fortune to have unlocked the greatest force of nature. It was the gift of God that we, rather than our enemies, discovered this gigantic secret. When we realized that which we had and understood the good that was in it, when we realized that within it lay the power to heal disease, when we realized that within it lay a new force of energy which might make the deserts bloom and lighten the burden on the backs of the poor, the downtrodden, and the weary, we said to all the world, "You can use it. We ask only in return that you give to us satisfactory guaranties that it shall not be used to destroy us."

Mr. President, we now approach the writing of another great page in our history, embodied in this bill known as the Marshall plan. I do not know whether it will work or not. However, I am filled with the conviction that if we go through with it, and if we do certain other things which I wish to suggest, it stands a very reasonable chance of success.

While we have been doing the things I have mentioned, the Soviet Republic has adopted a policy which is one of the supreme tragedies of history. They have seen fit to pursue a policy of economic and political warfare against the peace of the world, paced always by a restless seeking for the military implements with which they could destroy us, provided the economic and political attack should fail of success. They have proceeded, as Senators know—and it needs no elaboration from me—to take over country after country, and to assassinate the political and economic liberties

of mankind in a dozen nations. They refused to enter into the agreement for the control of weapons of mass destruction. I say without fear of contradiction that unless we can settle that problem we cannot settle the peace. That is the heart question of the peace.

Think of it! How are we going to have a peaceful world if we have a race in weapons of mass destruction, with which one part of the world can absolutely annihilate and destroy the other, and when that power comes into the hands of a nation which has demonstrated its utter disregard of every rule and every consideration that leads to agreement between nations? If we could have settled that problem this bill would not be necessary.

Are we afraid of the 10,000,000-man Army of Russia? Are we afraid of her submarines? Are we afraid even of her air force? No. I shall tell the Senate what we are afraid of. We are rightfully afraid of the possession, by a power which has acted as she has, of the weapons of mass destruction. We are afraid of her possession of the kind of things with which she can do infinite harm to us and the rest of the world. That is what we have to fear, and that is what must be avoided at all costs, if the guts of the world are not to be strewn on the ground and civilization itself, as we know it, destroyed.

Mr. President, I have spoken of some things which must be done in addition to the adoption of this plan. The Senator from Ohio [Mr. TART] in his speech yesterday declared that he did not have much faith in the power of propaganda. Ah, Mr. President, man does not live by bread alone. For 30 years there has come from the capital of Soviet Russia a flood of propaganda, a flood of vilification, and a flood of denunciation of every principle of objective right and justice for which this Nation and all decent people stand. That propaganda is now having its effect.

For 30 years the Russians have poured oil on the flames of discontent. For 30 years they have told lies, bigger and bigger and bigger; and we, a great Nation devoted to liberty, devoted to the Bill of Rights, have indeed failed to answer. Our Nation, which has built the greatest economy in the world on the basis of advertising, strangely enough has not seen to it that we have advertised to the rest of the world the very bill of goods which, above all else, we should sell. If I had my way I would submit an amendment to this bill, if I thought it had a chance of adoption, providing an appropriation of \$150,000,000 a year to tell everyone on the face of the globe what the facts are, why it is that we have been so insistent on the control of weapons of mass destruction, and why they and we have a common interest, an interest in the preservation of civilization itself, to see to it that the event of adverse possession of these weapons does not come to pass.

Mr. President, I would encourage by every method I could the unification of Europe, because in unification there would lie strength. I would encourage the making of customs unions and the abolition of tariff barriers. I would lend a helping hand in every way I could to

see to it that the States which are devoted to democratic principles stuck together in the face of this common attack.

Finally, as I suggested at the end of the speech of the Senator from Alabama [Mr. HILL] the other day, I would call for a conference of the United Nations under section 109 of the Charter. I would invite in the other nations of the earth for the purpose of seeing to it that the charter of that organization was revised so that it might become an effective method for keeping the peace. Of course I would invite Russia to come in. Under the Charter of the United Nations she would have a right to come in. With the fullest publicity I would place the case before the world.

She was invited to come to Paris. She came, and she went home; and when she went home she did her cause the greatest injury she has done her cause in the past 5 years. Her answer to that proposal and to the proposal embodied in the bill was to convoke an assembly in Poland of herself and her satellites, wherein they declared that they were going to wreck the Marshall plan. Perhaps they can wreck it. It is so much easier to throw a lighted match into a house that one has spent thousands of dollars and many man-hours of labor in constructing, than it is to build the house. Russia is busy throwing lighted matches into the peace of the world.

Last September, Mr. President, the Russian delegate, Mr. Vishinsky, in a speech which he made at Lake Success, said that I was one of the warmongers of this country. I bitterly resented that appellation, and I resent it now. It is perhaps because I have thought so much about the peace of the world and how to preserve it—and I have, indeed, spent many hours in contemplating that subject—that I, as much as any man in the world, wish to prevent what I know will be a terrible and tragic conflagration that will destroy our goods and our peoples and all the values on which we set store and by which we live.

But, Mr. President, we are posed with a great question of leadership. Just the other day the Senator from North Carolina [Mr. HOEY] in a distinguished speech said that the last war cost us a trillion dollars, and I think the illustration he gave may well be reiterated—when he said, "Do you know what a trillion dollars means? It means a 5-room house for every family in the world, and a hospital costing a million dollars in every city of over 5,000 people."

Ah, Mr. President! I think of those unmarked graves scattered over the continent of Europe, in which thousands and thousands of anonymous people lie mouldering. I think of the tragedy and the heartbreak of the wife going away, when driven out of her home, and taking her children with her; of the scent of dead flesh; and of the tragedy that there are no words in the English language to describe.

But, Mr. President, we know one thing, and that is that we do not get peace from a police state by appeasing it. The world tried that once, and it did not work, and it will not work this time. Our chance for peace, in my opinion, is to marshal the decent and right-thinking

peoples of the world behind a determination that no nation will be permitted to have the things with which it can successfully wage war. We must do this within the forum of the United Nations, by calling a meeting of the United Nations and really setting this situation out for the judgment and consideration of the conscience of the world.

Mr. President, the last war cost us \$8,000,000,000 a month. This bill costs us \$5,300,000,000, which is the equivalent of the cost of 20 days of war. Every army that takes the field or every ship that sails the sea in time of war is not guaranteed success. Here we are launching a venture for peace. We cannot tell whether it will reach safe harbor; but at least we can pray to God that it will. We can be confident in our strength and, above that, confident in the essential and basic rightness of our principles. We can be confident that objective truth has been served. We can be confident that in God's sight, as I see the situation, we have adhered to the right. And having done that, I have no fear for the future of this country.

Mr. HOLLAND obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator yield? I should like to ask the Senator from Connecticut whether any action was taken on his amendment.

Mr. McMAHON. No action has been taken on the amendment. Perhaps we should dispose of it now, if that is agreeable to the Senator from Michigan, and if the Senator from Florida will yield for that purpose. I do not think it will take more than 2 or 3 minutes to dispose of the amendment.

Mr. HOLLAND. I yield, if it is understood that I shall have the floor after the amendment is disposed of.

Mr. VANDENBERG. I think it will take only a moment to dispose of the amendment.

Mr. McMAHON. Mr. President, I think it would be well to have my amendment read by the clerk.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 32, between lines 20 and 21, it is proposed to insert a new subsection, as follows:

(e) In addition to the provisions required by subsection (b) to be included in agreements concluded with participating countries under this act, there shall also be included an undertaking by each such country to prohibit the exportation other than to the United States from such country of any commodity of which the exportation from the United States is (1) determined by the Secretary of State, the Secretary of Defense, and the Chairman of the Atomic Energy Commission, acting jointly, to be inconsistent with the national security, and (2) prohibited by or pursuant to the laws of the United States.

Mr. McMAHON. Mr. President, the intent of this amendment is briefly as follows: It is to prohibit any country which participates in the benefits of this act from exporting, except to the United States, anything that the Secretary of State and the chairman of the Atomic Energy Commission and the Secretary of National Defense might believe to be detrimental to our national security. Under the McMahon Act, it is provided

that the Atomic Energy Commission has the power to embargo anything which it believes would be helpful in the making of atomic bombs. It seemed to me that we would not be wise nor would we be judicious, to permit that. Particularly did the Senator from Connecticut feel some responsibility for pointing out this situation to the Senate. Since the amendment was introduced, I have had very prolonged and serious discussions about it with the Department of State and its representatives, and with the chairman of the Foreign Relations Committee, my good friend the Senator from Michigan [Mr. VANDENBERG]. As a result of those conversations, I am completely and entirely convinced that the situation which I thought it necessary to allude and to point to will be most satisfactorily and completely taken care of when the agreements under the act are written. Furthermore, I know that when the Administrator under this act is nominated and when his nomination comes before the Senate, I shall make it my business to talk to him about this problem; and I have no reason to doubt but that he will, shall I say, listen with attention and with appreciation to the problem that is involved in the amendment which has been submitted by me. Since that is the situation and since I think I can assure the Senate and the country that it has been satisfactorily taken care of, I do not press the amendment.

Mr. VANDENBERG. Mr. President, I want to thank the Senator from Connecticut for his attitude. His amendment is typical of his vigilance ever since the atomic-energy problem first broke upon the conscience of the country and the world. His name was attached to the original Control Act under which this tremendous responsibility was organized within our country. I fully understand the objectives toward which, with his usual vigilance in this field, he wrote the amendment, and I can fully understand the purpose he had in mind.

I think the Senator is entirely correct, however, in saying that the objectives to be sought have already been substantially achieved by voluntary agreements among certain of the 16 nations involved. It seems to be quite clear that, in view of the fact that this completely satisfactory relationship is thought to be available to us on a voluntary basis, it might be highly undesirable to undertake to turn it into a compulsory relationship of some kind, at least until that is necessary. Therefore I think the Senator is justified in the statement he has made, that the situation is in hand. I thank him for withdrawing the amendment, because I think it would have been inadvisable to precipitate this particular issue.

The PRESIDING OFFICER. The amendment submitted by the Senator from Connecticut is withdrawn.

Mr. HAWKES. Mr. President—

The CHAIR points out to the Senator from New Jersey that the Senator from Florida was recognized, and that he yielded the floor, under a unanimous-consent request, with the idea that he should regain it upon completion of consideration of the amendment. The Chair therefore re-

quests that the Senator from New Jersey kindly allow the Senator from Florida to continue his remarks, which the Chair understands will be very brief. The Chair will then recognize the Senator from New Jersey.

Mr. HAWKES. I thank the Chair. That is agreeable to me.

Mr. HOLLAND. Mr. President, I appreciate the generosity of the Senator from New Jersey. I shall take but a few minutes. This vital measure has been debated for 2 weeks. I should much rather have my position upon each of the amendments which have been submitted and upon the final passage of the bill to speak for my position than anything I might say on the merits of the bill in this closing hour of the debate.

There is, however, one particular matter which I think is of sufficient importance, and which does not have to do with the merits of the bill, to justify brief mention—brief mention of a situation which has not occurred at least during my membership in this body, in the consideration of other major measures of legislation.

As a basis for my remarks, Mr. President, I ask that a list of the membership of the Foreign Relations Committee be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the list of members of the Foreign Relations Committee was ordered to be printed in the RECORD, as follows:

Foreign Relations: ARTHUR H. VANDENBERG, of Michigan; ARTHUR CAPPER, of Kansas; WALLACE H. WHITE, JR., of Maine; ALEXANDER WILEY, of Wisconsin; H. ALEXANDER SMITH, of New Jersey; BOURKE B. HICKENLOOPER, of Iowa; HENRY CABOT LODGE, JR., of Massachusetts; TOM CONNALLY, of Texas; WALTER F. GEORGE, of Georgia; ROBERT F. WAGNER, of New York; ELBERT D. THOMAS, of Utah; ALBEN W. BARKLEY, of Kentucky; CARL A. HATCH, of New Mexico.

Mr. HOLLAND. Mr. President, I call attention to the fact, because I think it is something that is not only of importance to the Members of this body but also of great interest to every citizen of this Nation—I call attention to the fact that here is a piece of major legislation which has been studied by a committee of the Senate which is outstanding in its membership, has been studied seriously, in great detail, and with the benefit of technical, practical, and special advice from the many quarters which have been mentioned previously in the debate, and it has then been made the basis of a unanimous favorable report of the Foreign Relations Committee.

I call further attention to the fact that, varying from any other matter which has come to this floor in recent years, there has been no division in the membership of the committee on any vital detail. I call attention to the fact that the various amendments which have been submitted, every one of which no doubt sprung from patriotic and high-minded motives on the part of the Senator or Senators submitting it, all of them have been rejected by overwhelming majorities, and the well-intentioned attacks made upon the bill have been just as fruitless of results as is the patter

of the summer rain against the rugged bark of a forest giant, which stands without showing the slightest injury, in fact, it comes out of that sort of testing in better shape than it was before it was subjected to the test.

I call attention to the fact that this committee is not only bipartisan, carrying seven members of one party and six of the other, but from the standpoint of geographic distribution and of varied experience, it has in its membership probably the finest group of talent to be found in any important committee of the Senate. Perhaps I may say this with propriety, as a Member of the Senate who is not a member of the committee, when such a remark could not be made by any member of the committee.

I call attention to the fact first that the distinguished chairman of the committee, the senior Senator from Michigan, who has won, I think, the praise and the gratitude of every Member of this body and of all our citizens, comes from that great area of our Nation, the Midwest and Plains States, which has sometimes been referred to as the heart of isolationism in America. Along with the Senator, who has labored so diligently and served so splendidly in the presentation of the bill and in the working out of its details, there are three other Senators from that same area, the Senator from Kansas [Mr. CAPPER], chairman of the Agricultural Committee, who knows probably more about the agricultural wealth and resources of the Nation than any other Member of Congress; the Senator from Wisconsin [Mr. WILEY], chairman of the Judiciary Committee, who handles daily the important problems affecting all kinds of legal questions which bear vitally upon the welfare of the Nation; and the Senator from Iowa [Mr. HICKENLOOPER], chairman of the Joint Committee on Atomic Energy. Certainly there is no other committee which deals with a subject which is more surcharged with vital meaning to the Nation and to the world just now.

From the great Southwest comes the distinguished ranking minority member, the Senator from Texas [Mr. CONNALLY] whose services to the Nation in the field of foreign affairs rank with those of the distinguished chairman. I need not call to the attention of this body the service which he has rendered in the long years as a Senator.

Mr. President, without attempting to figure it out exactly, I believe that the average length of membership of the 13 members of this committee in the Senate will be something like 15 years, in addition to service by several of the members in the House of Representatives and as governors of their States, and that there is no other group of comparable experience—or, I believe, of comparable wisdom in foreign affairs—to this particular group of fine Senators and splendid Americans.

From New England there comes the majority leader, who is also chairman of the Committee on Interstate and Foreign Commerce—certainly a vital field. I

call attention to the fact that on this committee there is the majority leader and also the minority leader—the leaders on both sides of the aisle in the Senate. In addition to the Senator from Maine [Mr. WHITE], there is the Senator from Massachusetts [Mr. LODGE], veteran of the last war, and I pause to remark that there are on this committee veterans of all three of the last wars in which our Nation has participated—the Second World War, the First World War, and the Spanish-American War. Not all men who serve here can have had the experience of service in the armed forces, but I think it worthy of mention, in passing, that we do have upon this committee the benefit of the services of men who have actually fought for their country in battle in the last three great wars in which our Nation was engaged.

From the Middle Atlantic States the distinguished senior Senator from New York [Mr. WAGNER] came to the Senate from long service on the bench of the supreme court of his State. He is noted for his interest in humanitarian subjects, and he added strength to the committee.

Also from that area came the Senator from New Jersey [Mr. SMITH], a distinguished scholar in international affairs, a former member of the faculty of Princeton, and always distinguished in everything he says because of his fine nonpartisan approach and his high scholarship.

From the Mountain States of the far West there came the Senator from New Mexico [Mr. HATCH] and the distinguished Senator from Utah [Mr. THOMAS]—another educator of the highest scholarship who has served this Nation in many international affairs. I call attention to the two Senators who have represented this Nation very skillfully in nearly all of the critical international affairs which have risen in recent years, namely, the Senator from Michigan [Mr. VANDENBERG] and the Senator from Texas [Mr. CONNALLY]. On the committee are various other members, including those to whom I just referred—the Senator from New Mexico [Mr. HATCH] and the Senator from Utah [Mr. THOMAS]—who have served on foreign assignments which were highly important to this Nation and to the world.

Coming from the Old South, there is the Senator from Georgia [Mr. GEORGE], than whom no Member of the Senate or no citizen of the Nation knows more about finance or more about what can be safely done by this Nation in rising to the very great financial challenge which is presented in the effort covered by the bill which is before us. His presence upon the committee, and the fact that he joins with the other 12 members of the committee should inspire greater confidence on the part of the public and on the part of every Senator in the measures which has the unanimous backing and consent of all the members of the committee.

Last, but by no means least, from a border State comes the Senator from Kentucky [Mr. BARKLEY], the distinguished minority leader and long the majority leader, himself many times as-

signed in difficult and important international matters to represent the Nation.

Mr. President, I make these brief remarks, because it has seemed to me they should be made, not only to give assurance to those Senators who, I think, in a very great majority, will vote soon for the final passage of the bill, but because I think a consideration of the combined wisdom, experience, special skill and training, and patriotic devotion of the members of this committee gives confidence to those who look upon the work of the united committee as a real manifestation of what democracy can do to meet a grave crisis in the Nation's life and in the history of the world.

I have taken longer than I intended, Mr. President, but it seemed to me it was important to call to the attention of the Nation the fact that here we have a showing and a clear illustration of the fact that men from all parts of our Nation can think in unison and can carry through an effort of supreme importance not only to this body, not only to this Nation, but of supreme importance to all humanity, without once wavering in the unity of their conviction. In fact, as the bill has come through debate and has survived the various tests, it has seemed to me, Mr. President and Senators, as I indicated a moment ago, that the product of their combined skill, wisdom, and patriotic devotion has stood forth with great clarity as being an instrumentality which is strong and sturdy and which offers something worth while, something which will give renewed hope to the people of this Nation and, through them, to the liberty-loving people of the world.

I thank the Senator from New Jersey.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. HAWKES. I yield to the Senator from Ohio.

Mr. TAFT. I should like to offer an amendment. If any question is raised regarding it, I shall withdraw it.

Mr. HAWKES. Very well.

Mr. TAFT. Mr. President, there is an amendment on the desk which I submitted yesterday, but I wish to state that I have conferred with those who are representing the Government, and the revised form of my amendment has been prepared by them. I am prepared to accept it in that form. I therefore offer that amendment instead of the one which lies on the desk.

The PRESIDING OFFICER. The clerk will read the revised amendment.

The CHIEF CLERK. On page 19, after line 25, it is proposed to insert a new paragraph (4) (i), subsection (c) of section 1, as follows:

(4) (i) By making, under rules and regulations prescribed by the Administrator, guaranties to any person or government in the Western Hemisphere with respect to credits any such person or government may grant for commodities and services to be transferred, with the approval of the Administrator, to a participating country: *Provided*, That guaranties to governments in the Western Hemisphere shall not exceed 70 percent of the credits so extended by any such government: *And provided further*, That the Administrator determines that the use of this method of guaranteeing credits, as opposed to this method of direct procurement and delivery to participating countries, will

not substantially prejudice the extension or validity of credits or loans by other governments, by the International Bank for Reconstruction and Development, or by private persons, where such credits or loans have been, or in the future might be, prudently made without such guaranty, considering the capacity of the several participating countries to repay. In determining whether to provide for the procurement of commodities and services outside the continental limits of the United States, the Administrator shall take into account whether the government of the country in which commodities or services are available for transfer fails to extend such credits or to arrange such prices, terms, and conditions as the Administrator considers equitable and prudent in connection with such transfers. In connection with such guaranties, the Administrator, on terms and conditions prescribed by him, may agree to advance dollars on account of such guaranties at the time such exports are made, or at any time not more than 10 years after the making of such agreement.

(ii) As used in this paragraph, the term "person" means a citizen of any Western Hemisphere country or any corporation, partnership, or other association created under the law of any such country or under any political subdivision thereof, and substantially owned by citizens of Western Hemisphere countries.

Mr. TAFT. Mr. President, this amendment simply provides an alternative method which the Administrator may use in acquiring from other Western Hemisphere countries goods to be sent to Europe. Under the bill, he may buy such goods only for the United States Government, and then sell or give them to foreign nations. This amendment permits him to do the same thing through a guaranty of credits advanced by Western Hemisphere countries to a European country.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HAWKES. I yield.

Mr. VANDENBERG. In addition to what the Senator from Ohio has said, the amendment will establish a basis upon which we can work out some of the triangular trade formulas which highly intrigued the Senate Foreign Relations Committee in respect to South American trade under the European recovery program.

I shall be very glad to accept the amendment, so far as I am concerned.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. HAWKES. I yield.

Mr. McMAHON. Was this proposal discussed before the committee?

Mr. VANDENBERG. It was not.

Mr. McMAHON. Was there any testimony offered in connection with it?

Mr. VANDENBERG. There is a great deal of testimony regarding the phase of the matter to which I have just adverted. I know of no testimony on the phase referred to by the Senator from Ohio. But I can assure the Senator from Connecticut that it has been very carefully handled during the past 2 days by the authorities at the State Department.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. HAWKES. I yield to the Senator from Massachusetts.

Mr. LODGE. I should like to say to the Senator from Connecticut that a great deal of testimony on this subject

was given by Mr. Norman Littell, whom I think the Senator knows. He will find in the hearings not precisely the text of the amendment, but testimony on the subject of triangular trade.

The PRESIDING OFFICER. The question is on agreeing to the revised amendment offered by the Senator from Ohio [Mr. TAFT].

The amendment was agreed to.

Mr. MAYBANK. Mr. President will the Senator from New Jersey yield?

Mr. HAWKES. I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I am anxious to do whatever is necessary to set up the most effective bulwark of free people in western Europe to help stop this onrushing tide of communism which is even now engulfing more and more of Europe day by day. Let us be sensible about the Russian threat. It is real. The time has come when we must step into the picture squarely. Long ago I recommended this. Any further delay may be fatal.

Let us not forget, Mr. President, that though economic and humanitarian on the surface, this aid still has one primary purpose. We must stop the overrunning of western Europe by this Red tide. Let us face the facts. While we hope to alleviate suffering among the war-torn people of Europe, we are basically making an effort to preserve the peace of the world for as long a period as possible. In deference to those who so lately gave their lives that we might enjoy the fruits of a peaceful existence, we can do no less than our utmost to preserve the peace—shaky though it may be. We who owe so much to so many cannot afford to economize with aid of bread and milk alone. In a shrunken world, armed to the teeth with atom smashers and master minds of scientific research, we must back our aid with our own preparedness program at home. And that preparedness is not enough on paper. If we are to avoid another war we must let the powers of the world know that we are prepared for any emergency.

It is paramount. Whether our aid to the peoples of Europe be Christian generosity or economics, I pray that our actions, as leaders of a world which still reeks from the odor of gunpowder, and echoes the scream of dive bombers and heavy projectiles, will be guided by a spiritual reawakening in a belief in God, and a realignment with the Christian ideals of our grandfathers.

Mr. President, I ask unanimous consent to have printed as part of my remarks on this subject, a most forceful, able, and enlightening address delivered in Charleston, S. C., today by our former distinguished Secretary of State, a loyal and devoted American.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY JAMES F. BYRNES AT THE CITADEL OF CHARLESTON, S. C., ON MARCH 13, 1948, THE ONE HUNDRED AND FIFTH ANNIVERSARY OF THE OPENING OF THAT INSTITUTION

I deem it a happy privilege to join you in celebrating the one-hundred-and-fifth anniversary of the opening of the doors of the Citadel to the youths of the State and the Nation.

When I was a boy I resided about 200 yards from the old Citadel green. It was my playground and the cadets were my heroes. Because it was my boyhood ambition to attend this institution, you will understand how deeply I appreciated the Citadel conferring upon me in 1946, while I was in Paris at the Council of Foreign Ministers, the honorary degree of doctor of laws.

During the century of its existence, the Citadel has steadfastly fulfilled its purpose as announced by Col. J. P. Thomas:

"A complete and generous education—that which fits a man to perform justly, skillfully, and magnanimously all the offices of a citizen, both public and private, of peace and war."

During the exciting life of this institution, able and distinguished men have directed its work. But in no period has it made greater progress than has been made during the administration of that great soldier and educator who is now its president, Gen. Charles P. Summerall, former Chief of Staff of the United States Army.

I am told that today nearly every State in the Union is represented at the Citadel and of the 2,000 in attendance, approximately 1,000 are veterans of World War II. To such an audience, I think it appropriate that I should talk about our foreign relations.

There can be no truly American foreign policy unless the American people are kept informed. It is fine to applaud Decatur's patriotic declaration, "My country, right or wrong," but the men who must fight the wars of America would like to see their country right rather than wrong.

If the American people are given facts—no propaganda—they will reach an intelligent conclusion, make their views known, and our Government will be responsive to the will of the people.

With the cessation of hostilities we hoped there would begin an era of peace which would last for at least a half century. Today we are disillusioned. Instead of the peace for which we longed, fears and uncertainties disturb us. The events of the past 2 weeks have been particularly disheartening to thoughtful men and women.

It is disheartening that the non-Communists of Czechoslovakia and Finland who have shown their love of liberty and of parliamentary government should lose their freedom and be forced to live in a police state.

Even before the end of hostilities Stalin declared that those countries bordering on Soviet territory should be, what he called, friendly governments. From the experiences of the last few years we knew that his definition of a friendly government was a government completely controlled by Communists who willingly accepted direction from Moscow. Nevertheless, the action of the Soviets in Czechoslovakia was surprising as well as disappointing.

Czechoslovakia had so proved its willingness to cooperate with the Soviets that many of us hoped its people would be allowed to enjoy at least the measure of freedom they had enjoyed since the end of hostilities. That Government was not only cooperative but in some matters actually subservient to the Soviets. You will recall that in June 1947 the Czechoslovakian Foreign Minister, Mr. Masaryk, announced that his government would cooperate with other European governments in accepting the Marshall plan for European aid. Within 24 hours thereafter, by direction from Moscow—communicated through the present Premier, Mr. Gottwald—the Czechoslovakian Government announced it would not participate in that plan. That must have been humiliating to the Government of a supposedly independent state.

However, there were some officials of that Government who did not agree with the Communist line, even when expressed by the Soviet leaders. I recall that at the Paris Peace Conference when Mr. Vishinsky

charged that the United States was trying to buy the people of European countries with relief appropriations, loud applause came from the Czechoslovakian delegation seated only a few feet from the American delegates. The applause, however, came from only a few. The majority of the delegation did not applaud the denunciation of the United States.

And there was one official, Foreign Minister Masaryk, who did not hesitate to criticize the action of his Communist colleagues in the Government. I recall that in 1946, on the representation that Czechoslovakia needed financial assistance for reconstruction work, the United States allotted to that government a credit of \$50,000,000 for the purpose of surplus property. Later, while in Paris, I learned from our representatives that officials of Czechoslovakia who belonged to the Communist Party had agreed to let the Communist government of Rumania have \$10,000,000 of that credit. For that \$10,000,000 they were going to charge Rumania 6 percent interest, plus an administrative fee of 7 percent. We were charging Czechoslovakia only 2½ percent interest. When I learned of the transaction I immediately ordered the cancellation of the credit.

A few days later Foreign Minister Masaryk, accompanied by Mr. Clementis, an official of Czechoslovakia and a Communist, called on me. Mr. Masaryk asked why the credit was cancelled. I told him it had been allotted only because of the representations made by his government as to its needs, and not to put them in the brokerage business. When I recited what had occurred, Masaryk stated he had not heard of the incident, and in the presence of his Communist colleague, declared with great emphasis that he shared my view that the action of his government was inexcusable. Of course, he knew his criticism would be communicated to the Communist leaders in Prague, but it did not deter him from expressing his views.

A few days ago Jan Masaryk committed suicide. I was not so surprised. He had spent many years in this country and in London. He loved freedom. He did everything in his power to preserve freedom for the people he loved. To accomplish that he suffered humiliation last June and doubtless suffered other indignities. His efforts failed, and Jan Masaryk chose to die when he could no longer live as a free man.

So the iron curtain goes down on Czechoslovakia. Freedom of speech is abolished. Parliamentary government has yielded to brute force and freemen have become Soviet serfs. The misuse of military power has brought fear to the peace-loving peoples of Europe and has shocked freemen everywhere.

I have great sorrow for Finland. There, the Soviet approach is different, but I fear the result will not be different. In a personal letter to the President of Finland, Stalin says that it is desirable that they should enter into a mutual assistance pact. Finland has had experience with the Soviets. Finland knows that when Stalin says "it is desirable," he means it must be done—or else. Finland is not in a position to refuse to negotiate. I care not what may be the terms of the pact, we can rest assured that it will be used as a pretext to permit the Soviets to gradually assume complete control of Finland.

We must remember that control of Finland is part of the Soviet plan of expansion. In one of the conversations between Hitler and Molotov, prior to the Russian-German hostilities in 1940, which conversations were disclosed in documents found in the German foreign office, Molotov protested to Hitler that under their agreement Finland was in the Soviet sphere of influence, and yet German troops were in Finland. Hitler did not question the accuracy of the statement as to the agreement. He explained that his troops were in Finland only to protect a line of communications to Sweden where they were getting oil and ore essential to the

German military effort. He promised prompt withdrawal of the troops.

Therefore, there can be no doubt about the intentions of Stalin as to Finland. With Communists now holding key positions in that Government, I fear it will be but a short time before the Soviets will be in complete political and military control of the Government.

Naturally Americans speculate upon the reasons that prompted the Soviets to move against these two countries at this time. We cannot give credence to the statement contained in Stalin's letter to the President of Finland that the Soviets desired a mutual assistance pact with Finland to protect the Soviet Republic against German aggression.

Germany, after the Second World War, is entirely different from Germany after the First World War. In the First World War the Allies had no air force dropping destructive bombs on Germany night after night. The armistice was agreed to before the Allies invaded Germany. Consequently, German industries and German cities suffered no damage. But in World War II there was a different story.

In the history of the world there has never been anything to equal the destruction wrought in Germany by Allied bombers and Allied artillery in World War II.

Today the Red army is in control of eastern Germany. The armies of the United States, the United Kingdom, and France are in control of western Germany. The people of Germany are disarmed and the industry of Germany demilitarized.

In behalf of the United States I offered to enter into a 40-year treaty with Russia, the United Kingdom, and France to keep Germany disarmed and demilitarized. Britain and France agreed to the proposal. Stalin told me on Christmas Eve of 1945, "If you fight for such a treaty, you can rely on my support." Sixty days later Mr. Molotov advised me that the Soviets could not agree to such a pact. In the light of these facts Marshal Stalin cannot expect us to believe that suddenly the Soviet Government is afraid of German aggression, and instead of accepting a pact with the United States, United Kingdom, and France, he will look to little Finland for assistance.

Whenever the Soviet Government gives such an incredible excuse for its action, we must speculate upon the real reason. There is nothing to justify the hope that with the complete absorption of Czechoslovakia and Finland the Soviets will be satisfied. If we could believe that, the peace-loving people of the world, while regretting the fate of the liberty-loving people of those countries, would breathe easier. I do not believe it. My fear is that the Kremlin reached a decision that as the absorption of those two countries was in any event an essential part of their expansion program, they would complete the two jobs immediately so that they would be entirely free to pursue other expansion projects which they realize will be more difficult and more dangerous.

I hope I am wrong. But as prudent people, in the light of Soviet statements and actions, we must assume that they have not completed their program of imperialism. We have every reason to believe that they covet control of Greece, Turkey, Italy, and France.

We can assume there will be no armed invasion of any one of the countries named. But we have assured those countries that we will act if their independence is threatened by an aggressor either by direct or indirect action. I am sure the people of Czechoslovakia, who have twice lost their freedom, see no important difference in the direct methods of Hitler in 1938 and the indirect methods of Stalin in 1948.

If the Soviets pursue the course they have recently followed in the Balkan States, their difficulties will be greater. There are no Soviet troops in Turkey, Greece, Italy, or France. Nor do the Communists in any one

of these countries have control of the office of Minister of the Interior, the official who controls the police and controls the elections.

The Italian elections will be held in April. It is difficult to prophesy the result of an election in this country, and certainly it is more difficult for any American to foretell the result of an election in Italy. However, we can guess, and from the best obtainable information, my guess is that the Communists cannot gain control of Italy in the elections.

If the Soviets intend to act in Italy as they have in Hungary and Czechoslovakia we can expect them to move whenever they reach the conclusion that Communists cannot win in the election. They will not wait until the elections disclose that the Communists are in the minority. To follow the Soviet pattern, they must be in position to claim that the democratic forces, who constitute a majority, are being plotted against by a minority of Fascists who are carrying out the orders of the "imperialists" of the United States and the United Kingdom. In the language of Soviet officials, democratic forces means Communists and the word "Fascists" includes all others.

To the peace-loving people of the United States it presents a terrible problem, but we must face that problem. We must now determine our course. We cannot wait until the democracies of western Europe lose their independence before we even determine our course of action. In 1914 we took 2 years to determine our course and were saved only because of the valor and effectiveness of our allies. In 1939 we again took 2 years to consider our course and the Japs at Pearl Harbor forced us to decide.

Every thoughtful person agrees that under present conditions, should the democracies of western Europe be threatened with aggression and should we attempt to redeem our pledge to aid them, we would not have 2 years—or even 2 weeks—to debate our course. What pledge did we give?

On March 12, 1947, the President addressed a joint session of the Congress and declared: "We shall not realize our obligations, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed on free peoples by direct or indirect action undermine the foundations of international peace and hence the security of the United States."

And the President further declared:

"I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure."

That is the policy of the United States, as declared by the President. It met with general approval of the American people. The Soviet Government seems to have forgotten it or has concluded we will do no more than protest, as we did in the case of Hungary and Czechoslovakia. It is our duty to let the Soviet Government know that they must not be misled by our forbearance in those two instances; that if the independence of these four countries, or any one of them, is threatened, by the coercive methods the Soviets have followed in other countries, we will not write a letter of protest; we will act.

We must act within the spirit and the letter of the Charter of the United Nations. We must call for action by the Security Council. And, knowing the Soviet habit of taking over a government and then announcing there is nothing to discuss, we must let the Soviets know we will act immediately to preserve the status quo until the Security Council has an opportunity to investigate the threatened aggression.

It will be unfortunate if the Soviets are misled into believing we will not carry out

the solemn pledges of the President in his speech to the Congress. In 1914 and again in 1939, the Germans were misled by what they believed to be our lack of decision and our lack of military power. The result was war.

The Soviets are under no misapprehension as to our power. I fear they are not convinced of the sincerity of our declarations. They will go as far as we let them go. But I am confident that if the Soviets conclude that we really mean what we say they will hesitate to proceed further with their efforts to dominate all Europe.

It will be even more unfortunate if, in view of the similarity between the course followed by Hitler in 1938 and 1939, and the course followed by the Soviets in 1947 and 1948, we did not prepare to discharge our obligations to the United Nations and to redeem the pledges of the President. We must pray it will never be necessary. We must be ready if it is necessary.

In the light of recent events, and until the Soviets stop their expansion moves, we must forget our desire for the limitation of armaments. Funds that are being sought for the construction of public works that are meritorious but are not urgent, must be diverted to the national defense. It is unfortunate, but true, that some people in this world respect only force. The strength of our arguments for peace depends in some measure upon the strength of our armed forces.

In 1945, when hostilities ceased, the United States had an Army with greater striking force than any army in the history of the world. For the demobilization of that Army, we adopted the point system. At that time we were confident that ahead of us there was a long period of peace. I thought it was a fair system for the quick return of the men to their homes and to civilian life. But our Army had become a mechanized army. The man with the greatest number of points was frequently a keyman in a company and the early demobilization of these keymen quickly destroyed the effectiveness of our Army. In the late fall of 1945 every division was shot to pieces by the discharge of keymen.

Many thoughtless people who then called upon me to talk belligerently were entirely unaware of our military weakness. I had in mind the statement of Theodore Roosevelt that in our foreign relations we should "speak softly and carry a big stick." I was called upon to speak loudly and had nothing to carry more effective than a twig.

Since that time our Army has been reorganized but today it is pitifully inadequate in view of our commitments around the world. A large part of our enlisted strength must be used to maintain armies of occupation in Germany, Austria, Japan, and Korea. It does not leave available sufficient combat forces to discharge our duty to the United Nations and to assist in providing protection to free peoples against aggressor nations.

It is said that in the Army, Navy, and Air Force, we have the largest volunteer force ever recruited in this or any other country. Fine, but what good is that to us when other governments will not agree to confine their armed forces to volunteers.

We are able to secure the necessary enlistments in the Air Force and in the Navy, but that is not true of the Army. Today the Army has an authorized strength of Ground Forces of 669,000. We actually have only 550,000 men. The National Guard has an authorized strength of 650,000 men but actually the Guard has only about 250,000.

Even if we had the authorized strength, in view of the number required for the occupation forces, the number of available combat troops is wholly inadequate. They are sufficient only as long as we do not need an army.

I am no military expert. I do not know how many enlisted men we need in view of our commitments. There is no sanctity

about any particular number, but it is necessary that the Army we have should be a modernized army. And in this day, when events move swiftly, we should have sufficient mobile troops, who can be quickly transported to support the boys we have across the seas and to discharge our commitments.

I am in favor of universal military training. For long-term planning, I still think it desirable. But, while it is wise to think of our military strength 4 or 5 years from now as a result of a program for universal military training, I think it more important to think of the situation that may exist 4 or 5 weeks from now as a result of our failure to adequately provide for the national defense. God grant we will not then need an army. And may Congress grant that if we do need an army, we will have an army in uniform and not on paper.

As a first step, Congress should promptly reenact the selective-service law to secure the 120,000 men necessary to bring the Army up to the authorized strength of 669,000. It can then decide what increase there should be in the enlisted strength. The very fact that Congress takes such action will contribute greatly to the preservation of peace. Mr. Molotov does not understand English, but to him actions speak louder than words in any language.

As a second step, Congress should appropriate additional funds for our Air Forces. We must make certain that if war ever again comes to us that the United States will have superiority in the air. The atom bomb makes the air program one with highest priority.

I have said nothing about the Marshall plan. I favor its passage. I hope it will pass the Senate today and pass the House next week. It has been under consideration by the Congress for many months, and Congress certainly has not denied to any responsible person the opportunity to express his or her views on the subject. We should pass it because it is right to do so. We should pass it because it will put those people back to work and give them the courage and strength to assert their independence, and, if necessary, fight for it.

However, we must realize that the appropriation of money—which cannot be available to the European nations for several months—will not stop the Soviets from further expansion this spring, if they have decided upon such expansion. It will not lessen in any way the necessity for the measures of preparedness I have suggested.

The financial aid we give to the people of Europe will do them little good unless we maintain the military strength necessary, in association with the other United Nations, to preserve their independence as they go about the work of reconstruction.

I wish to make clear that what I have said represents only my views. I have not talked with either President Truman or Secretary Marshall about the matter I have discussed here. However, the President is quoted as saying on Wednesday that "his confidence in world peace had been somewhat shaken." On Wednesday Secretary Marshall declared the situation abroad "is very, very serious," and that in Czechoslovakia there is "a reign of terror." He is quoted in the press as saying on Thursday night, in the presence of the President and, therefore, presumably with his approval, that "the world is in the midst of a great crisis, inflamed by propaganda, misunderstanding, anger, and fear." These are alarming words from the two men who, by reason of their offices, are in best position to know world conditions.

The Secretary appealed for cool judgment. I join in that appeal. But when the President and the Secretary of State so describe world conditions, it is time for those of us who are private citizens to think not only calmly, but seriously, about the situation. It is time for us to ask, What are we doing about it? Are we prepared to meet a world

crisis? I say we are not. Are we going to prepare? I hope so. I pray so.

It becomes the imperative duty of each one of us to insist that steps be taken immediately to prepare the United States for any eventuality. If we are going to talk strong, we must be strong.

America must be strong if Americans are to be free.

Mr. HAWKES. Mr. President, on June 5, 1947, Secretary of State George C. Marshall said in Cambridge, Mass.:

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world without which there can be no political stability and no assured peace. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so.

I believe few Americans will take exception to this statement made by General Marshall at Harvard. The statement was safeguarded with certain words in each sentence.

In the first sentence, he used the words "is able to do," placing a condition upon the requirements to be made upon us.

In the second sentence, he showed he recognized that this proposal might be an impractical thing for the United States to undertake, and he used the words "so far as it may be practical for us to do." In my opinion, the plan before us disregards these safeguards.

Secretary Marshall's statement, minus its qualifying language, was developed by the State Department planners into the program we are now considering. It has been advertised throughout the world as the Marshall plan. I would prefer to call it the international New Deal.

The report of the committee accompanying S. 2202 states:

A small fraction of the strength of the American economy, properly applied and aided by the industry and straight thinking of the European people, can furnish the impetus to move the European economy off dead center.

Mr. MALONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Nevada?

Mr. HAWKES. I may say to the Senator that I would prefer not to yield; I should like to proceed and conclude, but I do not want to be discourteous to the Senator, for whom I have a very great respect. If his question is short, I will yield. If it is a long question, I should prefer not to.

Mr. MALONE. It is a short question. Did the Senator ever hear of the unofficial application of Mr. Bevin, of England, to Mr. Marshall and the State Department several months before Mr. Marshall made his statement at Harvard?

Mr. HAWKES. No; I cannot say that I did, but perhaps the Senator can enlighten me on that.

The report also states that continued high levels of economic activity are assumed as a willingness on the part of the American people to make what are described as some short-run sacrifices in our rising standards of living.

I ask, Mr. President, what right have we to make these assumptions? Have we heard from the American people

that they concur in these assumptions—or have we heard this from the planners in the State Department who would create an international New Deal?

My experience in business warns me that we cannot expect to continue indefinitely the current high level of national income.

I further question our right to assume that the European people affected by this plan will in the future think any straighter than they have in the past, particularly during the last century. Both these assumptions are nothing but wishful thinking.

Regarding the third assumption—that the American people are willing to take some short-run sacrifices in their standard of living in order to provide a European recovery program—I ask, Mr. President, have the American people been consulted on this?

Have they been honestly informed on both sides of this program? Are they not the stockholders of the great corporation called the United States of America, and are we not their board of directors? Who pays the bills—they, or we? Who fights the wars and dies and gets buried on foreign soil—they, or we?

I think the American people have a right to think this over. In my opinion, they have a right to expect us to give them an opportunity to vote on this subject alone in a referendum, even though to make it possible for them to do so requires time and may require our making a stopgap gift to prevent starvation and suffering.

I have always said I was willing to have our country make a gift. I am willing to have the United States do anything proper and within the limits of safety to prevent suffering and starvation and misery. There has never been any question about that on the part of any decent American. I am worried beyond measure, however, about the entangling alliance in which we are becoming involved, and I say it may take us straight into war.

The humanitarian impulses of the American people are great, and their willingness to make loans which would have no foundation in any business transaction is also great. But from my point of view the representatives of the people of the United States should begin to consider whether their impulses to give and to make unsound loans are greater than the people's ability to pay when the pressure to pay their debts is finally upon them.

It is all very well to wave a magic wand and say we are going to reform the morals of the world in a few minutes, but it just does not happen.

If we give ourselves into national bankruptcy and the destruction of our great American system, then we will not have fulfilled our role of leadership in the interest of the peoples of the world and the people of our own country.

Let us stop, look, and listen, and first know that what we are doing is for the good of the world; and secondly, know, so far as is humanly possible, that in doing these things we are not destroying the United States to the disadvantage of its people and the peoples of the world.

This problem has been a matter of grave concern to me.

On July 15, 1947, I inserted in the RECORD a statement by the Associated Press reporting the results of a compilation made by the International Economics Division of the Department of Commerce on American largess since the war's end.

At that date, almost a year ago, the Department of Commerce reported to the Associated Press the following:

The United States has made grants and pledged loans totaling more than \$20,000,000,000 for the relief and rehabilitation of foreign nations in the postwar years.

I heard figures furnished by the Congressional Library presented on the floor of the Senate yesterday which showed that up to date the amount is twenty-four billion plus several hundred million dollars.

The report continues:

Chief recipients of the gifts have been the countries of eastern and southern Europe. Western Europe comes next and Asia third.

Mr. President, is it the opinion of Senators that the American public understands the extent of what we have done since the war's end for the people abroad, and still is eager to go forward with the program we are presently debating?

I cannot assume the responsibility for leading them into it without the benefit of their direct instructions to this effect.

I cannot agree to the assumption which was adopted by the members of the Senate Committee on Foreign Relations when they accepted the conclusions of the executive branch of our Government and, in accepting, stated in part:

Admittedly, the committee had not the time, or resources, or technical competence necessary to make detailed investigations.

Who is the executive branch of the Government? Are we satisfied that the executive branch of the Government has spent enough time on this program to make it successful without further involving us in all of Europe's wars and quarrels?

Have these people in the executive branch of which the State Department is one agency, the diplomatic qualifications and experience sufficient to satisfy the American people that they can rely upon the wisdom of the executive branch alone, without knowing the facts? If this be so, do we need a Congress?

The inquiry into the matter in which the relief is to be administered was met with the ultimatum of General Marshall, our Secretary of State, that the Congress accept the Marshall plan in toto, and without reservations or amendments, or reject it altogether.

General Marshall has been heralded as a great man and a great military leader. But, either because of his training or the influence of the administration which he represents, he has failed lamentably in understanding that the Congress, representing the people, has duties at least as great as his own and, under our Constitution, possesses rights which precede those of men appointed to office.

Secretary Marshall's attitude has been dutifully repeated by other Government representatives who have appeared before the Senate Committee on Foreign Relations. The people have been told

that the Marshall plan must be adopted in full, without change, or the Nation must call up a great army by draft; it must gear itself for immediate and devastating war against the whole world.

Mr. President, I have talked with dozens of persons throughout the United States, who have committed themselves in favor of the Marshall plan on the theory and with the definite and positive belief that it is the only way they can keep their sons from going into war. I say it is a sure way to get them into war.

These pronouncements are being made with military finality and with threats intended plainly to terrify the people into acquiescing in the arbitrary dictum placed before the Congress with the demand that it stamp its approval upon it.

There is something in this performance terrifyingly reminiscent of the 1930's as we watched the rise of Hitler and Mussolini, and the supremacy of other tyrants over the lawmakers and the law givers.

What avail is the suffrage of the people if the liberties of suffrage are stifled under laws enacted under threat, if our freedom is to be suspended under the pleas of continued crises, and our lives directed by men or by laws made under administrative command?

That is what is happening now. The liberals may argue that this procedure is temporary only, that it does not have behind it any sinister motives, and that it does not represent a permanent modification of our democratic system.

One needs only to look back and contemplate the increased powers which government has arrogated to itself in the short span of a decade and a half to see that the man on horseback is well on his way to ride down the right of universal suffrage, the guaranties of the Constitution, and the Bill of Rights.

It is said, "It cannot happen here." Watch and see if it cannot happen here if we proceed along the lines we have been following.

The European recovery plan is the gravest responsibility which this Nation has ever considered undertaking. The report of the Foreign Relations Committee concludes, in part, with these words:

This kind of assistance, in peacetime, is without precedent in the history of mankind. This assistance is not, and cannot be, a permanent feature of American foreign policy. For Americans, the approval of this act represents a major decision.

I ask my colleagues who is it that says it will not become a permanent feature? Were we not told when the New Deal was started in the United States that it was only a temporary thing? Were we not told that it was only going to be indulged in for a few years, until we got back to America? I ask, Have we ever gotten back to America?

I believe the American people, if the facts were made known, would realize that entangling alliances with Europe and foreign nations will almost inevitably level off our standard of living and way of life to that of those nations. I do not believe the American people wish to send their sons and daughters overseas each time foreign nations decide to have

a war. I agree with General Wedemeyer that if we are to send our money and goods abroad under this program we must be prepared also to send our armed forces abroad to keep the peace. I do not believe either course is necessary, nor do I believe it is right, nor do I believe it is in the interest of all the fine men and women of this great country of ours who love freedom.

I believe the only hope for peace on earth is through the development of moral and spiritual character and a desire in the mind of man to use his energies in peacetime pursuits. The longer I live the more I am convinced that like our forefathers we must look more to God and less to man for guidance in this practical and selfish world. I cannot get myself to trust people who have breached practically every agreement we have made with them for the last 25 years.

I want posterity to know that I have voted for, and will again vote for, every measure which will come before the Senate for the purpose of feeding the starving people of the world, but they must understand that this was, and is not to be, a continuous performance.

My experience in life has taught me that few people will do anything for themselves so long as anyone else will do what is needed for them.

I agree with Mr. Churchill and those who follow him when they say that the people of Europe will never rebuild themselves unless they accept the responsibility for their own problems and determine that they must pay the price of their past follies in order to redeem themselves.

Further, I will not join hands with those who would pursue measures which inevitably will get us into war and lead to the ruination of our people.

I realize that anyone has a right to his opinion the same as I have a right to mine in connection with this grave question.

All men disagree at times. I have never harbored ill feeling resulting from an honest disagreement. This is evidenced by the fact that the Honorable CHARLES A. EATON, chairman of the House Committee on Foreign Affairs, is solidly behind this bill, and I oppose it with all my might. Nevertheless, he is, and I believe always will be, one of my dearest friends, and I have great respect for him. Democracy depends on preserving the opportunity for an honest difference of opinion.

We are none of us more than little human beings, and most of us are trying to do our duty as God gives us the right to see it. Let us have no more demagogues, but let us know what the common sense of the common man tells him after his experience with two world wars which accomplished nothing constructive for the world.

One President of the United States was reelected because he kept us out of war.

If we forget what has gone before, if we forget the sophistry of politics which has been wished upon us to the detriment and the destruction of hundreds of thousands of our fine boys, we are not fit to govern a great Nation of free people.

Another President was reelected because he promised "again and again and again" that our boys would never be called upon to fight on foreign soil.

I say to the Senate now, "again and again and again," that this entangling Marshall plan alliance threatens to get us into war and keep us in wars for generations.

One more war in this atomic age and the American incentive system of free men will die. The incentive system in our country, with reward for accomplishment and the use of genius, is the principal difference between us and the rest of the world right now. It is the only reason these nations are again coming to us to save them.

Let us not commit the cardinal sin of destroying the only living example of individual liberty on earth. I mean the United States of America and its form of government.

The Foreign Relations Committee's report would have the Senate and America believe the following:

There are, in effect, two possible courses which the United States might follow in the pursuit of national security. On the one hand, we might cooperate fully with the other nations in an earnest attempt to establish and maintain those economic conditions in the world which are essential to international peace and prosperity. This is the purpose of our participation in the European recovery program.

If, on the other hand, the road of international cooperation is abandoned, then the United States would have no alternative but to greatly expand and strengthen its military establishments so as to be ready for any eventuality in a divided and uncertain world.

This point was emphasized by Secretary Royall and Secretary Forrestal in their testimony before the committee. Secretary Royall pointed out that if an adequate recovery program were not inaugurated the Department of the Army, in the interests of national security, would be compelled to seek an additional appropriation of at least \$2,250,000,000 for the Army and the Air Forces alone for the next fiscal year.

He said that the Army would have to modernize existing equipment, purchase new types of equipment developed since the war, and resort to the draft unless some other methods of increasing voluntary enlistment could be devised. Secretary Forrestal also testified that an over-all increase of from 25 to 50 percent in defense appropriations would be necessary if there were no recovery program.

Mr. President, contrary to this testimony, I call the attention of the Senate to the report of the Joint Congressional Aviation Policy Board, submitted to this body on March 1, wherein it is stated:

Joint action for peace by all major nations alone can meet our modern dilemma. * * *

It is folly to pretend that the world does not live under a sense of impending tragedy. Deliberately and continuously we are faced with the possibility of aggressive attack. The deadly character of the new weapons makes war an open invitation to mass annihilation.

Therefore, it is the judgment of the Congressional Aviation Policy Board that the capability of the United States most likely to discourage an aggressor against attack upon this Nation most effective in thwarting such an attack if launched and most able to deal out retaliation to paralyze further attack is air power.

Mr. President, I had the pleasure and privilege of serving on the Congressional

Aviation Policy Board for 5 months of intensive study, not only in the Senate, but throughout the United States and at sea. I can say to the Senate that in all the appearances before that committee of top men in the armed forces and industry there was no one who did not recognize the prime importance to the American people of supremacy in the air. It will be worth the while of all Senators to read that report.

Let us follow the recommendations of the Congressional Aviation Policy Board and make ourselves supreme in the air for peaceful purposes only.

World peace itself will be augmented if the United States is supreme in the air. Let us not waste our substance in other places so that we will find difficulty in getting the appropriations necessary for the supremacy of United States air power as the guardian of peace on earth.

Let us remember in all our acts and commitments that we now have a national debt of approximately \$255,000,000,000, with annual fixed charges amounting to at least \$24,000,000,000. Currently our national income is running at the rate of two hundred and nine billion inflated dollars, and at the same time we are destroying initiative now by a tax program which takes \$46,000,000,000 from the people's pockets to carry on a wasteful Government at home and a fantasy abroad. This cannot continue, nor will it keep us out of war.

In this country the New Deal boys are using the power to tax to destroy. They are using the power to tax to redistribute property and thus crush the initiative of the diligent and create more sluggards—and the world can ill afford to have more sluggards.

Those New Deal boys, whether wearing the Democratic or Republican label, are now using the power to tax illegally in order to unwisely give abroad and to unwisely make unsound loans in order to create an international new deal the world over.

In my opinion, this is just another powerful step into socialism, or something even worse. It will destroy the United States and ultimately the whole world.

Winston Churchill recently stated that the whole world is facing bankruptcy. All Americans should ask themselves what these New Deal gentlemen have done for us at home and abroad since the war's end.

I want my colleagues to know that I feel that the plan in itself is wrong and that, therefore, the five billion three hundred million figure set forth in the bill as presented by the committee is only a little greater error than other amendments which may be offered to reduce it. I am concerned about the entangling alliances implicit in the bill.

Certain New York and other eastern bankers should not determine our international policies—nor should the desire of some of our industries for a 5 or 10 percent temporary increase in their export business justify them in jeopardizing their own great important and sustaining business within our own borders. The common good of all our people and our honest objective for peace should determine our course.

In a propaganda campaign rarely equaled for misleading statements and pure conjecture the various departments of the Government have formed a united front to promote this international new deal.

It has been said by some of the ablest people in the world that false propaganda is the greatest enemy of free men. I believe that to be so.

I do not say that those who are in favor of this Marshall plan and sponsor it with every bit of power at their command are knowingly interested in destroying the United States or changing the character of our Government and our economic way.

One of the most respected publishers in the Nation, albeit a hypnotized supporter of the plan, has said:

It seems to me that our whole survival is at stake, and that less prosperity here would be more desirable than giving an opportunity for communism to march across Europe.

Mr. President and my fellow colleagues, when the first American citizen sits opposite me in my office in the Senate Office Building and wants to give away something he has or get less for his work and thereby make a contribution to the welfare of America and the people of America, then I shall take interest in that kind of policy. I have yet to see it. They are still aggressive, still seeking to move ahead, and I have not seen any of them seeking to take a lower standard of living in order to do this or any other thing.

It is my firm conviction that many of our finest citizens have been converted into ardent supporters of this plan through propaganda-charged statements, which have been made to them by men in prominent positions, to the effect that this is the only way to prevent our getting into another war.

I dispute such a statement. As one who has been in Europe many times during 25 years, I predict that the adoption of this international New Deal is the surest way we could take to create a third world war which will sound the death knell of our economic system, if not of all human endeavor.

It is too late in our history for me to couch any of my thoughts in what is known as diplomatic language. The unvarnished truth which can be understood by the humblest man in our country is what he should be told.

Speaking about false propaganda, which I have stated is the most dangerous enemy of free men, I want to ask this question: What is the duty of our press and our radio news broadcasters? I contend that unless free people can keep a free press and unless that free press conducts itself honorably and presents to the people all sides of every issue, so that the people may judge fairly and honestly for themselves, then the freedom of the individual is on the way back to slavery. Is our press doing this?

This is something for the American press to think about. I have a very deep respect for most members of the press. I have had some of the finest men in the newspaper business tell me that unless the press is willing to publish the news, regardless of whether the owner of the

newspaper likes it or not, and let the people read it and decide for themselves, and then use their editorial columns to express their own opinions—which is perfectly proper—then the press will fail to perform its proper functions.

So far as I am concerned, the reasons given in the report of the committee and brought out in the Senate debate are not sufficient to justify an affirmative vote by me.

Therefore, I shall have to vote in the negative on the Marshall plan as finally presented to the Senate. In voting "nay," I believe I am voting in the best interests of the common man in the United States. I have talked to hundreds of them, and they tell me they want to preserve America, and are not interested in giving it away. Let us listen to the common man. He pays the bills.

My decision to vote against the bill has been reached because all the efforts I have been able to make convince me that the vast majority of the people, when they understand its meaning—I emphasize that—will be opposed to it. I likewise find that, outside of the propagandists, there are few who claim to understand the plan well enough to be willing to express an opinion of it at the moment.

Mr. President, let us remember Mark Twain's wonderful statement, said in humor, but containing the greatest lesson in the world. Of course, it does not make any difference where the heart takes you; the mind has to have a part in what you do. Mark Twain said:

Once upon a time there was a man who tried to do too much—and he did it.

Mr. President, that can apply to a nation as well as to an individual.

Mr. BROOKS obtained the floor.

Mr. CAIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Murray
Baldwin	Hayden	Myers
Ball	Hickenlooper	O'Connor
Barkley	Hill	O'Daniel
Brewster	Hoey	O'Mahoney
Bricker	Holland	Overton
Bridges	Ives	Pepper
Brooks	Jenner	Reed
Buck	Johnson, Colo.	Revercomb
Butler	Johnston, S. C.	Robertson, Va.
Byrd	Kem	Robertson, Wyo.
Cain	Kilgore	Russell
Capehart	Knowland	Saltonstall
Capper	Langer	Smith
Chavez	Lodge	Sparkman
Connally	Lucas	Stewart
Cooper	McCarran	Taft
Cordon	McCarthy	Taylor
Downey	McClellan	Thomas, Okla.
Dworshak	McFarland	Thomas, Utah
Eastland	McGrath	Thye
Eaton	McKellar	Tobey
Ellender	McMahon	Umstead
Ferguson	Magnuson	Vandenberg
Flanders	Malone	Watkins
Fulbright	Martin	Wherry
George	Maybank	Wiley
Green	Millikin	Williams
Gurney	Moore	Wilson
Hatch	Morse	Young

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. BROOKS. Mr. President, I do not wish to delay the consideration of the bill for any length of time, but, as I cast

my vote, knowing that I shall probably be numbered with the minority, I feel it my duty briefly to outline some of the reasons why I cast my vote as I do. There may be some who vote as I do with whom I completely and totally disagree. That is another reason why I should make a statement now to make the record unmistakably clear.

I believe that communism is the greatest threat to the continued freedom of those who now enjoy freedom throughout the world. I detest communism and wish to be helpful to those people who are willing to work and fight to protect themselves against its devastating advance.

I believe that the policies practiced and followed by the leaders of the New Deal coalition administration of our own Government during and following the recent war contributed to the preservation and advancement of communism, until it is finally the colossus of Europe.

This is not a new thought with me. It is the same view I held and expressed during and since the war. This firm conviction on my part was the reason why Mr. Vishinsky named me as one of the first eight whom he characterizes as warmongers.

I cast my vote on the bill in complete disagreement with any who hold sympathy with the philosophy and leaders of the Communist regime. I have complete respect for the views of those who in all earnestness advocate the bill. I am grateful for their diligence and effort to change it from the original figure sent to us from the 16 European countries and from the plan transmitted to us by the State Department. I deeply appreciate the acceptance of the principle and much of the substance of the amendments I submitted in an effort to improve the effectiveness of the bill.

In voting against this bill, I am fully conscious that my vote will not defeat it, but it is the only way I can effectively register my disapproval of the way we are to administer our aid to the distressed peoples of western Europe.

This bill will pass the Senate. Then the House can improve it. I vote against it in the sincere hope that the House will improve it and that we can vote again on its final passage.

I know that the people of western Europe cannot produce sufficient food from their own land to feed themselves. I know they need assistance in getting their industrial plants into working order so that they may be able to produce industrial goods to be sold and exchanged for their necessary food.

I fully realize the necessity of a strong western Europe. My earnest desire is to see that our assistance is effectively used to induce them to go to work, to produce to their maximum, and to utilize the proceeds of their production to close the gap of their balance of payments.

It simply will be an endless and futile effort on our part constantly to meet and pay, out of the earnings of the American people, their lack of balance of payment for the goods they need.

It will be a futile effort on our part to contribute to their production, if they constantly use the proceeds of their in-

creased production to finance socialistic schemes and follow practices which retard individual effort, initiative, and enterprise on the part of their people.

I am willing to vote to help feed these people until they recover, but I cannot vote to impose restrictions and controls on our own people in order to finance socialistic schemes abroad, until we too shall be drawn down to their level of despair. That is why I have opposed the bill in its original form and have tried earnestly to improve it. That is why I have worked so hard to put the highest emphasis on the Administrator, who must forget the niceties of diplomatic language and insist upon the hard realities of hard work, maximum production, and the application of the proceeds of a herculean effort on their part to meet their balance of payment. Any other program is doomed to failure.

I respect the views of those who disagree with me. I shall fight to the death to protect the right of honest disagreement; but I want to demonstrate what I mean. I take the example of Great Britain to prove my point. First, because Great Britain will receive the lion's share of this entire program, as she has in the past.

Again, I say we face this tremendous task because of our past mistakes and we must not now pile the mistake of tomorrow upon the mistake of yesterday.

History is truly being written in cruel reality while we write of our high ideals and subsidize systems that prevent recovery. I remind the Members of this honorable body that every step we have taken since the war was clothed in the purpose of recovery and peace.

Peace is truly divine, and no Member of the Senate knows it from bitter experience better than I do.

For the sake of short discussion I start as late as the British loan as an example of what I mean. I voted against that loan. It was not because I dislike the British people. I admire the gallant way they met the tragic cruelties of the last war. Faced with cold realities they accepted the truth of Winston Churchill when he told them he could offer them nothing but "blood, sweat, and tears," and they stayed, with our unprecedented help, to the finish. Then, when in candor and truth he advised them that he could offer them nothing but "work and sweat" to dig out of the rubble and regain recovery, they threw him out. They accepted the philosophy and false promise of more luxury, food, and leisure, for less effort and work. They embraced the socialistic system, which has retarded their progress and under which they dissipated \$3,750,000,000 of American taxpayers' money in less than 2 years.

Let me make the record clear.

Last October, while I was in Europe trying to gather first-hand information that would throw light on the real facts concerning the future problem in Great Britain, France, Germany, Bavaria, Austria, Trieste, Greece, and Italy, I found that they were debating in the House of Commons in England the very question of the dissipation of the \$3,750,000,000 they had received from America.

Remember, this loan, or gift, was to last them for approximately 5 years and bring them recovery. All but \$200,000,000 had been spent in 1 year and 1 month in carrying out the socialistic schemes of the Socialist administration in power. Even the British people asked why and how.

On October 24, Mr. Dalton, the then Chancellor of the Exchequer, in his explanation, stated:

I am going to consider first how these sums were spent and what we got in return for these dollars. Take first, the United Kingdom's direct expenditure in the United States, \$1,800,000,000 gross. Of this gross figure some 23 percent was spent on food, 28 percent on raw materials including oil, 15 percent on machinery, 7 percent on ships, 10 percent on tobacco, 4 percent on films, 13 percent on keeping the Germans alive.

Again, he stated:

There remain India and Egypt at the most—and the House will see in a moment why I say at the most—there were about £40,000,000 in respect to India, £10,000,000 in respect to Egypt, that makes £50,000,000. In all, at the most \$200,000,000 were drawn from the loan in repayment of wartime sterling debt.

Further, he stated:

Finally, we paid on behalf of ourselves and other sterling-area countries our subscription to the International Bank, amounting to \$35,000,000.

Thus in part he attempted to explain in response to the inquiries of his own people why the money had been spent so quickly and why they were not well on their way to recovery. To this he added:

The additional measures which the Government proposes were announced yesterday by my right honorable and learned friend the Minister for Economic Affairs, but I wish here to repeat one figure which he gave in his exposition: It is a very grave one, and needs to be underlined. Even if we succeeded in achieving all that my right honorable and learned friend indicated yesterday in the program which he set forth, we shall still at the beginning of the year 1949 be facing a dollar deficit at the rate of \$1,000,000,000 a year; that is to say, a dollar deficit of over \$20,000,000 a week. Even if we succeed in all that we plan to do, and even if the luck goes well, we shall still at the beginning of 1949 be running a dollar deficit at the rate of \$20,000,000 a week—that is the measure of the task which lies in front of us.

Then in answer to the criticism and protests against going forward with their socialistic schemes that add constantly an ever-increasing burden on the Government and retard private initiative and industry, he replied:

The National Insurance Act and the National Health Act, both passed last session, will come into operation in July, and will not be delayed as some people have suggested. They will come into operation in July with all their social and financial implications; and, in spite of all the difficulties confronting us, we are not going to swerve aside from carrying through this most essential feature of the program on which the last election was fought.

Mr. President, now we see that notwithstanding their present financial and industrial problems they continue to insist on financing their socialistic election pledges with the money of the American

taxpayers. This procedure brought the following comment from their historic war leader, Winston Churchill:

The first step to national recovery and, indeed, survival is to have a new Parliament. Why can we not earn our living, pay our way, and stand on our feet? It is because our whole life is being handled the wrong way around. The socialistic planners have miscalculated and mismanaged everything they have touched. They have tried to substitute government control and direction for individual enterprise and skill. By their restrictions they make scarcity, and when scarcity comes they call for more restrictions to cure it.

But, I repeat, nothing will swerve this socialistic regime from carrying out its election pledges—I say with the American taxpayers' money. When they submitted their health and hospital act and socialized medicine scheme, which proposes to care for their citizens from the cradle to the grave, to a plebiscite conducted recently among 58,000 doctors, 89 percent of them voted to disapprove it. But even in the face of that, the socialistic regime of Great Britain insists upon carrying out their election pledges and this scheme with American dollars.

This socialized medicine program will cost the British Government at least \$700,000,000 a year, in face of a billion-dollar deficit which they admit on the floor of the House of Commons by the Chancellor of the Exchequer. But even that does not stop them as long as the American people will continue to meet their deficit of balance of payment.

Recently the new Chancellor of the Exchequer, Sir Stafford Cripps, who serves also as economic czar of Great Britain,

told the British people of their present plight, but still he, too, insists on carrying out the socialization of their industries and practice of medicine, wiping out private enterprise, and stifling individual initiative, which is absolutely essential if they are ever to recover.

Let me quote from a competent observer who commented upon the recent report of Sir Stafford Cripps:

The victory of labor at the general election in 1945 inspired trade unions with the idea that a perfect new world was to be had for the asking. In its first year of office the labor government embarked on grandiose schemes of social security. Trade unions insisted on shorter hours and wage hikes unrelated to higher output. High wages supplemented by enormous subsidies on food, rent, and utilities, clothing, left far too many pound notes in the hands of citizens which in the absence of goods on store shelves were dissipated on holidays, travel, gambling, and black-market activities. The result was a serious increase in absenteeism in the mines and factories.

Swollen Government expenditure involved heavy taxation which sapped incentives to hard work and enterprise and discouraged savings. A vast army of bureaucrats numbering nearly 2,000,000 are employed in administering the network of controls which choke the wheels of industry and take out of production thousands who otherwise could be employed in mines and factories. Productive industries for export are starved of manpower and the whole economy is distorted.

Mr. President, that is why I have insisted, from the inception of this debate, that whatever we provide out of the money of the taxpayers of the United States shall be administered through a

competent leader presently engaged in private enterprise in America, and supported by counselors from industry, labor, and agriculture in America, to see to it that not only is their production increased, but that the proceeds of such production are directed not to socialistic schemes and vast Government expenditures, but to meet the gap in their "balance of payment."

I share the dreams, the hopes, and, yes, the prayers of those who so earnestly advocate this bill, but I believe it to be my solemn duty to use every influence at my command, including my vote, to further insist that we do not superimpose on this new effort a man with the title of ambassador extraordinary, whose time, energy, and thought will be divided between the political aspects and the economic procedures involved. I fully realize the danger in Europe, and, I repeat, it was partly and largely made possible by the mistakes of American leaders in the recent past, and we should see that every bit of our effort is directed now to sound procedures that give us at least a chance for success.

I think it essential that I point out what it has and will cost the good people of Illinois, whom I have the great honor to represent in part in this body, and I ask to have printed as a part of my remarks a table prepared for me by the Library of Congress showing the per capita cost in each of the counties of my State and each principal city of those counties.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of Illinois

Counties, county seats, and other principal towns	I Population, 1940	II Share of foreign aid July 1, 1945, to June 30, 1947 (population X \$183.03) based on \$24,099,211,087	III Share of foreign aid proposed by Marshall plan, 1948-52 (popu- lation X \$129.11) based on \$17,- 000,000,000	IV Share of total for- eign aid provid- ed and proposed 1945-47, 1948-52 (column II + col- umn III) based on \$41,099,211,087	V Local taxes, 1942 (county, city, vil- lage, township, and road dis- tricts, school, fire, park, and sani- tary districts)
Adams County.....	65,229	\$11,938,864	\$8,421,716	\$20,360,580	\$1,980,497
Quincy.....	40,469	7,407,041	5,224,953	12,631,994	
Alexander County.....	25,496	4,666,533	3,291,789	7,958,322	622,945
Cairo.....	14,407	2,636,913	1,860,088	4,497,001	
Bond County.....	14,540	2,661,256	1,877,259	4,538,515	421,633
Greenville.....	3,391	620,655	437,812	1,058,467	
Boone County.....	15,202	2,782,422	1,962,730	4,745,152	583,495
Belvidere.....	8,094	1,481,445	1,045,016	2,526,461	
Brown County.....	8,053	1,473,941	1,039,723	2,513,664	231,644
Mount Sterling.....	2,140	391,684	276,295	667,979	
Bureau County.....	37,600	6,881,928	4,854,536	11,736,464	1,265,989
Princeton.....	5,224	956,149	674,471	1,630,620	
Calhoun County.....	8,207	1,502,127	1,059,606	2,561,733	184,945
Hardin.....	838	153,379	108,194	261,573	
Carroll County.....	17,987	3,292,161	2,322,302	5,614,463	650,252
Mount Carroll.....	1,845	337,690	238,208	575,898	
Cass County.....	16,425	3,006,268	2,120,632	5,126,900	523,806
Virginia.....	1,418	259,537	183,078	442,615	
Champaign County.....	70,578	12,917,891	9,112,326	22,030,217	2,540,012
Urbana.....	14,064	2,574,134	1,815,803	4,389,937	
Champaign ¹	23,302	4,264,965	3,008,521	7,273,486	
Christian County.....	38,564	7,058,389	4,978,998	12,037,387	1,313,113
Taylorville.....	8,313	1,521,528	1,073,291	2,594,819	
Clark County.....	18,842	3,448,651	2,432,691	5,881,342	488,186
Marshall.....	2,758	504,797	356,085	860,882	
Clay County.....	18,947	3,467,869	2,446,247	5,914,116	434,633
Clay City ¹	1,136	207,922	146,669	354,591	
Flora ¹	5,474	1,001,906	706,748	1,708,654	
Louisville.....	925	169,303	119,427	288,730	
Clinton County.....	22,912	4,193,583	2,958,168	7,151,751	482,294
Centralia ¹	16,343	2,991,259	2,110,045	5,101,304	
Carlyle.....	2,591	474,231	334,524	808,755	
Coles County.....	38,470	7,041,164	4,966,862	12,008,026	942,904
Charleston.....	8,197	1,500,297	1,058,315	2,558,612	
Mattoon ¹	15,827	2,896,816	2,043,424	4,940,240	
Cook County.....	4,063,342	743,713,486	524,618,086	1,268,331,572	227,793,240
Chicago.....	3,396,808	621,717,768	438,561,881	1,060,279,649	
Crawford County.....	21,294	3,897,441	2,749,268	6,646,709	544,212
Robinson.....	4,311	789,042	556,593	1,345,635	

¹ Not county seat.

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of Illinois—Continued

Counties, county seats, and other principal towns	I Population, 1940	II Share of foreign aid July 1, 1945, to June 30, 1947 (population× \$183.03) based on \$24,099,211,087	III Share of foreign aid proposed by Marshall plan, 1948-52 (popu- lation×\$129.11) based on \$17,- 000,000,000	IV Share of total for- eign aid provid- ed and proposed 1945-47, 1948-52 (column II+col- umn III) based on \$41,099,211,087	V Local taxes, 1942 (county, city, vil- lage, township, and road dis- tricts, school, fire, park, and sani- tary districts)
Cumberland County	11,698	\$2,141,085	\$1,510,329	\$3,651,414	\$280,813
Greenup ¹	1,410	258,072	182,045	440,117	
Neoga ¹	1,062	194,378	137,115	331,493	
Toledo	852	155,942	110,002	265,944	
DeKalb County	34,388	6,294,036	4,439,835	10,733,871	1,392,627
Sycamore	4,702	860,607	607,075	1,467,682	
DeKalb ¹	9,146	1,673,992	1,180,840	2,854,832	
De Witt County	18,244	3,339,199	2,355,483	5,694,682	730,282
Clinton	6,331	1,158,763	817,395	1,976,158	
Douglas County	17,590	3,339,498	2,271,045	5,610,543	726,050
Tuscola	2,838	519,439	366,414	885,853	
Du Page County	103,480	18,939,944	13,360,303	32,300,247	4,025,423
Elmhurst ¹	15,453	2,829,278	1,995,782	4,825,060	
Downers Grove ¹	9,526	1,743,544	1,229,902	2,973,446	
Glen Ellyn ¹	8,055	1,474,307	1,039,981	2,514,288	
Wheaton	7,389	1,352,409	953,994	2,306,403	
Edgar County	24,430	4,471,423	3,154,157	7,625,580	838,287
Paris	9,281	1,698,701	1,198,270	2,896,971	
Edwards County	8,974	1,642,511	1,158,633	2,801,144	202,515
Albion	1,855	339,521	239,499	579,020	
Grayville ¹	2,240	409,987	289,206	699,193	
Effingham County	22,034	4,032,883	2,844,810	6,877,693	529,669
Effingham	6,180	1,131,125	797,900	1,929,025	
Fayette County	29,169	5,336,972	3,764,718	9,101,690	951,794
Vandalia	5,288	967,863	682,734	1,650,597	
Ford County	15,007	2,746,731	1,937,554	4,684,285	668,292
Paxton	3,106	568,491	401,016	969,507	
Franklin County	53,137	9,725,665	6,860,518	16,586,183	1,005,744
Benton	7,372	1,349,297	951,799	2,301,096	
West Frankfort ¹	12,383	2,266,460	1,598,769	3,865,229	
Fulton County	44,627	8,168,080	5,761,792	13,929,872	1,414,805
Canton ¹	11,577	2,118,938	1,494,706	3,613,644	
Lewiston	2,355	431,036	304,054	735,090	
Gallatin County	11,414	2,089,104	1,473,662	3,562,766	250,481
Shawneetown ¹	1,963	359,288	253,443	612,731	
Greene County	20,292	3,714,045	2,619,900	6,333,945	600,023
Carrollton	2,285	418,224	295,016	713,240	
Roodhouse ¹	2,557	468,008	330,134	798,142	
White Hall ¹	3,025	553,666	390,558	944,224	
Grundy County	18,398	3,367,366	2,375,366	5,742,732	562,019
Morris	6,145	1,124,719	793,381	1,918,100	
Hamilton County	13,454	2,462,486	1,737,046	4,199,532	343,738
McLeansboro	2,528	462,700	326,390	789,090	
Hancock County	26,297	4,813,140	3,395,206	8,208,346	929,767
Carthage	2,575	471,302	332,458	803,760	
Hardin County	7,759	1,420,130	1,001,764	2,421,894	143,083
Rosiclare ¹	1,774	324,695	229,041	553,736	
Elizabethtown	622	113,845	80,306	194,151	
Henderson County	8,949	1,637,935	1,155,405	2,793,340	390,049
Dallas City ¹	1,149	210,301	148,347	358,648	
Oquawka	912	166,923	117,748	284,671	
Henry County	43,798	8,016,348	5,654,760	13,671,108	1,609,531
Cambridge	1,312	240,135	169,392	409,527	
Galva ¹	2,812	514,680	363,057	877,737	
Geneseo ¹	3,824	699,907	493,717	1,193,624	
Kewanee ¹	16,901	3,093,396	2,182,088	5,275,478	
Iroquois County	32,496	5,947,743	4,195,559	10,143,302	1,422,714
Watseka	3,744	685,264	483,388	1,168,652	
Jackson County	37,920	6,940,498	4,895,851	11,836,349	749,999
Murphysboro	8,976	1,642,877	1,158,891	2,801,768	
Jasper County	13,431	2,458,276	1,734,076	4,192,352	342,893
Newton	2,347	429,571	303,021	732,592	
Jefferson County	34,375	6,291,656	4,438,156	10,729,812	805,643
Mount Vernon	14,724	2,694,934	1,901,016	4,595,950	
Jersey County	13,636	2,495,797	1,760,544	4,256,341	327,435
Jerseyville	4,809	880,191	620,890	1,501,081	
Jo Daviess County	19,989	3,658,587	2,580,780	6,239,367	576,138
Galena	4,126	755,182	532,708	1,287,890	
Johnson County	10,727	1,963,363	1,384,963	3,348,326	187,479
Vienna	1,173	214,694	151,446	366,140	
Kane County	130,206	23,831,604	16,810,897	40,642,501	4,448,929
Aurora ¹	47,170	8,633,525	6,090,119	14,723,644	
Batavia ¹	5,101	933,636	658,590	1,592,226	
Elgin ¹	38,333	7,016,089	4,949,174	11,965,263	
Geneva	4,101	750,606	529,480	1,280,086	
St. Charles ¹	5,870	1,074,386	757,876	1,832,262	
Kankakee County	60,877	11,142,317	7,859,829	19,002,146	1,425,298
Kankakee	22,241	4,070,770	2,871,536	6,942,306	
Kendall County	11,105	2,032,548	1,433,767	3,466,315	430,436
Yorkville	562	102,863	72,560	175,423	
Plano ¹	1,930	353,248	249,182	602,430	
Oswego ¹	978	179,003	126,270	305,273	
Knox County	52,250	9,563,318	6,745,998	16,309,316	1,959,875
Galesburg	28,876	5,285,174	3,728,180	9,013,354	
Lake County	121,094	22,163,835	15,634,446	37,798,281	5,104,109
Waukegan	34,241	6,267,130	4,420,856	10,687,986	
La Salle County	97,801	17,900,517	12,627,087	30,527,604	3,320,020
Ottawa	16,005	2,929,395	2,066,406	4,995,801	
Lawrence County	21,075	3,857,357	2,720,993	6,578,350	490,840
Lawrenceville	6,213	1,137,165	802,160	1,939,325	
Lee County	24,604	4,533,570	3,187,722	7,721,292	1,109,873
Dixon	10,671	1,953,113	1,377,733	3,330,846	
Livingston County	88,838	16,108,519	11,414,374	27,522,893	\$1,449,607
Pontiac	10,516	1,924,743	1,357,721	3,282,464	
Logan County	29,438	5,388,037	3,800,740	9,188,777	1,062,353
Lincoln	12,752	2,333,999	1,646,411	3,980,410	
McDonough County	26,944	4,931,560	3,478,740	8,410,300	844,263
Macomb	8,764	1,604,073	1,131,520	2,735,595	
McHenry County	87,311	16,829,032	11,817,223	28,646,255	1,376,444
Woodstock	6,123	1,120,693	790,541	1,911,234	

¹ Not county seat.

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of Illinois—Continued

Counties, county seats, and other principal towns	I Population, 1940	II Share of foreign aid July 1, 1945, to June 30, 1947 (population× \$183.03) based on \$24,099,211,087	III Share of foreign aid proposed by Marshall plan, 1948-52 (popu- lation×\$129.11) based on \$17,- 000,000,000	IV Share of total for- eign aid provid- ed and proposed 1945-47, 1948-52 (column II+col- umn III) based on \$41,099,211,087	V Local taxes, 1942 (county, city, vil- lage, township, and road dis- tricts, school, fire, park, and sani- tary districts)
McLean County.....	73,930	\$13,531,408	\$9,545,102	\$23,076,510	\$2,620,789
Bloomington.....	32,868	6,015,830	4,243,587	10,259,417	
Macon County.....	84,693	15,501,360	10,934,713	26,436,073	2,903,678
Decatur.....	59,305	10,854,594	7,656,869	18,511,463	
Macoupin County.....	46,304	8,475,021	5,978,309	14,453,330	1,118,883
Carlinville.....	4,965	908,744	641,031	1,549,775	
Madison County.....	149,349	27,335,347	19,282,449	46,617,796	4,268,815
Alton ¹	31,255	5,720,603	4,035,333	9,755,936	
Collinsville ¹	9,767	1,787,654	1,261,017	3,048,671	
Edwardsville.....	8,008	1,465,704	1,033,913	2,499,617	
Granite City ¹	22,974	4,204,931	2,966,173	7,171,104	
Wood River ¹	8,197	1,500,297	1,058,315	2,558,612	
Marion County.....	47,989	8,783,427	6,195,860	14,979,287	1,328,235
Centralia ¹	16,343	2,991,259	2,110,045	5,101,304	
Salem.....	7,319	1,339,597	944,956	2,284,553	
Marshall County.....	13,179	2,412,152	1,701,541	4,113,693	491,292
Henry ¹	1,877	343,547	242,339	585,886	
Lacon.....	1,627	297,790	210,062	507,852	
Mason County.....	15,358	2,810,975	1,982,871	4,793,846	534,576
Havana.....	3,999	731,937	516,311	1,248,248	
Massac County.....	14,937	2,733,919	1,928,516	4,662,435	297,956
Metropolis.....	6,287	1,150,710	811,715	1,962,425	
Menard County.....	10,663	1,951,649	1,376,700	3,328,349	407,011
Petersburg.....	2,586	473,316	333,878	807,194	
Mercer County.....	17,701	3,239,814	2,285,376	5,525,190	680,995
Aledo.....	2,593	474,597	334,782	809,379	
Monroe County.....	12,754	2,334,365	1,640,669	3,981,034	320,284
Waterloo.....	2,361	432,134	304,829	736,963	
Montgomery County.....	34,499	6,314,352	4,454,166	10,768,518	970,119
Hillsboro.....	4,514	826,197	582,803	1,409,000	
Litchfield ¹	7,048	1,289,995	909,967	2,199,962	
Morgan County.....	36,378	6,658,265	4,696,764	11,355,029	977,514
Jacksonville.....	19,844	3,632,047	2,562,059	6,194,106	
Moultrie County.....	13,477	2,466,695	1,740,015	4,206,710	546,315
Sullivan.....	3,101	567,576	400,370	967,946	
Ogle County.....	29,869	5,466,923	3,856,387	9,323,310	1,103,193
Rochelle ¹	4,200	768,726	542,262	1,310,988	
Oregon.....	2,825	517,060	364,736	881,796	
Peoria County.....	153,374	28,072,043	19,802,117	47,874,160	5,570,450
Peoria.....	105,087	19,234,074	13,567,783	32,801,857	
Perry County.....	23,438	4,289,857	3,026,080	7,315,937	513,531
Du Quoin ¹	7,515	1,375,470	970,262	2,345,732	
Pinckneyville.....	3,146	575,812	406,180	981,992	
Platt County.....	14,659	2,683,037	1,892,623	4,575,660	707,444
Monticello.....	2,523	461,785	325,745	787,530	
Pike County.....	25,340	4,637,980	3,271,647	7,909,627	687,821
Pittsfield.....	2,884	527,859	372,353	900,212	
Pope County.....	7,999	1,464,057	1,032,751	2,496,808	108,411
Golconda.....	1,301	238,122	167,972	406,094	
Pulaski County.....	15,875	2,905,601	2,049,621	4,955,222	218,630
Mound City.....	2,465	451,169	318,256	769,425	
Putnam County.....	5,289	968,046	682,863	1,650,909	170,270
Granville ¹	1,038	189,985	134,016	324,001	
Mark ¹	529	96,823	68,299	165,122	
Hennepin.....	396	72,480	51,128	123,608	
Randolph County.....	33,608	6,151,272	4,339,129	10,490,401	582,019
Chester.....	5,110	935,283	659,752	1,595,035	
Richland County.....	17,137	3,136,585	2,212,558	5,349,143	490,136
Olney.....	7,831	1,433,308	1,011,060	2,444,368	
Rock Island County.....	113,323	20,741,509	14,631,133	35,372,642	3,343,381
Rock Island.....	42,775	7,829,108	5,522,080	13,351,788	
St. Clair County.....	166,899	30,547,524	21,548,330	52,095,851	6,407,222
Belleville.....	28,405	5,198,967	3,667,370	8,866,337	
East St. Louis ¹	75,607	13,838,715	9,761,878	23,600,593	
Saline County.....	38,066	6,967,220	4,914,701	11,881,921	690,199
Harrisburg.....	11,453	2,096,243	1,478,697	3,574,940	
Sangamon County.....	117,912	21,581,433	15,223,618	36,805,051	4,001,568
Springfield.....	75,503	13,819,314	9,748,192	23,567,506	
Schuyler County.....	11,430	2,092,033	1,475,727	3,567,760	346,864
Rushville.....	2,480	453,914	320,193	774,107	
Scott County.....	8,176	1,495,453	1,055,603	2,552,056	265,572
Winchester.....	1,651	302,183	213,161	515,344	
Shelby County.....	26,290	4,811,859	3,394,302	8,206,161	870,092
Shelbyville.....	4,092	748,959	528,318	1,277,277	
Stark County.....	8,881	1,625,489	1,146,626	2,772,115	389,293
Wyoming ¹	1,360	248,921	175,590	424,511	
Toulon.....	1,230	225,127	158,805	383,932	
Stephenson County.....	40,646	7,439,437	5,247,805	12,687,242	1,295,660
Freeport.....	22,366	4,093,649	2,887,674	6,981,323	
Tazewell County.....	58,362	10,681,997	7,535,118	18,217,115	2,090,983
Pekin.....	19,407	3,552,063	2,505,638	6,057,701	
Union County.....	21,528	3,940,270	2,779,480	6,719,750	382,445
Anna ¹	4,092	748,959	528,318	1,277,277	
Jonesboro.....	1,521	278,389	196,276	474,665	
Vermilion County.....	86,791	15,885,357	11,205,586	27,090,943	2,765,526
Danville.....	36,919	6,757,285	4,766,612	11,523,897	
Wabash County.....	13,724	2,511,904	1,771,906	4,283,810	327,753
Mount Carmel.....	6,987	1,278,831	902,092	2,180,923	
Warren County.....	21,286	3,895,977	2,748,235	6,644,212	745,287
Monmouth.....	9,096	1,664,841	1,174,385	2,839,226	
Washington County.....	15,801	2,892,057	2,040,067	4,932,124	371,450
Nashville.....	2,418	442,567	312,188	754,755	
Wayne County.....	22,092	4,043,499	2,852,298	6,895,797	551,445
Fairfield.....	4,008	733,584	517,473	1,251,057	
White County.....	20,027	3,665,542	2,585,686	6,251,228	556,623
Carmi.....	4,098	750,057	529,093	1,279,150	
Whiteside County.....	43,338	7,932,154	5,595,369	13,527,523	1,432,298
Rock Falls ¹	4,987	912,771	643,872	1,556,643	
Morrison.....	3,187	583,317	411,474	994,791	
Sterling ¹	11,363	2,079,770	1,467,077	3,546,847	

¹ Not county seat.

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of Illinois—Continued

Counties, county seats, and other principal towns	I Population, 1940	II Share of foreign aid July 1, 1945, to June 30, 1947 (population× \$183.03) based on \$24,099,211,087	III Share of foreign aid proposed by Marshall plan, 1948-52 (popu- lation×\$129.11) based on \$17,- 000,000,000	IV Share of total for- eign aid provid- ed and proposed 1945-47, 1948-52 (column II+col- umn III) based on \$41,099,211,087	V Local taxes, 1942 (county, city, vil- lage, township, and road dist- ricts, school, fire, park, and sani- tary districts)
Will County.....	114,210	\$20,903,856	\$14,745,653	\$35,649,509	\$3,598,555
Joliet.....	42,365	7,754,066	5,469,745	13,223,811	
Williamson County.....	51,424	9,412,135	6,639,353	16,051,488	812,377
Herrin ¹	9,352	1,711,697	1,207,437	2,919,134	
Marion.....	9,251	1,693,211	1,194,397	2,887,608	
Winnebago County.....	121,178	22,179,209	15,645,292	37,824,501	4,240,569
Rockford.....	84,637	15,491,110	10,927,483	26,418,593	
Woodford County.....	19,124	3,500,266	2,469,100	5,969,366	808,854
Minonk ¹	1,897	347,208	244,922	592,130	
Eureka.....	1,714	313,713	221,295	535,008	
Total for counties.....	7,897,241	1,445,432,020	1,019,612,785	2,465,044,805	349,945,523

¹ Not county seat.

Sources: Sixteenth Census of the United States: 1940, Population, vol. I, pp. 296-309, Census Bureau, Department of Commerce. Illinois Property Tax Statistics, 1942, Illinois Department of Revenue, p. 13.

NOTE.—It is important to note that the foreign-aid figures cover a period of over 6 years while the receipts of local units of government are for 1 year only. The 1940 population figure for the continental United States is used because the 1940 figure is the latest available for many local units of government. However, the population of the United States (excluding armed forces overseas) has grown from 131,669,275 in 1940 to 143,382,000 (estimated) by July 1, 1947. If the latter figure is used, the per capita cost of foreign aid between July 1, 1945, and June 30, 1947, is \$168.08 rather than \$183.03; and the cost of the proposed Marshall plan is \$118.56 rather than \$129.11.

Mr. BROOKS. Mr. President, this table shows that the Illinois share of \$24,099,211,087 foreign aid extended between July 1, 1945, and June 30, 1947, to be \$1,445,432,020, or a cost of \$183.03 for each person in Illinois. It further shows that for the Marshall plan—assuming it runs only to \$17,000,000,000 ultimately, and it is my firm conviction that on the basis on which we are proceeding it will run much higher—it will cost each citizen in Illinois a little more than \$129 additional.

The total cost which must be assumed by the people of Illinois for the two programs will be \$2,465,044,805, or \$312 for every man, woman, and child in the State of Illinois.

The people of Illinois are as charitable as any other people in the world, and I am sure that they would want to help in every constructive way, but I am equally sure that they would not want to drain the resources of America to perpetuate conditions which will make their efforts futile and their high purposes a failure.

This is not the final vote on this bill. It is merely the vote on the Senate version. After the House has considered it and the conference report is before us, we will then have an opportunity to consider it again.

While I believe that the pending bill has been vastly improved by the diligent effort of the members of the Foreign Relations Committee and the discussion in the Senate, I sincerely hope that the House will improve it further.

I state again, I completely respect those who hold different views, but in the hope that we may call the attention of the House to the defects in the bill in the form in which it now appears I must oppose it at the present stage in the process of its consideration.

Mr. BUTLER. Mr. President, at this time, I would like to place in the record a very brief statement of my position on the pending measure. I intend to vote against the European recovery plan.

Frankly, this position has not been reached without a great deal of hesitation. I am fully aware of the danger we

face. I agree fully that we must stand firm against the menace of communism. Certainly if this measure would put a stop to the march of communism or if it would prevent another conflict, the money would be well spent. Although the sums involved are gigantic, they are small compared with the cost of another war. Even if they were far greater, it would be money well spent if it protected our Nation and our people from the horrors of an atomic conflict.

I believe, however, that this approach toward world cooperation and world peace is just 100 percent wrong. I do not believe that spending money will win us friends abroad. That has not been our experience to date. On the military side, I do not believe that giving western Europe money will slow down the Communist advance in the slightest if the present czar of all the Russias decides that the day has come for his troops to move. Military aggression can be stopped only by military means.

If the danger is as great as it has been pictured to us, we should not be wasting our strength in this way. We should be doubling our Air Force, reestablishing selective service, and placing the country on an emergency footing. Those are the measures that will impress the Communists. I am not yet convinced that the situation has reached such a critical point.

On the economic side, I have no faith whatever that this plan will restore Europe to a self-sustaining basis. This is not our first attempt to fill up a leaking barrel by pouring more water into it. We spent billions on UNRRA, and that failed to do the job. We set up two gigantic financial institutions through the Bretton Woods agreement, and those have both failed to do the job. We made a tremendous loan to Great Britain, larger than the sums proposed for the British in this bill, and that money was all spent in less than 2 years.

If we accept this measure, I believe our subsidies to Europe will never end. I believe we shall be voting them financial assistance for the rest of our lives. I do not believe Europe can ever be made

self-sustaining by pouring in American money.

That has been our experience with Latin America. All our spending there during the war never placed those countries on any sound footing. Now the President asks us to provide another \$500,000,000 in loans to Latin America. I judge that they are called loans as a matter of courtesy. We have found in the past that such loans were not likely to be repaid except out of the proceeds of additional loans. Latin America was not in the war to any appreciable extent, as we were. They should be helping with this problem—not burdening us who spent of our resources through 4 years of war and over 2 years of reconstruction.

It is obvious that this bill will pass and that my vote cannot stop it. I want my vote to be registered against it simply as a protest against a measure and a policy which, in my judgment, are completely unrealistic and are heading in the wrong direction. We in Congress cannot control our national foreign policy. By the terms of the Constitution that responsibility is vested in the President. We do have a duty to protest when that policy is ill-conceived and ineffectual. This proposal simply carries on the approach that has already failed in the past and is sure to fail in the future. I can only hope that my vote of protest against the bill will be of some slight weight in turning our foreign policy toward a sounder policy at some future time.

At this point, Mr. President, I would like to place in the RECORD a tabulation showing the cost of this program and our other programs of foreign assistance to the people of each county and city in Nebraska. It is obvious from the tabulation that the program is costing my people many times the entire cost of their local government. The efficiency and care with which the local officials in my State handle public funds is of little value if we in the National Congress are willing to disburse such tremendous appropriations on such economically unsound and unrealistic programs as are proposed in the Truman-Marshall plan.

As was done by the previous speaker, I have had prepared by the Library of Congress a statement showing the cost of foreign aid to each county on a per capita basis in the State of Nebraska and to each of the principal cities in each of these counties. I wish each Senator from the 48 States would see that similar compilations were placed in the RECORD, so the people who read it will know what the plan really means to the taxpayers of America. The tabulation shows in the first column the population of each

county from the last available census of 1940. In the second column is shown the share of foreign aid extended from July 1, 1945, to June 30, 1947. In the third column is shown the share of foreign aid proposed by the Marshall plan in the 1948-52 program. The fourth column shows the taxes collected from each of the counties and cities listed in the same time. We have some counties with a very small population. One county has a population of 1,045. The contribution of the people of that county is \$134,920.

In Douglas County, where Omaha is located, and which has a population of 247,000 plus, the total contribution is \$77,274,000.

Mr. President, I ask that the list showing the information with respect to all 93 counties in Nebraska be printed in the RECORD immediately following my very brief statement on this subject.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population X \$183.03), based on \$24,099,211,- 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation X \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II + column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poll, and others)
	(I)	(II)	(III)	(IV)	(V)
Adams County.....	24,576	\$4,498,145	\$3,173,007	\$7,671,152	\$915,375.98
Hastings.....	15,145	2,771,989	1,955,371	4,727,360	
Antelope County.....	13,289	2,432,286	1,715,743	4,148,029	451,929.70
Neligh.....	1,796	328,722	231,882	560,604	
Arthur County.....	1,045	191,266	134,920	326,186	53,434.16
Arthur.....	250	45,758	32,278	78,036	
Banner County.....	1,403	256,791	181,141	437,932	82,296.47
Harrisburg.....	115	21,048	14,848	35,896	
Blaine County.....	1,538	281,500	198,571	480,071	65,276.58
Brewster.....	77	14,093	9,941	24,034	
Dunning ¹	272	49,784	35,118	84,902	
Boone County.....	12,127	2,219,605	1,565,717	3,785,322	421,493.08
Albion.....	2,268	415,112	292,821	707,933	
Box Butte County.....	10,736	1,965,010	1,386,125	3,351,135	311,610.93
Alliance.....	6,253	1,144,487	807,325	1,951,812	
Boyd County.....	6,060	1,109,162	782,407	1,891,569	200,490.61
Butte.....	623	114,028	80,436	194,464	
Spencer ¹	635	116,224	81,985	198,209	
Brown County.....	5,962	1,091,225	769,754	1,860,979	210,749.82
Ainsworth.....	1,833	335,494	236,659	572,153	
Buffalo County.....	23,655	4,329,575	3,054,097	7,383,672	932,094.05
Kearney.....	9,643	1,764,958	1,245,008	3,009,966	
Burt County.....	12,546	2,296,294	1,619,814	3,916,108	606,169.14
Tekamah.....	1,925	352,333	248,537	600,870	
Butler County.....	13,106	2,398,791	1,692,116	4,090,907	479,757.95
David City.....	2,272	415,844	293,338	709,182	
Cass County.....	16,992	3,110,046	2,193,837	5,303,883	674,650.63
Plattsmouth.....	4,268	781,172	551,041	1,332,213	
Cedar County.....	15,126	2,768,512	1,952,918	4,721,430	555,243.55
Hartington.....	1,688	308,955	217,938	526,893	
Chase County.....	5,310	971,889	685,574	1,657,463	231,522.39
Imperial.....	1,195	218,721	154,286	373,007	
Cherry County.....	9,637	1,763,860	1,244,233	3,008,093	397,558.39
Valentine.....	2,188	400,470	282,493	682,963	
Cheyenne County.....	9,505	1,739,700	1,227,191	2,966,891	507,612.76
Sidney.....	3,388	620,106	437,425	1,057,531	
Clay County.....	10,445	1,911,748	1,348,554	3,260,302	406,924.46
Clay Center.....	715	130,866	92,314	223,180	
Sutton ¹	1,403	256,791	181,141	437,932	
Colfax County.....	10,627	1,945,060	1,372,052	3,317,112	388,893.37
Schuyler.....	2,808	513,948	362,541	876,489	
Cuming County.....	13,562	2,482,253	1,750,990	4,233,243	507,892.82
West Point.....	2,510	459,405	324,066	783,471	
Custer County.....	22,591	4,134,831	2,916,724	7,051,555	814,082.42
Broken Bow.....	2,968	543,233	383,198	926,431	
Dakota County.....	9,836	1,800,283	1,269,926	3,070,209	326,563.96
Dakota City.....	477	87,305	61,585	148,890	
Emerson ^{1,2}	879	160,883	113,488	274,371	
South Sioux ¹	4,556	833,885	588,225	1,422,110	
Dawes County.....	10,128	1,853,728	1,307,626	3,161,354	354,013.49
Chadron.....	4,262	780,074	550,267	1,330,341	
Dawson County.....	17,890	3,274,407	2,309,778	5,584,185	823,738.48
Lexington.....	3,688	675,015	476,158	1,151,173	
Deuel County.....	3,580	655,247	462,214	1,117,461	201,290.64
Chappell.....	1,093	200,052	141,117	341,169	
Dixon County.....	10,413	1,905,891	1,344,422	3,250,313	454,191.92
Ponca.....	1,003	183,579	129,497	313,076	
Dodge County.....	23,799	4,355,931	3,072,689	7,428,620	998,238.44
Fremont.....	11,862	2,171,102	1,531,503	3,702,605	
Douglas County.....	247,562	45,311,273	31,962,730	77,274,003	10,343,769.27
Omaha.....	223,844	40,970,167	28,900,499	69,870,666	
Dundy County.....	5,122	937,480	661,301	1,598,781	213,193.82
Benkelman.....	1,448	265,027	186,951	451,978	
Fillmore County.....	11,417	2,089,654	1,474,049	3,563,703	443,405.98
Geneva.....	1,888	345,561	243,760	589,321	
Franklin County.....	7,740	1,416,652	999,311	2,415,963	310,989.39
Franklin.....	1,272	232,814	164,228	397,042	
Frontier County.....	6,417	1,174,504	828,499	2,003,003	278,021.66
Stockville.....	238	43,561	30,728	74,289	
Curtis ¹	952	174,245	122,913	297,158	
Eustis ¹	459	84,011	59,261	143,272	
Maywood ¹	426	77,971	55,001	132,972	
Furnas County.....	10,098	1,848,237	1,303,753	3,151,990	389,067.36
Beaver City.....	1,015	185,775	131,047	316,822	
Cambridge ¹	1,084	198,405	139,955	338,360	
Oxford ^{1,3}	1,141	208,837	147,315	356,152	

¹ Not county seat.

² Emerson Village is in Dakota, Dixon, and Thurston Counties.

³ Oxford Village is in Furnas and Harlan Counties.

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska—Continued

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population X \$183.03), based on \$24,099,211,- 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation X \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II+column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poll, and others)
	(I)	(II)	(III)	(IV)	(V)
Gage County.....	29,588	\$5,415,492	\$3,820,107	\$9,235,599	\$1,120,951.92
Beatrice.....	10,883	1,991,915	1,405,104	3,397,019	
Garden County.....	4,680	856,580	604,235	1,460,815	226,066.03
Oshkosh.....	910	166,557	117,490	284,047	
Garfield County.....	3,444	630,355	444,655	1,075,010	99,029.59
Burwell.....	1,412	258,438	182,303	440,741	
Gosper County.....	3,687	674,832	476,029	1,150,861	135,593.00
Elwood.....	633	115,858	81,727	197,585	
Grant County.....	1,327	242,881	171,329	414,210	80,054.79
Hyannis.....	449	82,180	57,970	140,150	
Greeley County.....	6,845	1,252,840	883,758	2,136,598	215,957.00
Greeley.....	891	163,080	115,037	278,117	
Hall County.....	27,523	5,037,525	3,553,495	8,591,020	1,060,442.48
Grand Island.....	19,130	3,501,364	2,469,874	5,971,238	
Hamilton County.....	9,982	1,827,005	1,288,776	3,115,781	414,138.24
Aurora.....	2,419	442,750	312,317	755,067	
Harlan County.....	7,130	1,305,004	920,554	2,225,558	282,016.86
Alma.....	1,272	232,814	164,228	397,042	
Hayes County.....	2,958	541,403	381,907	923,310	163,493.29
Hayes Center.....	314	57,471	40,541	98,012	
Hitchcock County.....	6,404	1,172,124	826,820	1,998,944	282,355.62
Trenton.....	920	168,388	118,781	287,169	
Holt County.....	16,552	3,029,513	2,137,029	5,166,542	513,540.53
O'Neill.....	2,532	463,432	326,907	790,339	
Hooker County.....	1,253	229,337	161,775	391,112	63,778.99
Mullen.....	725	132,697	93,605	226,302	
Howard County.....	8,422	1,541,479	1,087,364	2,628,843	323,488.08
St. Paul.....	1,571	287,540	202,832	490,372	
Jefferson County.....	15,532	2,842,822	2,005,337	4,848,159	599,571.13
Fairbury.....	6,364	1,153,821	813,909	1,967,730	
Johnson County.....	8,662	1,585,406	1,118,351	2,703,757	326,410.77
Tecumseh.....	2,104	385,095	271,647	656,742	
Kearney County.....	6,854	1,254,488	884,920	2,139,408	281,992.88
Minden.....	1,848	338,239	238,595	576,834	
Keith County.....	8,333	1,525,189	1,075,874	2,601,063	343,137.41
Ogallala.....	3,159	578,192	407,858	986,050	
Keya Paha County.....	3,235	592,102	417,671	1,009,773	97,622.22
Springview.....	347	63,512	44,801	108,313	
Kimball County.....	3,913	716,196	505,207	1,221,403	256,280.63
Kimball.....	1,725	315,727	222,715	538,442	
Knox County.....	16,478	3,015,968	2,127,475	5,143,443	570,640.06
Center.....	146	26,722	18,850	45,572	
Bloomfield ¹	1,467	268,505	189,404	457,909	
Creighton ¹	1,272	232,814	164,228	397,042	
Lancaster County.....	100,585	18,410,073	12,986,529	31,396,602	3,850,253.39
Lincoln.....	81,984	15,005,532	10,584,954	25,590,486	
Lincoln County.....	25,425	4,653,538	3,282,622	7,936,160	997,567.31
North Platte.....	12,429	2,274,880	1,604,708	3,879,588	
Logan County.....	1,742	318,838	224,910	543,748	85,157.06
Stapleton.....	399	73,029	51,515	124,544	
Loup County.....	1,777	325,428	229,428	554,856	65,628.64
Taylor.....	349	63,877	45,059	108,936	
McPherson County.....	1,175	215,060	151,704	366,764	56,030.87
Tryon.....	198	36,240	25,504	61,744	
Madison County.....	24,269	4,441,955	3,133,371	7,575,326	808,131.46
Madison.....	1,812	331,650	233,947	565,597	
Norfolk ¹	10,490	1,919,985	1,354,364	3,274,349	
Merrick County.....	9,354	1,712,063	1,207,695	2,919,758	356,350.26
Central City.....	2,460	450,254	317,611	767,865	
Morrill County.....	9,436	1,727,071	1,218,282	2,945,353	481,576.76
Bridgeport.....	1,520	278,206	196,247	474,453	
Bayard ¹	2,121	388,207	273,842	662,049	
Nance County.....	7,653	1,400,729	988,079	2,388,808	308,704.01
Fullerton.....	1,707	312,432	220,391	532,823	
Nemaha County.....	12,781	2,339,306	1,650,155	3,989,461	441,615.58
Auburn.....	3,639	666,046	469,831	1,135,877	
Nuckolls County.....	10,446	1,911,931	1,348,683	3,260,614	433,553.79
Nelson.....	963	176,258	124,333	300,591	
Superior ¹	2,650	485,030	342,142	827,172	
Otoe County.....	18,994	3,476,472	2,452,315	5,928,787	639,206.95
Nebraska City.....	7,339	1,343,257	947,538	2,290,795	
Pawnee County.....	8,514	1,558,317	1,099,243	2,657,560	319,021.09
Pawnee City.....	1,647	301,450	212,644	514,094	
Perkins County.....	5,197	951,207	670,985	1,622,192	271,065.40
Grant.....	897	164,178	115,812	279,990	
Phelps County.....	8,452	1,546,970	1,091,238	2,638,208	386,848.93
Holdrege.....	3,360	614,981	433,810	1,048,791	
Pierce County.....	10,211	1,868,919	1,318,342	3,187,261	406,811.60
Pierce.....	1,249	228,604	161,258	389,862	
Plainview ¹	1,411	258,255	182,174	440,429	
Platte County.....	20,191	3,695,559	2,606,860	6,302,419	707,095.24
Columbus.....	7,632	1,396,885	985,368	2,382,253	
Polk County.....	8,748	1,601,146	1,129,454	2,730,600	351,151.28
Osceola.....	1,039	190,168	134,145	324,313	
Stromsburg ¹	1,127	206,275	145,507	351,782	
Red Willow County.....	11,951	2,187,392	1,542,994	3,730,386	480,513.67
McCook.....	6,212	1,136,982	802,031	1,939,013	
Richardson County.....	19,178	3,510,149	2,476,072	5,986,221	666,425.69
Falls City.....	6,146	1,124,902	793,510	1,918,412	
Rock County.....	8,977	1,646,910	1,158,470	2,805,380	351,317.51
Bassett.....	931	170,401	120,201	290,602	
Saline County.....	15,010	2,747,280	1,937,941	4,685,221	485,479.10
Wilber.....	1,355	248,006	174,944	422,950	
Crete ¹	3,038	556,045	392,236	948,281	
Sarpy County.....	10,835	1,988,130	1,398,907	3,387,037	428,388.47
Papillion.....	763	139,652	98,511	238,163	
Bellevue ¹	1,184	216,708	152,866	369,574	

¹ Not county seat.

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska—Continued

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population × \$183.03), based on \$24,099,211, ¹ 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation × \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II+column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poll, and others)
	(I)	(II)	(III)	(IV)	(V)
Saunders County.....	17,892	\$3,274,773	\$2,310,036	\$5,584,809	\$742,343.55
Wahoo.....	2,648	484,663	341,883	826,546	
Scotts Bluff County.....	33,917	6,207,829	4,379,024	10,586,853	1,641,413.74
Gering.....	3,104	568,125	400,757	968,882	
Scottsbluff ¹	12,057	2,206,793	1,556,679	3,763,472	
Seward County.....	14,167	2,592,986	1,829,101	4,422,087	543,338.30
Seward.....	2,826	517,243	364,865	882,108	
Sheridan County.....	9,869	1,806,323	1,274,187	3,080,510	376,154.32
Rushville.....	1,125	205,909	145,249	351,158	
Gordon ¹	1,967	360,020	253,959	613,979	
Sherman County.....	7,764	1,421,045	1,002,410	2,423,455	292,338.31
Loup City.....	1,675	306,575	216,259	522,834	
Sioux County.....	4,001	732,303	516,569	1,248,872	180,975.94
Harrison.....	500	91,515	64,555	156,070	
Stanton County.....	6,887	1,260,528	889,181	2,149,709	303,675.39
Stanton.....	1,526	279,304	197,022	476,326	
Thayer County.....	12,262	2,244,314	1,583,147	3,827,461	445,420.74
Hebron.....	1,909	349,404	246,471	595,875	
Thomas County.....	1,553	284,246	200,508	484,754	58,733.00
Thedford.....	288	52,713	37,184	89,897	
Thurston County.....	10,243	1,874,776	1,322,474	3,197,250	681,080.77
Pender.....	1,135	207,739	146,540	354,279	
Valley County.....	8,163	1,494,074	1,053,925	2,547,999	341,412.80
Ord.....	2,240	409,987	289,206	699,193	
Washington County.....	11,578	2,119,121	1,494,836	3,613,957	456,403.25
Blair.....	3,289	601,986	424,643	1,026,629	
Wayne County.....	9,880	1,808,336	1,275,607	3,083,943	403,764.66
Wayne.....	2,719	497,659	351,050	848,709	
Webster County.....	8,071	1,477,235	1,042,047	2,519,282	302,675.70
Red Cloud.....	1,610	294,678	207,867	502,545	
Wheeler County.....	2,170	397,175	280,169	677,344	83,652.73
Bartlett.....	176	32,213	22,723	54,936	
Ericson ¹	279	51,065	36,022	87,087	
York County.....	14,874	2,722,388	1,920,382	4,642,770	619,862.88
York.....	5,383	985,250	694,999	1,680,249	
Total for counties.....	41,315,834	4240,837,097	4169,887,328	4410,724,425	

¹ Not county seat.

² Details will not necessarily add to totals because of rounding.

Sources: Rand-McNally Commercial Atlas and Marketing Guide, 1944, p. 245.

Sixteenth Census of the United States: 1940, Population, vol. I, pp. 637-645, U. S. Department of Commerce, Bureau of the Census.

Twenty-sixth Annual Report of the State Tax Commissioner and the State Board of Equalization and Assessment, 1946, State of Nebraska, pp. 214-223.

Mr. McCARTHY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. On page 32, at the end of line 20, it is proposed to insert:

(c) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. VANDENBERG. Inasmuch as the Senator's amendment is a statement of facts as they are, there is no objection to the acceptance of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I send to the desk an amendment in the nature of a substitute, and ask for its immediate consideration.

The PRESIDING OFFICER. Would the Senator be willing to have his amendment printed in the RECORD at this point, without reading, because of its length?

Mr. CAPEHART. Yes, Mr. President. I ask unanimous consent to that effect.

There being no objection, the amendment, which was to strike out all after the enacting clause and insert new language, was ordered to be printed in the RECORD, as follows:

That this act may be cited as the "International Relief and Reconstruction Act of 1948."

FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) Recognizing the intimate economic and other relationships between the United States and the nations of the world, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in the world endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in all countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of the world of a healthy economy independent of extraordinary outside assistance.

The accomplishment of these objectives calls for a plan of world recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic coopera-

tion, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all countries through a joint organization will exert sustained common efforts which will speedily achieve that economic cooperation in the world which is essential for lasting peace and prosperity. Accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the world through assistance to all countries which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

In furtherance of the declared policy for the promotion of self-help by the participating countries, such financial assistance, other than for direct relief, extended pursuant to this act to any such country shall be—

(1) extended, not by the United States alone, but by the United States and by the government and people of each such country in equal measure, to the end that their cooperative efforts may accomplish the necessary economic rehabilitation within the shortest possible time;

(2) extended in such manner as to foster to the maximum possible extent the rehabilitation of free enterprise within each such country;

(3) supplied through the establishment of a revolving fund of credits in United States dollars from which loans can be made within such country to private entrepreneurs to enable them to purchase in world markets such goods and services as they may require to reestablish the productive facilities upon which the economic prosperity of such country depends; and

(4) administered by a governmental corporation established within each such country having functions similar in nature to those of the Reconstruction Finance Corporation within the United States, and in which such Reconstruction Finance Corporation shall participate as a shareholder.

PURPOSES OF ACT

(b) It is the purpose of this act to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries and private enterprise in such countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this act, by—

(1) promoting industrial and agricultural production in the participating countries;

(2) furthering the restoration or maintenance of the soundness of currencies, budgets, and finances in each such participating country; and

(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

DEFINITIONS

SEC. 3. As used in this act—

(a) The term "Reconstruction Finance Corporation" shall mean the body corporate established pursuant to the Reconstruction Finance Corporation Act, as now or hereafter amended;

(b) The term "participating country" shall mean—

(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) together with dependent areas under its administration: *Provided*, That such country concludes a multilateral agreement with the United States pursuant to section 17 of this act, and for so long as it complies with the provisions of such agreement; and

(c) The term "foreign reconstruction finance corporation" shall mean the governmental corporation established within any participating country to effectuate the purposes of this act in full compliance with the requirements specified in section 15 hereof.

ESTABLISHMENT OF INTERNATIONAL RELIEF ADMINISTRATION

SEC. 4. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the International Relief Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for

International Relief, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this act, the administration of the provisions of this act is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for International Relief who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for International Relief shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for International Relief during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for International Relief appointed hereunder, to provide, for a period of not to exceed 30 days after the date of enactment of this act, for the performance of the functions of the Administrator under this act through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such 30-day period, the authority conferred upon the President by this subsection shall be extended beyond such 30-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) Any department, agency, or establishment of the Government performing functions under this act is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this act, and funds available pursuant to section 16 of this act shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed 40 may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than 10 may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

(e) The head of any department, agency, or establishment of the Government performing functions under this act may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this act, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 5. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this act—

(1) review and appraise the requirements of participating countries for relief assistance under the terms of this act;

(2) formulate programs of United States relief assistance under this act;

(3) provide for the efficient execution of any such programs as may be placed in operation; and

(4) terminate provision of relief assistance or take other remedial action as provided in section 18 of this act.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator, Chairman of the Board of Directors of the Reconstruction Finance Corporation, and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator or the Chairman of the Board of Directors of the Reconstruction Finance Corporation is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator or the Chairman of the Board of Directors of the Reconstruction Finance Corporation, as the case may be, and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

NATIONAL ADVISORY COUNCIL

SEC. 6. Section 4 (a) of the Bretton Woods Agreement Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the fund and the bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of Treasury as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Trustees of the Export-Import Bank of Washington, the Chairman of the Board of Directors of the Reconstruction Finance Corporation, and during such period as the International Relief Administration shall continue to exist, the Administrator for International Relief."

PUBLIC ADVISORY BOARD

SEC. 7. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed 12 additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this

act, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this act.

UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 8. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the chief United States representative to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this act. He may also be designated as the United States representative on the Economic Commission for Europe. He shall keep the Administrator, the Chairman of the Board of Directors of the Reconstruction Finance Corporation, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 9 of this act currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this act.

SPECIAL IRA MISSIONS ABROAD

SEC. 9. (a) There shall be established in each participating country, except as provided in subsection (d) of this section, a special mission for relief administration under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this act. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other admin-

istrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this act, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this act.

PERSONNEL OUTSIDE UNITED STATES

SEC. 10. (a) For the purpose of performing functions under this act outside the continental limits of the United States the Administrator may—

(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

(2) recommend the appointment or assignment of persons and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this act, and the Secretary of State may thereafter assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

(b) For the purpose of performing functions under this act outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this act, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

(c) Civilian personnel who are citizens or residents of the United States employed or appointed pursuant to this section to perform functions under this act shall be investigated by the Federal Bureau of Investigation which shall make a report thereof to the appointing authority as soon as possible: *Provided, however,* That they may temporarily assume their posts and perform their functions after preliminary investigation and clearance by the Administrator or the Secretary of State, as the case may be, but such employment may be terminated after the receipt of the report of the Federal Bureau of Investigation.

NATURE AND METHOD OF RELIEF ASSISTANCE

SEC. 11. (a) The Administrator may, from time to time, furnish relief assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this act, and upon the terms and conditions set forth in this act and such additional terms and conditions consistent with the provisions of this act as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks, of any commodity which he determines to be required for the furtherance of the purposes of this act. As used in this act, the term "commodity" means any agricultural product, food, clothing, medical supplies, or fuel necessary for the relief purposes of this act.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the relief purposes of this act.

(3) Transfer of any commodity, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(b) The Administrator may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which under regulations prescribed by the Administrator—

(i) letter of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries, upon presentation of contracts, invoices, or other documentation specified by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided,* That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe to assure expenditure in furtherance of the purposes of this act, and such certification shall be binding on the accounting officers of the Government;

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(c) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through relief grants. In determining whether such relief assistance shall be granted, he shall act in consultation with the Public Advisory Board as provided for in section 7 (a) of this act, and the determination whether or not a participating country requires relief assistance shall depend upon the character and purpose of the assistance and the necessity to accomplish the purposes of this act.

PROTECTION OF DOMESTIC ECONOMY

SEC. 12. (a) The Administrator shall provide for the procurement in the United States of commodities under this act in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this act shall, to the maximum extent practicable, be made

from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this act, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In procuring from sources within the United States any agricultural commodity not in short supply in the United States for transfer by relief grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this act, provide for the procurement of an amount of each class or type of any such commodity in approximate proportion to the total exportable supply of such class or type of such commodity.

REIMBURSEMENT TO GOVERNMENT AGENCIES

SEC. 13. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this act, for any commodity, service, or facility procured under section 11 of this act from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this act, in lieu of transferring such commodity to a participating country; (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law; or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

INTERNATIONAL DIVISION

Reconstruction Finance Corporation

SEC. 14. (a) Section 4 (c) of the Reconstruction Finance Corporation Act, as amended, is amended (1) by striking out "\$2,000,000,000" and inserting in lieu thereof "\$5,000,000,000", and (2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "of which \$3,000,000,000 shall be available for obligation only by the International Division established pursuant to section 4A of this act."

(b) The Reconstruction Finance Corporation Act, as amended, is amended by insert-

ing therein, immediately following section 4 thereof, the following new section:

"SEC. 4A. (a) There is hereby established within the Corporation an International Division (referred to hereinafter in this section as the 'Division'), which shall be headed by an Executive Director who, upon the recommendation of the Board of Directors of the Reconstruction Finance Corporation, shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum.

"(b) The Division shall, notwithstanding any other provision of law to the contrary, have as working capital such sums as shall be furnished to it through the issuance of obligations of the Corporation, in an aggregate amount not in excess of \$3,000,000,000, to the Secretary of the Treasury pursuant to section 7 of this act. There is hereby established on the books of the Treasury of the United States a fund to be known as the International Reconstruction Fund (referred to hereinafter in this section as the 'Fund'), in which such sums and all other receipts of the Division shall be deposited. Disbursements from the Fund shall be made upon certificates executed by the Executive Director of the Division and approved by the board of directors of the Corporation.

"(c) Subject to the provisions of this section, the applicable provisions of the International Relief and Reconstruction Act of 1948, and such rules and regulations as may be prescribed thereunder by the board of directors of the Corporation, the Division—

"(1) may from time to time purchase (within the limits of the unobligated balance standing to its credit in the Fund), hold, and sell preferred stock in any foreign reconstruction finance corporation established in compliance with the requirements of the International Relief and Reconstruction Act of 1948;

"(2) shall make payment for preferred stock so purchased through the establishment upon its books of a credit in favor of such foreign reconstruction finance corporation in the amount of the par value, in legal tender of the United States, of the stock so purchased;

"(3) may receive, deposit in the Fund, and credit to any foreign reconstruction finance corporation such sums as such corporation may transmit to the Division for deposit to its credit;

"(4) shall honor and certify for payment from the Fund drafts drawn from time to time by each such foreign reconstruction finance corporation upon such sums as may stand to its credit upon the books of the Division;

"(5) shall designate from time to time, from among citizens of the United States, the directors upon the board of each such foreign reconstruction finance corporation which the Division is entitled to select;

"(6) shall receive dividends paid upon stock held by the Division in any such foreign reconstruction finance corporation, and shall exercise all other rights and privileges to which it is entitled by reason of the ownership of such stock;

"(7) shall receive the proceeds of the sale or retirement of any such stock;

"(8) may engage in foreign-exchange transactions; and

"(9) shall transmit quarterly through the board of directors of the Corporation to the Congress a detailed report of the status of each of its investments in any foreign reconstruction finance corporation, and the activities of each such corporation.

"(d) Upon the establishment of any foreign reconstruction finance corporation in compliance with the applicable terms of the International Relief and Reconstruction Act of 1948, after the execution pursuant to section 17 of such act of an agreement be-

tween the United States and the government of the participating country creating such corporation, the Division—

"(1) may purchase shares of the preferred stock issued by such corporation, in an amount not in excess of the ratio limitations under subsection (a) of section 2 of this act; and

"(2) shall discontinue such purchases, and proceed to liquidate to the best advantage of the Division its prior investment therein, (A) when the Division shall determine that funds of such foreign reconstruction finance corporation have been used or loaned for purposes or subject to terms not in full compliance with the agreement executed under section 17 of the International Relief and Reconstruction Act of 1948 between the United States and the government of the participating country in which such corporation was established, or (B) upon the expiration of 10 years from the date of enactment of the International Relief and Reconstruction Act of 1948, whichever is earlier.

"(e) The board of directors of the corporation shall—

"(1) formulate plans and policies to carry into effect this section and the International Relief and Reconstruction Act of 1948;

"(2) in consultation with the Secretary of State, determine the nature of the provisions to be incorporated on behalf of the United States in agreements executed pursuant to section 17 of the International Relief and Reconstruction Act of 1948;

"(3) upon application of any foreign reconstruction finance corporation, determine whether such corporation has been organized in compliance with the provisions of such act;

"(4) upon an affirmative determination of such question, certify such corporation as being qualified for investment therein by the Division;

"(5) determine from time to time whether each foreign reconstruction finance corporation in which the Division holds preferred stock has been operated in full compliance with the provisions of such act;

"(6) determine policies under which the Division shall buy, hold, and sell preferred stock in any foreign reconstruction finance corporation; and

"(7) transmit to the Congress from time to time its recommendations for further legislation deemed necessary or appropriate to effectuate the purposes of this section and the International Relief and Reconstruction Act of 1948."

SEC. 15. Each foreign reconstruction finance corporation shall be organized under a charter or articles of incorporation under which—

(a) it is established as a body corporate governed by a board of directors and administered by officers elected by the board;

(b) so long as any of its preferred stock shall be held by the Division, it shall have a board of directors consisting of seven members, of which (1) the chairman shall be designated by the national government of the participating country, (2) three members shall be designated by the Division, and (3) three members shall be elected by the holders of its common stock;

(c) it shall have an authorized capital stock consisting of such number of transferable preferred shares (each having a par value of \$100 in legal tender of the United States) as shall have been approved by the Division and a like number of transferable common shares;

(d) it shall—

(1) issue each share of common stock initially only to the government or nationals of such participating country;

(2) issue each share of preferred stock initially only to the Division;

(3) issue no number of shares of preferred stock in excess of the number of shares of common stock theretofore issued and sold;

(4) issue no share of preferred or common stock which does not entitle its holder to receive dividends thereon payable in legal tender of the United States or, with the consent of the Division, in legal tender of the participating country within which such corporation was established, at such rate of exchange as shall be determined from time to time by the Board of Directors of the Reconstruction Finance Corporation;

(5) issue no share of preferred stock which does not provide for its retirement beginning at the end of 10 years from the date of enactment of this act under a retirement schedule approved by the Board of Directors of Reconstruction Finance Corporation by the payment to the holder thereof from the funds of such corporation of the par value thereof, together with its pro rata share of accumulated surplus, in legal tender of the United States or, with the consent of the Division, in legal tender of the participating country within which such corporation was established, at such rate of exchange as shall be determined from time to time by Board of Directors of the Reconstruction Finance Corporation; and

(6) issue no share of stock of either class except upon receipt, by payment into its treasury or by credit to its account upon the books of the Division, of \$100 in legal tender of the United States;

(e) it shall have power—

(1) to adopt, alter, and use a corporate seal, which shall be judicially recognized;

(2) through its board of directors, to prescribe, amend, and repeal bylaws, rules, and regulations (not inconsistent with the provisions of this section) governing the manner in which its business shall be conducted and its powers exercised;

(3) to make contracts;

(4) to lease, purchase, sell, or otherwise dispose of such real estate as may be necessary for the transaction of its business;

(5) to sue and be sued, to complain and defend, in any court of competent jurisdiction;

(6) to select, employ, and fix the compensation of such officers, employees, experts, technicians, attorneys, and agents as shall be necessary for the transaction of its business;

(7) subject to the provisions of this section, to determine, by its board of directors, the necessity for and the character and amount of its obligations and expenditures, and the manner in which they shall be incurred, allowed, paid, and accounted for;

(8) to engage in foreign exchange transactions;

(9) to establish within the participating country such agencies or branch offices as may be necessary for the execution of its powers; and

(10) to create and control subsidiary corporations organized under the laws of the participating country when necessary for the execution of its powers;

(f) it shall have power, within the limits of unobligated funds available to it (including such funds standing to its credit on the books of the Division) and subject to the limitations specified in section 15 (g) of this act, to purchase interest-bearing obligations of and to make interest-bearing loans (directly or in cooperation with banks or other lending institutions through agreements to participate, or by the purchase of participations or otherwise) to—

(1) private individuals, private corporations, and private associations within the participating country;

(2) private banks, mortgage-holding agencies, and insurance companies within such country; and

(3) political subdivisions of such country;

(g) it shall not—

(1) make any loan to, or purchase any obligation of, any individual, organization, or public or private entity other than those specified in section 15 (f) of this act;

(2) make any loan or purchase any obligation unless in the judgment of its board of directors the making of such loan or the purchase of such obligation will directly promote the increase of industrial or agricultural production within the participating country;

(3) extend any financial assistance by loan or otherwise unless the financial assistance applied for is not otherwise available on reasonable terms;

(4) purchase any obligation unless it shall be of such sound value or so secured as reasonably to assure its retirement;

(5) make any loan except upon such security as reasonably will assure its repayment;

(6) make any loan for a period in excess of 40 years, or purchase any obligation which will not mature within 40 years from the date of its purchase;

(7) make any loan to any political subdivision of any national government or purchase any obligation thereof (A) for the purpose of enabling such political subdivision to finance ordinary governmental or non-project expenses, as distinguished from purchases and loans to aid in financing specific public projects, or (B) for the acquisition of any existing industry or utility or any unit thereof, but this paragraph shall not be deemed to prevent the making of loans or the purchase of obligations for the purpose of enabling any such political subdivision to construct any new public utility;

(8) permit the payment of any fee or commission by any applicant for financial assistance in connection with any such application;

(9) permit any director, officer, attorney, agent, or employee of such foreign reconstruction finance corporation to participate in any manner, directly or indirectly, in the deliberation upon or in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, association, or other public or private entity of which he is a member or is directly or indirectly interested; or

(10) after the expiration of 10 years from the date of enactment of this act make any loan or purchase any obligation unless all preferred stock in such foreign reconstruction finance corporation purchased by the Division shall have been (A) retired by such foreign reconstruction finance corporation by the payment of the par value of such stock, together with its pro rata share of accumulated surplus thereon, to such Division, or (B) sold by such Division to other holders of record;

(h) it shall have the power to furnish technical assistance to aid in increasing the industrial and agricultural production of the participating country and, with the consent of the Division so long as it shall hold any preferred stock therein, to perform such other functions as will contribute effectively to the promotion of industrial and agricultural production within the participating country;

(i) it shall be expressly prohibited from incurring, without first obtaining the consent of the Division so long as it shall hold any preferred stock in such foreign reconstruction finance corporation, any bonded or other indebtedness which would impair the equity of such Division in the assets of such foreign reconstruction finance corporation;

(j) its property (including its franchise, capital, reserves, surplus, income, and those of any other public or private corporation, firm, or enterprise wholly financed or managed by it) and that of the Division shall be exempt from all taxation of any kind im-

posed by the national government of the participating country, or by any political subdivision thereof, except that real property owned by such foreign reconstruction finance corporation may be subject to special assessments for local improvements and to real estate taxation to the same extent according to its value as other real estate of like character situated in the same locality is taxed; and

(k) it shall transmit quarterly to the Division a report of its operations (containing such information, including detailed accounts of its financial transactions, as such Division shall request) so long as such Division shall hold any preferred stock thereof.

AUTHORIZATION OF APPROPRIATIONS

SEC. 16. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$500,000,000 to carry out the relief provisions of this act, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest from appropriations authorized under this act for advances made by it hereunder.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the relief program of this act.

(c) In order to carry out the relief provisions of this act with respect to those participating countries which adhere to the purposes of this act, and remain eligible to receive relief assistance hereunder, there are hereby authorized to be appropriated to the President, from time to time through June 30, 1952, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the relief provisions and accomplish the purposes of this act: *Provided, however,* That for carrying out the relief provisions and accomplishing the purposes of this act for the period of 1 year following the date of enactment of this act, there are hereby authorized to be so appropriated not to exceed \$2,000,000,000.

(d) Funds made available for the relief purposes of this act shall be available for incurring and defraying all necessary expenses incident to carrying out the relief provisions of this act, including administrative expenses and expenses for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the relief purposes of this act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds, as the Administrator shall specify in the interest of the accomplishment of the relief purposes of this act.

(e) The unexpended portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.) may be merged with the deposits to be made by such participating country in accordance with section 17 (b) (6) of this act, and shall be held or used under the same terms and conditions

as are provided in section 17 (b) (6) of this act.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made for relief purposes under this act, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the International Relief Trust Fund. Notwithstanding any other provision of law, an amount of \$2,000,000,000, out of sums appropriated pursuant to the authorization contained in this act shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this act in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 17. (a) The Secretary of State, after consultation with the Administrator and Chairman of the Board of Directors of the Reconstruction Finance Corporation is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this act.

(b) The provision of relief assistance and reconstruction assistance under this act results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive either type of assistance or both under this act. Such agreement shall provide for the adherence of such country to the purposes of this act and shall, where applicable, make appropriate provision, among others, to provide for the establishment within such country under its laws of a foreign reconstruction finance corporation which will fulfill the requirements specified in section 15 of this act and for—

(1) promoting industrial and agricultural production in order to enable such country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Executive Director of the International Division of the Reconstruction Finance Corporation (which division is referred to hereinafter as "the Division"), upon his request and whenever he deems it in furtherance of the purposes of this act, specific projects proposed by such country to be undertaken in substantial part with reconstruction assistance furnished under this act, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, es-

tablish and maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore and maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for world recovery, of the resources of such participating country, including any assistance furnished under this act, which use shall include, to the extent practicable, taking measures to locate and control, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country; and

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through relief assistance authorized under this Act, and is not furnished to the participating country on terms of payment. Such special account, together with the unexpended portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), shall be held or used only for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, will be disposed of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of commodities and services received under this act; and

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations provided under this Act and in determining whether such participating country or Foreign Reconstruction Finance Corporation has fully complied with the terms of such agreement.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the 3 months after the date of enactment of this act, may perform with respect to any participating country any of the functions authorized under this act by him to be performed and which he may determine to be essential in furtherance of the relief pur-

poses of this act, if such country (1) has signified its adherence to the relief purposes of this act and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, and seed to any country which participates in the Committee of European Economic Cooperation and which undertakes pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this act by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to insure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this act, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

TERMINATION OF RELIEF ASSISTANCE

SEC. 18. The Administrator, in determining the form and measure of relief assistance provided under this act to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 17. The Administrator shall terminate the provision of relief assistance under this act to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 17, or is diverting from the purposes of this act assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this act or (2) because of changed conditions, relief assistance is no longer consistent with the national interest of the United States.

EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

SEC. 19. When the President determines it to be in furtherance of the relief purposes of this act, the functions authorized under this act with respect to relief assistance may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

SEC. 20. Service of an individual as a member of the Public Advisory Board (other than the Administrator created by section 7 (a), as a member of an advisory committee appointed pursuant to section 7 (b), as an expert or consultant under section 4 (d), or as an expert, consultant, or technician under section 24 (d), shall not be considered as service or employment bringing such individual within the provisions of sections 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

UNITED NATIONS

SEC. 21. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this act, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities.

(b) The president shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this act.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this act, shall be registered with the United Nations if such registration is required by the charter of the United Nations.

TERMINATION OF PROGRAM

SEC. 22. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 11 of this act are no longer necessary for the accomplishment of the relief purposes of this act, whichever shall first occur, none of the functions authorized under such provisions with respect to relief assistance may be exercised; except that during the 12 months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this act may be obligated during such 12-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating relief operations under this act unless such transfer be against the best interest of the United States and its foreign policy.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the 12 months following such date, the powers, duties, and authority of the Administrator under this act may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

REPORTS TO CONGRESS

SEC. 23. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this act have been completed, shall transmit to the Congress a report of operations under this act. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

JOINT CONGRESSIONAL COMMITTEE

SEC. 24. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on International Relief and Reconstruction (hereinafter referred to as the committee), and to be composed of seven Members of the Senate to be appointed by the President of the Senate, and seven Members of the House of Representatives to be appointed by the Speaker of the House. In each instance, not more than four Members shall be members of the

same political party. A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The President of the Senate and the Speaker of the House, acting jointly, shall appoint a chairman and a vice chairman from among the members of the committee.

(b) It shall be the function of the committee to make a continuous study of the programs for relief and economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs for relief and economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator and the Chairman of the Board of Directors of the Reconstruction Finance Corporation at the request of the committee, shall consult with the committee from time to time with respect to their activities under this act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

SEPARABILITY CLAUSE

SEC. 25. If any provision of this act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

MR. CAPEHART. Mr. President, I shall try not to consume too much of the time of the Senate on this bill. I rather suspect that when I shall have finished tonight I shall feel a little like the able senior Senator from Michigan [Mr. VANDENBERG] felt in 1933, I believe, when he and a former Senator from the State of Indiana were the only two Senators who voted against the recognition of communistic Russia. The able senior Senator from Michigan knows what it means to lose. I suspect that he has been on the losing side on other questions.

I rather suspect that the able senior Senator from Michigan was right in that vote. I rather suspect that had the Senate voted as the able Senator from Michigan did on that historic occasion, we might not be here tonight. That vote by the United States Senate to recognize

the communistic government of Russia has since built up a great octopus—and these are not my words, but the words of other Senators and the words of the heads of our Government—which is now about to destroy our form and type of government.

Mr. President, our memories are very short. I believe that inasmuch as I have offered a substitute for the so-called Marshall plan, I am in a position, perhaps, to do some criticizing. I dislike to criticize without offering a substitute or offering something better than that which I am criticizing. I should like to take a few minutes of the time of the Senate to go back over the past 30 years of our history. It will not take long.

Permit me to say, before I start on this trip, that I am going to try to prove that every scheme which this Nation has entered into for the past 30 days has failed to accomplish the purpose for which it was intended. It has failed to accomplish the thing which the American people and the world were told it would accomplish. I am not going to debate whether we should or should not have gone into a single one of these schemes, because I voted for some of them, and I have no regrets.

I remember that 30 years ago, as a youngster I joined the Army in order to help save democracy in World War I. I remember that we were told that if we would go into World War I we would save democracy. That was the purpose. I say to the Senate that our entry into World War I did not accomplish the thing which we were led to believe it would accomplish, namely, create more democracy throughout the world.

I remember when the war ended. We were not a party to the Versailles Treaty, but it failed to maintain the peace. I remember that we did not become a member of the League of Nations, but other nations did. It failed to maintain peace. Then I remember that, in violation of the Versailles Treaty—and many nations were parties to the Versailles Treaty—a man by the name of Hitler moved into the Ruhr, and those nations sat idly by and did nothing about it.

I remember the Disarmament Conference. This body voted for the Disarmament Conference. I remember, as a young man, that we were propagandized into believing that by going into the Disarmament Conference we were going to avoid future wars, and that it would be a grand thing. I thought at the time that it would, and I am certain that those who voted for it thought it would; but I say that it failed to accomplish the purpose for which it was intended. I am not critical because we went into it. We tried.

Then I remember the Kellogg-Briand Pact, which bears the name of a great Secretary of State by the name of Kellogg—and to prove that I am not making a partisan speech, let me say that he was a Republican. He put his heart and soul into the Kellogg-Briand Pact, which was a nonaggression pact between this Nation, Japan, England, France, Italy, and many other nations. I say that it failed to accomplish the purpose for which it

was intended. Japan tore it up when she moved into Manchuria. Italy tore it up when she moved into Ethiopia; and we sat idly by and did nothing about it.

I remember the Neutrality Act. I remember that when the President of the United States signed that act he signed it with a dozen pens, which he gave away in different directions. In substance he stated that signing that act was one of the greatest privileges a President of the United States ever had.

That act provided in very simple terms that if two nations went to war this nation would remain neutral. Let not Senators shake their heads and say it is not true. It is true. I remember that when the first gun was fired in Europe that act was almost violated, if not violated. It was later repealed.

I remember the Johnson Act, which provided that this Nation would not lend money to any nation which was in default in its loan to the United States. I remember that it was said that the cash-and-carry provision would keep us out of war. I remember the 50 destroyers. I remember lend-lease.

Then, during my time in the United States Senate, I remember very well the United Nations, because I voted for it. I remember very well Bretton Woods, because I voted for it. I remember very well the British loan. I voted against it. I remember very well the Greek-Turkish loan. I voted for it.

I am saying to this body tonight and to the American people that not a single scheme this Nation has entered into has as yet accomplished the purpose intended. I have high hopes for the United Nations, and I have high hopes for some of the other plans; but I say to you tonight, Mr. President, that they have failed to accomplish the things for which they were intended. The best proof in the world that the statement I have just made is correct is that had they accomplished the things for which they were intended there would be no necessity tonight for the so-called Marshall plan.

Why have not they accomplished the things for which they were intended? Why have not they been successful? Why is it necessary for us to be here tonight debating whether we shall or shall not adopt the Marshall plan? Why have not the previous plans been successful? I wish I were certain why they have not been. All I can say, as I stand here tonight, is that they have not been successful; they have failed to accomplish the purposes intended. I shall be very happy to debate that statement on any platform anywhere in the world with any person who wishes to debate it with me. If I have fair judges on such an occasion they will have to agree that the statement I have made is true; because if it were not so we would not be here tonight.

Mr. President, I have been giving a great deal of thought to these matters. I have been taking my responsibility as a Senator seriously. I have been taking my responsibility in respect to the Marshall plan seriously, and I have been thinking hard about this problem. I have analyzed the schemes we have gone into, and I have found that all of them have failed to accomplish their purposes. I have had to say to myself, "What is

wrong? Perhaps we must try a new approach, a new scheme, a new idea."

Mr. President, I dislike very much not to follow my seniors in the United States Senate. I dislike very much having to talk against the Foreign Relations Committee. I am sorry I cannot follow the able Senator from Michigan [Mr. VANDENBERG] in this matter. I am sorry I cannot follow the able Senator from Texas [Mr. CONNALLY]. But I ask myself this question: How can, I, a junior Member of this body, follow leadership that has had a record for 30 years of having every single scheme that it has put forward and voted into effect fail to accomplish the purpose for which it was intended? I am not blaming them. I am not saying that I could have done any better. But I am calling the record to the attention of the American people and to the attention of the United States Senate; and as a junior Member of this body, I am asking the Senate to consider a new approach to this problem.

This afternoon I jotted down three solutions to the problem. There are just three possible solutions, and I shall state them now. These are not merely my own conclusions; they are the conclusions of Members of this body on both sides of the aisle; they are conclusions of our leadership and our administration. As I view the situation, there are only three ways in which we can solve this problem. I wish to God that I were sufficiently intelligent to know the best way to solve it. Today there is in the world a clash of two ideologies—the ideology of the free man and the system of government we enjoy in our Nation; and the ideology of the dictator. Those two ideologies are now clashing, as they have been clashing in the past. Since the end of the war, every time our Secretary of State, every time our President, every time any of our other leaders have sat down at the conference table with those who represent the ideology of the dictator, to try to solve the problems of this old world, they have failed.

Senators would do well, if I may say so, to listen to a little common horse sense. Others may state the matter in fancy words, but I shall try to state it on the basis of a little common horse sense; I do not know how to use fancy words. One of the three possibilities is that we shall settle the clashing of these two ideologies by war. I am not the only one who makes that prophecy, Mr. President. The second possibility is that the big leaders on one side, representing freedom and democracy, shall decide that we can live according to our philosophy, and Russia, on the other hand, representing the leadership of the dictator, can live according to her philosophy. Either there will be war, or we shall come to that conclusion, or, as the third possibility, we shall have to teach the people of the world that our way is best.

Tonight we are considering helping 16 European nations and appropriating \$5,300,000,000 for that purpose. The result of our action tonight—and these words are not mine alone—may be to bring on a war or it may not. It may convince Russia, which leads the communistic philosophy of force and dictatorship, that she had better live according

to her way of life and had better permit us to live according to our way of life and had better permit other nations to live according to their way of life; or else what we do here tonight will be the beginning of a course whereby we try to teach the peoples of the world, and of the 16 nations, in particular—because those nations are the ones we have especially in mind tonight—that our way is best.

Mr. President, that was why I introduced my substitute bill. That was my only reason for doing so, because I failed to find in the so-called Marshall plan any provision whereby we would teach the people who are to receive our help that our form of government, our freedom, and our way of doing things is best. I fail to find any such provision in the bill. All I can find in the bill is a scheme, if I may call it that, or a plan, if you please, whereby our Government, as a government, will do certain things and, in accomplishing those things, will proceed by way of giving the aid to the 16 governments concerned—in other words, a scheme of assistance from government to government.

We are going to set up a socialistic scheme in this country, to go out and buy billions and billions of dollars' worth of materials, our Government to take title to them and then ship them to the 16 nations of Europe which governments in turn are going to distribute them. On both ends of the transaction, the procurement and the distribution ends, I say it is a socialistic scheme.

I want to see a start made toward teaching other countries our way of life, and therefore the substitute bill was submitted. The Marshall plan calls for an Administrator to handle both relief and the long-range recovery feature of the bill. Under the substitute bill the Administrator would handle the relief end of it, as he would under the so-called committee bill. However, in the substitute bill relief is separated from recovery. Two billion dollars is appropriated for relief, and by means of a simple amendment to the Reconstruction Finance Corporation Act, we authorize the RFC, as an institution which has proved its effectiveness, having been established by the Congress in 1932, and which has been used in our own country for 17 years in the handling of reconstruction—we authorize the RFC to borrow \$3,000,000,000. We then authorize the RFC to buy one-half the capital stock in an RFC to be organized within each of the participating nations. The participating nations are to purchase half the stock. We shall then see 16 RFC's, one in each of the countries, functioning exactly as our own Reconstruction Finance Corporation functions. Those foreign RFC's will loan money to the small-business men of those countries and also to the big-business men. They will teach the people the American private enterprise system. They will give hope to the people of those countries, and they will put us in close contact with them. It would be the beginning, in my opinion, of the teaching of foreign countries our system of government and our private enterprise system. Mr. President, please do not say it will not work. I have been in business

for many years and I know it will work. I do not want to change the relief end of the committee bill. I would not change it at all.

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. CAPEHART. I will yield in a moment. An effort was made to write the proposition in the form of an amendment, in order to get away from the idea of a substitute, but the Legislative Counsel said that would be impossible, that it had to be in the form of a substitute rather than in the form of an amendment, because we retained 75 or 80 percent or practically all of the committee bill, except that we provided that our own Reconstruction Finance Corporation should handle the long-range business phase of the program. I am now happy to yield to the Senator from West Virginia.

Mr. REVERCOMB. Mr. President, I address this question to the Senator from Indiana. As I understand, the money that would be used for relief, in the purchase of food, medicine, clothing, and so forth, would go directly to the people as a gift, is that correct?

Mr. CAPEHART. That is correct.

Mr. REVERCOMB. The second question is this: The money which would go out of this country as a gift, in the event the Administrator wanted to make it a gift, for the rehabilitation of industries in Europe, would be advanced as loans to particular industries, would it not?

Mr. CAPEHART. That is correct.

Mr. REVERCOMB. One more question. In an earlier discussion during the debate, did I correctly understand the Senator to say that today all the countries that would come under the plan in Europe, with the possible exception of Italy, have dollars invested in America in an amount equal to half the amount they would receive under the plan?

Mr. CAPEHART. The investment by the 16 countries in this country is estimated at about \$13,000,000,000.

Mr. REVERCOMB. Then it is more than half.

Mr. CAPEHART. Yes; it is much more than half. It is questionable whether Italy has any dollars, and I propose that possibly in that instance Italy be handled through a separate act.

Mr. REVERCOMB. Mr. President, will the Senator yield for a further question?

Mr. CAPEHART. I shall be happy to yield.

Mr. REVERCOMB. Is it correct to say that under the plan as submitted by the Senator as a substitute for the pending bill there would be a requirement that countries receiving financial aid for the building of their industries would be expected to use some of their own investment?

Mr. CAPEHART. Yes; they would be expected to put up half the capital themselves. It would not be put up in money. They would simply put up their investments, their equities, their gold, their dollars, and their holdings in this country as collateral against dollar credits.

Mr. REVERCOMB. Under the pending bill as it came from the committee and as it has been amended on the floor, is it correct to say that there is no re-

quirement that the countries receiving financial aid shall use any part of their money in dollars or any of their investments in dollars?

Mr. CAPEHART. That is correct. The argument has been advanced on the floor that if we were to take their dollars, and if we permitted them to use their dollars in any way they saw fit at the moment, it would require less dollars from our country in order to support them. That may or may not make sense.

Mr. REVERCOMB. Under the plan of the pending bill, they would not be required to use any part of their dollars, would they?

Mr. CAPEHART. That is correct.

Mr. REVERCOMB. They could keep their dollars and take more of our dollars?

Mr. CAPEHART. That is correct.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Texas.

Mr. O'DANIEL. The Senator from Indiana is making a very able address, and he has reminded us of his experience in private enterprise in this country. He has urged us not to say that private industry will not work, because he knows it will. May I inquire whether the Senator from Indiana has ever had experience trying to make private industry work under a socialistic form of government?

Mr. CAPEHART. Mr. President, I presume the Senator is thinking of England. England, of course, is not yet entirely socialistic. There are literally thousands and tens of thousands of private business institutions in England. It is my opinion that England will become socialistic if we continue to give the government of England hundreds of millions of dollars to be spent as they see fit. The government of England is socialistically inclined; the people of England, in my opinion, are not. That is the one big reason why the program should be handled in such manner as to help the people themselves in the recipient countries, to prevent their becoming 100 percent socialistic.

Mr. O'DANIEL. Mr. President, will the Senator further yield?

Mr. CAPEHART. I am happy to yield.

Mr. O'DANIEL. Does the Senator from Indiana not believe that England has gone socialistic and is going more socialistic every day, in taking over private enterprises?

Mr. CAPEHART. There is no question about that.

Mr. O'DANIEL. Does the Senator not believe that our contribution of money to the government of England to enable it to subsidize the British people so they will not feel inclined to work many hours a week or to produce very much, is furthering the plan of the socialistic government of England to lead the British people deeper and deeper into socialism?

Mr. CAPEHART. That is correct. There can be no question about it.

Mr. O'DANIEL. How can the Senator expect private industry to succeed in socialistic countries, regardless of whether

it be England or any other country, regardless of how much capital is invested, how well the country is financed, and regardless of who does the financing?

Mr. CAPEHART. There is no answer to the Senator's question, because if they are socialistic beyond hope we are wasting the money, whether it be appropriated under the substitute bill or under the Marshall-plan bill.

Mr. O'DANIEL. If they are beyond hope, then we are doing everything we can to help them to proceed further without hope. Is that correct?

Mr. CAPEHART. That is my feeling about the Marshall plan and that is why I conceived the idea of offering a substitute bill.

I know the hour is growing late, and that the Senators wish to vote upon the substitute, but I want to say this before I take my seat. Senators may question my judgment, but please do not question my sincerity. The greatest heritage we have as a people is our form of government—

Mr. O'DANIEL. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield to the Senator from Texas.

Mr. O'DANIEL. I do not know just what the Senator means by not questioning his sincerity. I want to make it perfectly clear and plain that I was not questioning his sincerity.

Mr. CAPEHART. I was not thinking of the remarks of the able Senator from Texas.

The greatest thing we have in this Nation is our form government. It has made the Nation great. Nothing else has made us great. It has not been our natural resources, our location, or our people, speaking from the standpoint of nationalities. What has made us great has been our form of government. Then why, when we draw up these schemes both in connection with our domestic economy and in connection with international economy, do we draw them in a form which is completely foreign to our own type of government?

I am sincere about this matter. If we lose our form of government we shall have lost everything, because it is our form of government which has permitted us to be in position tonight to appropriate \$5,000,000,000 to help 16 other nations. Our form of government is worth more than billions of dollars.

I should like, in closing, before a vote is taken on the substitute bill, to tell the Senate in my simple way what I mean by that statement. Senators will possibly think it is simple. It is. I want to tell the Members of the Senate what our form of government means to me. I am certain it means the same thing to the other Members of the Senate. It has been our form of government which has made this Nation the greatest nation on the face of the earth. It is a form of government which permits the poor boy of today to become the home-owner of tomorrow; a form of government which permits the farmhand of today to be the farm owner of tomorrow; a form of government which permits the poor immigrant to become a citizen. Who on this floor does not have ancestors who at some time were poor immigrants?

This Nation is made up of all nationalities. I should like to know at the moment how many different nationalities are represented in the galleries. I say this is a form of government which permits the poor immigrant of today to become the successful citizen of tomorrow. That is America.

I, for one, shall not vote for any schemes, either domestic or national, unless I can by my vote make a contribution to the continuance of the type of government I have described, not only in our own Nation, but in nations throughout the world. If Congress wants to avoid a future war and if it wants to make a real contribution to world-wide peace and prosperity throughout the world and improve the standard of living of the peoples of the world, let it attack the problem on the basis that we will sell our form of government to the peoples of the world and prove to them it is the most successful.

Mr. President, something has happened during the last 30 years. Democracy under our form of government has lost ground. If that statement were not true we should not be here tonight to vote \$5,300,000,000. I say it is time to stop, look, and listen. I agree with the able Senator from Michigan that the hour of 12 will soon arrive, but I say it is about to arrive from a different viewpoint than his. I say we are in danger of losing our own form of government as the result.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. JENNER. Mr. President, I want to compliment my colleague from Indiana on the fine American address he has made this evening. As he was speaking, a question ran through my mind. Since he has told us that he is a businessman and knows about the workings of the free-enterprise system, I want to ask him a question. The Senator refers in his substitute bill to the Reconstruction Finance Corporation. When did the Reconstruction Finance Corporation come into existence?

Mr. CAPEHART. In 1932, if my memory serves me correctly.

Mr. JENNER. Can the Senator recall the conditions which existed in the country at that time?

Mr. CAPEHART. They were similar to the conditions existing in England, Belgium, Holland, and the other nations which we are undertaking to help.

Mr. JENNER. In other words, even under our great form of government which has made this Nation the greatest one under God's sun, we have had some bad times. Is that correct?

Mr. CAPEHART. We certainly have.

Mr. JENNER. If my memory serves me correctly—and I think the American people should be reminded of this one state of facts—it was only a little over 8 years ago when we had 10,000,000 Americans hungry, jobless, and walking the streets unemployed. Ten million Americans walked the streets for those long years even in this wonderful country. Despite all our know-how, all our wealth and greatness, we were paralyzed. We were like children lost in a forest. We

are a poorer nation today than we were during those years when 10,000,000 persons walked the streets jobless and hungry. Is not that correct?

Mr. CAPEHART. The Senator is correct.

Mr. JENNER. Since that time we have fought a war. Since that time we have laid upon this country a debt of approximately \$260,000,000,000. Since that time we have drained the natural wealth from this Nation in oil, coal, steel, and copper. Certainly we do not need to worry about feeding hungry people in Europe; we can always raise another corn crop, another wheat crop, another crop of oats or barley. But we do not raise an oil crop every year and we do not raise a steel crop every year.

At this hour, as midnight approaches, my colleague the senior Senator from Indiana has made an appeal for the free-enterprise system of government and business. Yet even under that grand system we find ourselves paralyzed at times in our economic experience. Therefore I say, let us not do something, unintentionally perhaps, that will drain our economy white, so that the very threat we are supposed to be fighting all over the world will flourish here in our native land, come another 10-year depression.

Mr. President, I say that the only chance for Russian domination of the world is the failure of America and the failure of the free-enterprise system. Therefore I say to my colleague, I hope and pray that this body will give some consideration to his very constructive thought, and, I hope and pray that the Members of the Senate here tonight will think back only 8 years, to a time when, although we were experiencing unemployment and industrial difficulties, as a nation we were much richer and greater than we are tonight, because since that time we have fought a war.

I thank my colleague for yielding to me.

Mr. CAPEHART. I thank my able colleague for his splendid contribution.

Mr. KEM. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the distinguished Senator from Missouri.

Mr. KEM. The Senator from Indiana spoke of the free-enterprise system, under which he said that the farm hand becomes a farm owner, and so on. I should like to ask the Senator if it is possible for a farm hand to become a farm owner under a system where the prices of everything he buys are kept up and up by dumping our goods abroad at Government expense, and his surplus earnings are seized by Federal taxes.

Mr. CAPEHART. Mr. President, there is no question that is one of the problems confronting us.

Mr. President, let me say, in closing, that I appreciate that we have not sufficient votes to carry the substitute, as I realized when I offered it. I felt obligated to offer it. I sincerely hope that it will receive a fair showing of votes. I think there is still a possibility that the House of Representatives may adopt it, and that we may have a chance to vote on it again.

If either the Senate or the House does not care to adopt the plan at the moment, I sincerely hope that the Committee on Foreign Relations will give consideration to the plan, because it is consistent with and promotive of the principles of our American form of government, which we should never cease to praise, and should always do our utmost to maintain.

The PRESIDING OFFICER. The question is an agreeing to the amendment offered by the senior Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. WHERRY. I announce that the Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. STENNIS], who is absent on official business, would vote "nay," if present.

The Senator from Maryland [Mr. TYDINGS], who is absent because of illness, would vote "nay," if present.

The Senator from New York [Mr. WAGNER], who is necessarily absent, would vote "nay," if present.

The result was announced—yeas 22, nays 68, as follows:

YEAS—22

Ball	Fulbright	Moore
Brooks	Hawkes	Pepper
Buck	Jenner	Revercomb
Bushfield	Johnson, Colo.	Wherry
Butler	Kem	Williams
Capehart	Langer	Wilson
Dworshak	McCarthy	
Ecton	Malone	

NAYS—68

Alken	Hickenlooper	O'Connor
Baldwin	Hill	O'Daniel
Barkley	Hoey	O'Mahoney
Brewster	Holland	Overton
Bricker	Ives	Reed
Bridges	Johnston, S. C.	Robertson, Va.
Byrd	Kilgore	Robertson, Wyo.
Cain	Knowland	Russell
Capper	Lodge	Saltonstall
Chavez	Lucas	Smith
Connally	McCarran	Sparkman
Cooper	McClellan	Stewart
Cordon	McFarland	Taft
Downey	McGrath	Taylor
Eastland	McKellar	Thomas, Okla.
Ellender	McMahon	Thomas, Utah
Ferguson	Magnuson	Thye
Flanders	Martin	Umstead
George	Maybank	Vandenberg
Green	Millikin	Watkins
Gurney	Morse	Wiley
Hatch	Murray	Young
Hayden	Myers	

NOT VOTING—6

Donnell	Tobey	Wagner
Stennis	Tydings	White

So Mr. CAPEHART's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. The Chair would suggest that if there be any further amendments to be offered, they be offered at this time.

Mr. WHERRY. Mr. President, will the Senator from Minnesota yield to me so I may submit an amendment.

The PRESIDING OFFICER. The Chair has not yet recognized any Senator.

Mr. WHERRY. On the floor of the Senate yesterday, and on the day before, I asked the chairman of the Foreign Relations Committee if he felt he could accept an amendment to insert in section 15, subsection (b), immediately after paragraph (8), an additional paragraph, as follows:

(9) Assigning their plant reparations claims against Germany, if any, to the Administrator, who shall postpone the execution of such claims until he decides, by review, and with the approval of the joint congressional committee, on the optimum place and method of integrating each of the plants entrusted to him into the European economy.

The purpose of the amendment is temporarily to hold up the dismantling of plants in the occupied areas of western Germany until the Administrator is appointed, who might revise the estimate of the plants which are to be dismantled, providing the participating countries would contact the Administrator, and by multilateral or bilateral agreements make revision of their claims. The amendment provides for postponing action on the plants proposed to be dismantled. It would immediately stop the dismantling of plants, until the participating countries and the Administrator could revise the schedule and determine for themselves whether to proceed under the Potsdam agreement.

Does the senior Senator from Michigan feel there would be any chance at all of accepting the amendment?

Mr. VANDENBERG. I understand the Senator's interest in this subject, and it is certainly a very legitimate interest, and the subject is a highly legitimate one. It is a matter which requires attentive scrutiny. I do not think that anything upon this subject should be written into the bill because it deals with a text which is involved in the peace-treaty relationship with our Allies. Therefore I hope the Senator will not offer the amendment, but I agree with him that the subject should be canvassed promptly with the Administrator when he is appointed.

Mr. WHERRY. With that assurance from the distinguished Senator I shall not offer the amendment. I realize from the position taken by the chairman—and I also heard a note or two from the ranking member of the committee—that it would not be acceptable, but I trust that when the bill becomes law, and the question of dismantling arises, the Administrator, if possible, may take action in line with the amendment, so that dismantling of plants in Europe will be discontinued, inasmuch as we are sending steel and raw materials to build up the very plants which under the Potsdam agreement are being shipped out of Germany and placed in other countries in Europe.

Mr. VANDENBERG. Mr. President, before the Senator from Minnesota [Mr. BALL] proceeds, may we not have a third reading of the bill, inasmuch as there are no other amendments to be offered and there remain only the speeches several Senators desire to make on the bill?

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 2202) was ordered to be engrossed for a third reading and was read the third time.

Mr. BALL. Mr. President, I have said many times in the course of this debate that S. 2202, the bill for the European recovery program, is the most important and far-reaching issue which this session of Congress will consider. No issue has caused me more grave concern during my service in the Senate. After many weeks of study and thought and efforts in this debate to change the program so that I could support it, I have reluctantly reached the conclusion that I must in good conscience oppose it.

Because for 7 years in the Senate, Mr. President, I have supported consistently every major foreign-policy proposal of the executive branch, beginning with those dark days in 1941, I believe I owe it both to the Senate and to the people I represent to set forth briefly the reasons which have impelled me to oppose the pending measure.

UNITED STATES FOREIGN POLICY NOT WORKABLE

I have supported many foreign-policy measures in the face of justifications which were often weak and vacillating, and which failed to give Congress or the people a sure and complete report of the facts. I am convinced now that the United States foreign policy, if it can be described as a policy, is not workable, and that it needs a complete and thorough overhauling. I have reached that conclusion because it is clearly apparent that our foreign policy, judged by the acid test of results, has failed badly.

Two years ago the United States stood at an all-time peak—probably unprecedented in history—of international prestige and power. We had just won, virtually singlehanded, a great war in the Pacific. Our military power was the deciding factor in winning another great war in Europe.

Out of a flood of production from our farms, mines, and factories we had furnished our allies and friends in the war over \$50,000,000,000 of lend-lease supplies, only a fraction of which was offset by reverse lend-lease.

UNITED STATES HAS GIVEN AWAY \$50,000,000,000
IN SUPPLIES

All the peoples of the world were tremendously impressed by the military power we had mobilized for the war, and were even more impressed by our almost miraculous productive capacity. Peoples and governments were convinced also of our good intentions, the fact that we had no desire either to exploit or enslave them. Whenever in history, for instance, had a great world power given away \$50,000,000,000 worth of supplies and exacted no commitments or even promises to repay in return?

It would appear, looking back, that the United States, with a wise and foresighted foreign policy, should have been able to obtain in the world very close to whatever international system we desired; particularly so since what we desired,

and what must always be the fundamental objective of our foreign policy, is an ever-expanding area in the world where individual men and women are free to worship, think, and speak as they please, to choose their own governments, and to labor at the occupations of their choice and enjoy the fruits of their toil. That objective surely is one which all people who have had even a distant glimpse of the great benefits of freedom must share.

EUROPE AND ASIA TORN BY CIVIL STRIFE

Yet what has happened? In the 2 years and a little more since VJ-day, far from moving in the direction our foreign policy sought, the world has moved the other way. Millions of people whom we fought to free live under Communist dictatorship, and the rest of Europe and Asia is torn by civil strife.

American military power, while still tremendous potentially, is much smaller in actual combat strength. Our prestige with the peoples of the world has deteriorated even more. The editorials in European publications sound shockingly like those of 20 years ago, when they were calling us "Uncle Shylock." This time the criticism is not because we are attempting to collect what is owed us. We have been too gentlemanly even to suggest repayment. This time the criticism is because we are not willing, without debate, to give Europe a blank check underwriting its economy for the next 4 years. It is a little shocking to me to find that attitude expressed by many of our great newspapers in America.

SHRINKING FREE WORLD FACING GREAT AGGRESSOR POWER

Finally, our shrinking free world is facing a great aggressor power, Communist Russia, whose dictatorship is as cruel and ruthless as any the Nazis ever imposed, and whose aggressions bear a terrifying similarity to those in the late thirties which heralded the Axis attempt to conquer the world. The main difference is that Russia, in the Communist Parties tolerated in free nations, including the United States, has a fifth column infinitely more effective than any the Nazis ever had.

The deterioration in our international position in 2 years is almost unbelievable. Yet in those 2 years, every foreign policy proposal of this national administration has been approved by Congress.

UNITED STATES ON THE DEFENSIVE

We ratified the United Nations Charter with only two dissenting votes in the Senate. Yet we are continually on the defensive in that great world forum, answering the ridiculous warmongering charges of Russian dictators, who speak fresh from their armed subjugation of eastern Europe in violation of the Atlantic Charter and their other agreements.

FICTITIOUS EXCHANGE RATES BOTTLENECKS TO EUROPEAN RECOVERY

Congress approved the Bretton Woods agreements establishing an International Monetary Fund and the World Bank. One was supposed, we were told, to stabilize currency exchange rates, and the other to finance reconstruction projects. Fictitious exchange rates still are one of

the bottlenecks to European recovery today, and there would be no need to discuss a Marshall plan if the World Bank were functioning as promised.

LOANS AND GIFTS TOTAL OVER TWELVE BILLIONS IN 2 YEARS

Pending the operation of the Bank and Fund, the United Nations Relief and Rehabilitation Administration was set up to do the relief job, and Congress, at the administration's request, appropriated \$3,700,000,000 to it. Members of our Senate Appropriations Committee found \$75,000,000 worth of UNRRA supplies, mostly tractors and farm machinery made in America, rusting in an open-air depot at Athens last summer. UNRRA was not a very happy venture, either.

Recognizing the importance of British recovery to our hopes for the world, Congress voted the \$4,400,000,000 British loan. It is already exhausted, with none of the purposes promised for it achieved. In fact, Britain is in worse straits economically than before the loan was made.

In the 1947 session Congress approved the \$400,000,000 Greek-Turkish aid program, voted another \$332,000,000 for relief purposes in Europe and Asia, to say nothing of \$600,000,000, now raised to \$1,090,000,000 for relief in occupied areas during this fiscal year. Relief in occupied areas alone will have cost us \$2,625,000,000 by July 1948. In addition, hundreds of millions have been loaned by the Import-Export Bank, whose lending authority was increased \$2,700,000,000 in July 1945, for that purpose.

In all, our loans and gifts in Europe have totaled more than twelve billions in 2 years, plus another two or three billions in Asia.

ERP BEING SOLD AMERICAN PEOPLE ON FALSE BASES

What has been the result of all this expenditure of American resources? The realization of our objective, a free world, appears further away than ever, and we are now considering a measure which will commit American resources to the extent of an estimated seventeen to twenty billion dollars over the next 4 years to save Europe from communism, to prevent World War III, or to help European recovery.

Mr. President, from the information I receive, it appears to me that this program is being sold to the American people on a number of false bases. One of them is an appeal to the generous instincts of the American people to help other people in distress. It is our humanitarian duty to help feed and clothe the peoples of Europe, we are told. We here in the Senate know, of course, that under the Constitution Congress has no power to appropriate public moneys for charity abroad, much as we might sympathize with the plight of those unfortunate people. That is not the basis of this measure and I hasten to say that its sponsors in the Senate have not attempted to use that argument. However, it is a widespread misconception.

Likewise, many people have been led to believe that the adoption of this program will prevent World War III. I believe it has been made abundantly clear in the debate here on the Senate floor that there is no such assurance. The

most that it can do in that direction, if it is wholly successful, is to eventually build up some power in western Europe on the side of freedom which may serve as a deterrent to the onward march toward war of Russian Communist aggression.

RUSSIA'S DECISIONS WILL DETERMINE WAR OR PEACE

Unfortunately, the decision as to whether the world will be plunged into war again does not rest with the free, democratic nations. If it did, there would be no tension over this question today, and no danger of war. Communist Russia's decisions will determine whether we have war or peace, and ERP is unlikely to affect those decisions materially, unless it speeds up the timetable of conquest.

Another popular misconception about the effect of the program is that it will stop communism in western Europe and that that is its primary purpose. Again, I hasten to make clear that the sponsors of the bill have made no such flat claim. I think the debate here in the Senate has made it clear that the conquest of free peoples by Russian Communist aggression or subversion is dependent primarily on the threat or the actual use of naked, ruthless power, and that economic distress, on the record, has played little role in what has happened to one nation after another in eastern Europe.

Furthermore, it is perfectly apparent that there is no danger that the United Kingdom, Holland, Denmark, Ireland, Iceland, Norway, or Sweden will be taken over by the Communists, except by external aggression, no matter what their economic problems may be. And as we all know, these countries will receive considerably more than half of the assistance proposed in this pending measure.

I mention these false conceptions of what the pending measure will accomplish, Mr. President, because I believe it is very dangerous for the American people to support a program under misapprehensions as to what it intends or can accomplish. The repercussions when the people finally discover the truth are likely to be very disastrous.

ERP LEGISLATIVE BLANK CHECK

Mr. President, three major reasons have convinced me that I have no alternative but to oppose this bill. First of these is that it is a legislative blank check to the administration to underwrite the trade deficits of western Europe for the duration of the act. Some of us on the floor have offered amendments designed to tighten up its provisions, but the bulk of them have been defeated. I was greatly encouraged last summer when the senior Senator from Michigan, in a statement on the then nebulous Marshall plan, insisted that there would be no more blank checks in our foreign policy. I have the highest respect and the most affectionate regard for the Senator from Michigan and the members of the Foreign Relations Committee, and I know they are convinced that this foreign-aid program will be vastly different from the ones we have undertaken in the past. I sincerely hope that they are right.

UNITED STATES UNDERWRITING TRADE DEFICITS OF WESTERN EUROPE

But reading the plain language of the bill, and having listened to this 2 weeks of debate, I am still convinced that under this measure the administration can do almost anything it wants to do. I am convinced that in view of the repeated ultimatums from the President and Secretary of State that Congress must pass this measure as is, or "else," that it will be administered, not as a hard-boiled, practical business approach to the recovery of Europe but as the United States' underwriting of the trade deficits of western Europe.

That is the concept of this program as it originated in the CEEC at Paris, and it seems to me that is still the fundamental approach. Under that concept the United States has no control over the amount of the deficit, and very little control over the purposes to which the imports creating it are put.

All through this debate we have heard about all the "imponderables" and the "uncertainties" and the "speculations" in this program. There are scattered through the bill many clauses pointing toward a sound, businesslike approach to the program, but in every instance we find these directives from Congress qualified by phrases like "whenever practicable" or "insofar as practicable," which vest in the administration, and eventually in the President and Secretary of State, if there is any conflict, what seems to me to be complete discretion to do exactly as he pleases.

On one hand, we are told that Russia and the Communists are violently and unalterably opposed to this program and will do everything they can to defeat its purpose, and then, on the other hand, we learn that the whole program for recovery of western Europe is premised on a substantial resumption of normal trade between eastern and western Europe.

Clearly, then, any time that Russia, through her satellites, wants to close the iron curtain tightly on the resumption of such east-west trade, she can, by that act alone, defeat the whole program. I grant you that eastern Europe needs trade with western Europe and that normal economic considerations should impel the Russian dictators to permit this resumption, but I know of no instance in history when the Russian dictators have permitted normal economic considerations or concern for the welfare and living standards of people to interfere with their plans to achieve political objectives.

The Senator from Michigan has emphasized repeatedly that Congress will review this program completely in just 9 months, and yet the program is a 4-year commitment. I believe that it must be a 4-year commitment to be a real recovery program, and I know the Senator from Michigan is convinced that a review and overhauling of the program at the end of a year is consistent with a 4-year commitment.

But, Mr. President, it appears to me that if this program should fail and Congress decides to abandon it or drastically modify it at the end of a year, after making a 4-year commitment on which the people of Europe have relied, we shall

have acquired, not friendship but the bitterest of enemies.

PAST FOREIGN-AID PROGRAMS FAILED

Mr. President, I could go through the bill in more detail to point out other provisions which strengthen my own conviction that this is a legislative blank check, but I shall not take the time to do so, because I am sure all of my colleagues have read the bill and studied it as I have. However, I submit that we would not consider for one moment extending aid to any American enterprise under authority as wide open as this and granting such blanket authority as this one does. The emphasis the Senator from Michigan has repeatedly placed on the kind of Administrator we should obtain for this program is his own tacit admission that that Administrator will have almost complete discretion in determining the kind of program it will be.

But, Mr. President, I submit that the past record of this Administration in the negotiation and administration of the past foreign-aid programs, on which the United States has spent between fifteen and twenty billions does not justify this kind of a blank-check authorization with any real hope that this time the aid will succeed in achieving the objectives we seek, instead of failing.

My second major reason for opposing the European-recovery program as presented is that I am convinced that it is foredoomed to failure in achieving any economic recovery without an immediate and parallel program on the political level to achieve for the remaining free nations of the world real and effective collective security against aggression and subversion of their freedom and independence.

SECURITY AGAINST POWER AGGRESSION

Perhaps the United States has or is developing a policy to meet the threat and power of Russian Communist aggression which has been swallowing up one nation after another for the past 2 years. If so, neither Congress nor the people have been told about it. For at least a year and a half, the purposes of Russian Communist aggression have been clear for the whole world to see and those aggressions have been based on the ruthless threat or use of power, whether the power of the Red army or the power of a Communist minority.

To achieve economic recovery the people of Europe must have some confidence in the future. They must have faith that there will be a free tomorrow. Productive enterprises are not built in a day, and often not in a year or 2 years. We cannot expect the people of Europe, who must do the biggest share of the job, to invest their savings and their labor in enterprises which cannot produce for 1, 2, or 3 years in the future when they have no real faith that there will even be a free tomorrow. Men and women do not build factories on the side of a volcano that is erupting smoke and ashes, with the lava flowing steadily down the slopes toward their factory site. And how can we expect the people of Europe to rebuild their industry in the face of the steadily approaching juggernaut of Russian power aggression?

SUICIDAL POLICY FOR UNITED STATES

I hope events may prove me wrong, but I am convinced that investing billions of American resources in economic recovery in western Europe without an immediate parallel program to develop some real and effective security against power aggression will be completely futile.

My third major reason for opposing the pending bill is that, as nearly as I can judge, Mr. President, it is a part of a United States policy to attempt to contain Russian Communist aggression and subversion throughout the world by means of lavish economic assistance from the United States. How does that policy work?

Russia occupies a tremendous land mass in Europe and Asia and is pushing out in all directions along the periphery of the areas she controls. She can with relatively little effort turn the pressure on, first in Finland or Austria, maybe in Sweden next, or she can shift to Greece, Turkey, or Iran. She can take advantage of the internal strife in India or China, or she can put the pressure on in Korea.

In Greece the United States has spent \$300,000,000 in addition to the aid received under UNRRA and other programs, in the carrying out of this containment policy in that one little area. And, yet, the latest reports from Greece indicate that all we have succeeded in doing is holding the line against a few thousand Communist guerrillas. We have no way of knowing how much this particular pressure has cost Russia, but I would guess that it is probably less than \$300,000. In other words, by spending \$1 Russia can force the United States to spend a thousand dollars. Mr. President, that appears to me to be a hopeless, suicidal policy which can have only one end result, the economic bankruptcy of the United States.

I regret, Mr. President, that I can no longer support a foreign policy whose sole answer to every succeeding international crisis seems to be the expenditure of more and more of American resources all over the world.

NO PROGRAM TO MEET POLITICAL AND POWER REALITIES

It is with deep regret that I take that position and I have tried hard to convince myself that I could in good conscience support this program. The only two arguments which to me seem logical and tenable are: First, that it might have some effect on the Italian elections coming up April 18; and, second, that it might buy time for us to develop a really effective foreign policy to meet the grim realities we face.

As for the Italian elections, Mr. President, I cannot claim any expert knowledge, but it does appear to me that if the will to be free in the Italian people is so weak that it can be sustained only by a steady diet of American dollars, it is indeed a weak reed for the free world to lean upon.

As for buying time, Mr. President, I think time has been running on us for a year and a half, and I see no indication that our present leadership recognizes

the lateness of the hour in the political field or has any program or any intention of developing a program to meet the political and power realities of the present world situation.

Unfortunately, the functions of Congress in relation to our foreign policy under the Constitution are largely negative. Foreign policy must be made by the President and it is our obligation to say "Yes" or "No." And yet I could not close without saying in positive terms what seem to me to be the alternatives, neither very satisfactory, which we face.

COLLECTIVE SECURITY BEST HOPE

One of those alternatives is to move immediately to develop either within or without the framework of the United Nations a collective-security program which stands a chance of working, which will revive the hopes of peace-loving people which have been so disappointed by the ineffectiveness of the United Nations, resulting from obstructive use of the veto power. Such a program might well include economic aid in reasonable amounts. I think the hour is late. Unless very soon free nations and peoples of the world unite, reaffirm their devotion to the principles of individual freedom, and pledge a mutual defense against any threat to their freedom, they will one by one suffer the fate of Hungary and Czechoslovakia until world war III is upon us.

That alternative, Mr. President, is my preference. I am an internationalist, and I believe that collective security is the best hope of real security for any nation in this foreshortened world. I am not wedded to any specific formula to achieve it. I would consider and be inclined to support anything, from strengthening of the United Nations to federal union with those nations which will accept the basic principles of freedom.

The only other logical alternative, it seems to me, is for the United States to withdraw as much as possible from our international commitments, build up our own military strength and hope that eventually Russia will spread herself so thin she will break. That to me is the less acceptable alternative, but I think it is a possible alternative.

ERP DANGEROUS RISK FOR UNITED STATES

Unfortunately it appears to me, Mr. President, that our Government is not facing the facts as they are and is not developing any coherent, logical foreign policy to meet the realities of the world today.

I cannot convince myself that the measure before us is all or even part of a workable policy. It is a calculated risk, but in the absence of clearer specifications and a coherent political policy to match economic aid, I am convinced it is a very bad and dangerous risk for the United States and I shall therefore vote against it.

MR. HICKENLOOPER. Mr. President, it is not my purpose at this late hour to take a great deal of the time of the Senate in discussing the pending measure. I will say, however, at the outset that the general approach to the problem

is that today we are facing vital and tragic facts in a factual world which must be decided with dispatch and expedition, and that we do not have time to indulge in the luxury of fanciful speculation as to a future hope for solutions of problems which may not exist.

As a member of the Foreign Relations Committee, I had opportunity to become acquainted with the present situation in Europe and to weigh the reasonable chances of success of this program against the probability of deterioration in Europe if such a program is not adopted. In addition, last September and October, as a member of a subcommittee of the Foreign Relations Committee, I also had the opportunity of visiting all of the participating countries as well as Finland, Poland, and the Balkan nations. I feel that the opportunity of first-hand observation of visible social and economic conditions in Europe, supplemented by statistical investigation of their present condition and the reasonable potentials of their goals, as well as analysis of the judgment of able witnesses whose sincerity cannot be questioned, lead to certain inevitable conclusions.

First, Europe, its finances and its physical production plant have been and continue to be in a substantial state of disruption. The depletion in the ranks of its ablest leadership and the loss of a great deal of its potential source of future leadership, its younger people, as a result of the war, have combined with other physical disruption and economic chaos to strike a crippling blow at its morale. The uncertainty of its goals and the reasonable possibility of attaining those goals under these conditions seriously destroys incentive and contributes in many places to a fatalistic attitude that feeds a day-to-day existence philosophy rather than inspires efforts toward sound recovery.

I shall not burden you by restating the statistical details of Europe's economic or social past nor by itemizing the financial or material plans of this program. Those matters have been successively presented in this debate and the record seems fairly made with as much exactness as is possible at this time. I want to make clear that in supporting this measure in the Foreign Relations Committee, I concurred with the philosophy generally accepted by the committee as contained in this bill, and I am now in support of that philosophy as presented in greater detail here on the floor by the chairman and by the other Members who have discussed it.

There are two vital areas in this program, however, to which I would like to refer for a few minutes. The first is social and economic and the second is that of administration.

While we do not intend to impose upon any nation our particular statutory and legal system, which we believe history has shown to be best for the progressive development of individuals, nevertheless, I am sure that we do believe that any system of government for any people can be progressive only when the dignity and responsibility and fundamental rights of the individual are the foundation of that system. No lasting progress has ever been made in the world except

in direct proportion as those rights have been nurtured, and no progress can be made in a recovering Europe except in proportion as those rights are encouraged and allowed to survive.

The economic and moral disruption and confusion in Europe today furnish a most fertile field for the suppression of those very principles. Those whose leadership must tenaciously cling to those principles are being sorely tried. Demagogues and despoilers are proposing deceptive and beguiling programs for the seizure of power for themselves but their objectives are the debasement and degradation of human dignity. The end is the enslavement of those who are beguiled.

Our Nation has contributed much, in various ways, toward sustaining the nations of Europe since the shooting war stopped. It is easy to understand why many people not only feel that we have done enough but that a substantial portion of our money and goods has been wasted. It is an intriguing argument to say that we have spent billions of dollars, contributed shiploads of goods, and that Europe is not yet back on its feet; therefore, we should withdraw completely, lick our own wounds, and let Europe go whatever way fate may take it.

It seems to me, however, that this very argument adds strength to the present effort. True, Europe has not recovered its normal prewar economy, but any examination of the record proves two things without any doubt: First, that had we not contributed as we have toward the stabilizing and recovery of Europe in the past, it would today be in a state of chaos, disruption, and actual destruction that is unthinkable; second, that as a result of what we have heretofore done there has been a stimulation of effort that has, in great measure, stabilized Europe and stimulated the beginnings of its recovery. It has gone far toward crystallizing Europe's own calm appraisal of her problems and has strengthened her determination to work herself out.

I refer to Europe—and in connection with this bill western Europe—as a unit, because I believe the problems must be dealt with by the united and coordinated efforts of Europe, and any piecemeal approach now through individual countries or one that is not integrated with and tied into a general program of over-all western European recovery would indeed be wasted. It is the unity of purpose and the unity of maintenance of free systems in western Europe—and eventually in other parts of Europe—that will contribute to the attainment of our purpose, which is the establishment of peace and a freer and more comfortable world.

While there is a firming up of attitude in western Europe resulting directly, I think, from their feeling that they have the encouragement and sound support and friendship of our country, nevertheless, there are vicious and ominous portents in other parts of Europe. Behind the iron curtain, where the pitiful cries of victimized people for salvation from their slavery are being rapidly throttled, we see the increasing threat of violent conquest coming closer to the Atlantic. Communism, protected by Soviet troops,

has conducted organized looting and robbery of the nations of eastern Europe, has openly seized their governments and enslaved their people, and pushes its probing fingers westward. These conquests have been accompanied by the cry of democracy—a nauseating prostitution of the word; there is as much, and no more, democracy in the mastication of these peoples as in the conquests of Ghenghis Khan or the Vandals, and no less villainy.

The fifth columns of communism today are invading western Europe, and they work eternally and insidiously. They mouth the plight of the common man and promise utopia, but their purpose upon gaining success, of course, is the same as it always has been, a seizure of power for themselves and the vassalage of those they may capture. In this connection, we need not confine ourselves to western Europe to observe these practices. In our own Nation we see evidence of those who, under the cry of liberalism, excuse and apologize for the seizure of the countries of eastern Europe; some of these people in our own country may be befuddled and shallow in their thinking, but others, I have no doubt, are diabolic in their purpose. All of them, however, pervert the very liberties and freedoms which they have here, to follow the Moscow party line which has for its objective world conquest and control.

If western Europe, with its traditions of freedom and self-government, can restore itself economically and socially it will not only become the greatest bulwark against further encroachments from the east, but will provide a most potent means for tearing aside the iron curtain that now divides Europe and for restoring the principles of self-government, for which we are willing to sacrifice much. If a population mass of 270,000,000 people can reestablish an efficient organized economy and a political stability under the responsibility of self-determination, it then possesses the means to completely and successfully resist any mass or brute force that can come against it from outside.

It is not an easy task which we face. It will call for some sacrifice, but intelligent effort now on our part, and a willingness to make certain sacrifices now, may well preclude the necessity of far greater sacrifices, materially and politically, in the not too distant future, for our own vital preservation, than many care to now realistically consider. I believe that the participating nations of Europe are now aware of the ominous hazard of a failure on their part to do their job under this plan. I believe that they are utterly determined to devote all possible effort and coordination toward their own rehabilitation and toward their own recovery.

There is much evidence of this determination; the coordinated efforts of the 16 nations to evaluate their own situations, possibilities and potentials; the setting up by some nations of customs unions and the beginnings of discussion of such a program by others; the proposals both in England and on the continent for closer political and economic unions in other ways and now the an-

nouncement of the economic political and mutual-defense agreements reached between the representatives of Great Britain, France, Belgium, the Netherlands, and Luxemburg.

No one can guarantee the full success of this program, but I think the guaranties are apparent that, if we do not honestly and efficiently make this effort the assurance of a decimated Europe, politically and socially, is almost certain and if that occurs, we will be faced inevitably and in the not too distant future, with a struggle for the survival of the civilization and civilized processes under which we are determined to live.

The second area of this program that I would like to discuss is that of the administration of the plan itself. Europe must recover by its own efforts, and any aid or assistance that we give must be rigidly held to the purpose of stimulating those efforts on the part of Europe and its nations. We must be rigid in our determination that this program shall not become a colossal charitable gesture. The sound objectives for this plan are the restoration of a self-supporting economy in Europe and a reestablishment of its morale. These objectives can be accomplished only through the restoration there of self-respect and reasonable hope.

Since the suggestion of this program, I have been constantly opposed to its control or dictation by the State Department because the State Department is not constituted as an administrative agency but as a political agency, and, therefore, is not equipped to administer an economic program such as this one. I have favored the establishment of an independent authority in the administration of this plan by practical, broadly qualified persons who know and who have succeeded in a competitive free-enterprise system.

The bill provides means for its operation under those principles. It divorces the administration from the control and dictation of the State Department, but provides for consultative cooperation in order that our over-all foreign policies and the administration of this program may be coordinated. I am convinced that this proposal is workable and satisfactory, providing the personality and the personnel of the administrative group is adequate. The appointments of an administrator, his assistant, and the director in Europe are vested in the President subject to Senate confirmation. It, therefore, becomes utterly vital that in these appointments the President select persons of high ability and broad experience, thoroughly committed not only to the sound, sensible, economic stimulus of Europe on the most businesslike and practical basis but these persons must also constantly gage and govern their decisions and their administration by the paramount obligation of preserving the strength and vigor of our American economic system.

I am supporting the authorization for not to exceed \$5,300,000,000 for the first year of the operation of this program. It has been strongly urged by the executive branch, which has the voluminous statistical information and personnel for its

evaluation, that this amount is essential and sufficient. Based upon its representations and the evidence, it would be unwise to provide an amount less than sufficient. Nevertheless, I feel that vigorous and capable administration of this program, based on a policy of stimulus to recovery in Europe may possibly be successfully accomplished with a lesser amount. If we examine the record of the recovery of Germany after World War I, we find that administration under the Dawes plan, which, at least in its earlier stages, seemed to be economically successful, with an expenditure somewhere in the neighborhood of \$200,000,000, succeeded in stimulating the investment of local capital and effort, and in attracting literally billions of dollars of capital from other parts of the world into this recovery program.

A sound administration of the European recovery program with intelligent application of the funds and investment of this appropriation can very well so encourage private capital from here or from other places to invest in potential or actual economic ventures in Europe that it would relieve, at an earlier date, continued support from us.

But if administration of this plan takes the course of political expediency and a colossal dole, then the prospects for sound recovery in Europe will not be good, and the money which we spend outside of dire emergency contributions will be largely wasted because self-help in Europe will not be encouraged, but, on the contrary, dependency will be encouraged.

I have strongly urged and continue to urge that the Administrator of this program require firm agreements and commitments for the repayment for capital goods, and financial investments in permanent developments, whether these developments be physical construction or the stimulation of permanent economic enterprises.

Emergency needs to prevent starvation and immediate physical hardship are, without doubt, humanitarian contributions, but gifts for long-range and permanent capital development will not stimulate the self-respect of the recipients.

I shall urge also that the Administrator in any program of purchasing or acquiring goods outside the United States for the implementation of this program arrange that any countries not classified as needing emergency assistance bear an equitable share of the cost of such goods obtained from them, and that those countries accept guaranties or deferred payment from us for all or a substantial portion of our obligations to them under such purchases.

I shall further urge that the Administrator, to the greatest degree possible, encourage and stimulate the dealing on an individual basis for needed capital goods between private enterprisers in the countries involved and private suppliers in this or other countries.

It seems to me that the one vital element in this program, therefore, is the quality, the vigor, and the attitude of the Administrator and his program. It follows, then, naturally, that who the Ad-

ministrator and his top assistants may be is equally vital. So far as my personal attitude is involved, I shall be greatly concerned with the question of who may be this administrator and his assistants, and with the administrative details that they propose to put into effect to carry out the terms of this law. I believe that administration is so important that, given adequate and proper administration, successful European recovery has a good chance for success; but, on the other hand, given political, inadequate, and less than the highest degree of able administration, European recovery as a result of this program is doubtful.

Of course, Mr. President, the impact of this program upon our own economy must be a basic consideration overshadowing all others. As in the case of other considerations that I have mentioned, I shall not take the Senate's time to itemize or analyze this question because it has been done, pro and con, repeatedly in this debate. The success of the plan is dependent upon the maintenance of our own strength and economic soundness, and eternal vigilance must be maintained against profligate weakening of our economy. Able and patriotic men such as those composing the Harriman committee have exhaustively examined our economy and unanimously conclude that we can do this without peril to our own recovery or our own strength.

Certain pressures are bound to be created on our economy under this program and especially so far as goods in short supply are concerned, and it will require a measure of further sacrifice on our part. Intelligent and able administration, however, can greatly minimize these pressures and can spread them over a period of time that will reduce their impact. The clear declaration that we will examine the progress of the program next year, and that we will measure the accomplishments of the participating nations before going further, is a safeguard against long-range or foolish commitments.

No one of us wants continued crisis or continued drain on our resources, and all of us eagerly anticipate the time when peace and economic order may be more assured. The sad fact is, however, that peace and economic order are not the world's lot now, and whether we like it or not, our own best interests and the prospects for a better world tomorrow seem to be completely dependent upon the vigor, vision, and judgment of our leadership and the discharge of our unavoidable responsibilities.

In closing, Mr. President, I may summarize by saying only that as a result of whatever cumulative knowledge and examination I may have or may have acquired in the past, with respect to the necessity for this effort and in a reasonable evaluation of the probabilities of success, I am convinced that we must make this effort. We must make it in good faith, and with the conviction that while its immediate successful benefits will be the reestablishment of Europe's economy, its long-range benefits will, in the end, come back to us in the measure of a more reliable world, a more comfort-

able America, and a more hopeful future.

Mr. McCLELLAN obtained the floor.

Mr. O'CONOR. Mr. President, will the Senator yield to me to place in the RECORD a statement I have prepared on the pending measure?

Mr. McCLELLAN. I yield.

Mr. O'CONOR. Mr. President, because Europe—indeed, all mankind—is waiting expectantly for America's decision in the vital matter of aid for a war-torn world, I urge that we act on S. 2202, the Economic Cooperation Act, expeditiously and with full knowledge of the import of our action to the future of hundreds of millions of people now living and who will be our successors in years to come.

I have issued a statement that sets forth the foregoing in greater detail, but not with more sincerity. It is imperative that America provide the aid needed to start the world back to self-sufficiency. I ask that the statement of my view be printed in the body of the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HERBERT R. O'CONOR
ON EUROPEAN RECOVERY PROGRAM

One cannot help being profoundly impressed with the presentation of the Economic Cooperation Act to this body and with the debate which has ensued on the great concept it involves. I have been particularly impressed with the fact that, for the most part, those who have been critical of the bill have not questioned the basic objective of aiding the free countries of Europe, but have directed their remarks to the method or the extent of aid.

In fact, there have been arguments that this proposal does not go far enough, that this concept of economic assistance from our Nation to supplement the cooperative effort of those liberty-loving European nations who have pledged themselves to work together toward their mutual recovery, will not succeed unless there are also political and security elements in the plan.

I do not wish to argue this suggestion. Every American must take pause and consider the sinister record of expansion of Soviet Communist control over one after the other of nations and peoples of eastern Europe, peoples whose centuries old histories, we all know, bear proud past listings of gallant struggles and bloody revolt against oppressors. Yet these nations have fallen prey, one by one, to the relentless subversion or control of police-state methodology.

The shocking fate of Czechoslovakia has struck America doubly hard, because it seems only yesterday that the name "Czechoslovakia" stretched through the headlines of our papers as the harbinger of liberty and freedom in eastern Europe. What has happened to Czechoslovakia makes it imperative to consider the bill which is now before us in the context of the realities of world affairs today. This is no time for escapism. It is the time to act.

It is of the need to act which I wish to speak briefly. It has been made abundantly clear that the European recovery program is no panacea. It does not pretend to be the complete answer. It is, however, an inspired and carefully worked out program, which has been hailed by the free nations of Europe, and extolled by the leaders of free people in the rest of the world, as one of the most positive and constructive developments in international affairs since the lights of liberty in Europe were first snuffed out by Nazi totalitarianism.

The program is not solely an American venture. The 16 nations of Europe which have pledged themselves to this program, with western Germany, are not and do not intend to be merely passive recipients of aid. If we are to act in time to really help them, let us act now on this already vast and complex project—this project which enjoys the acceptance and approval of the free, wherever they may be. And then let us proceed to what further action is dictated by the realities of the present.

Nothing could be more futile than to delay at this moment the vital element of aid to the faltering economy of free Europe while searching for a complete solution to the situation. The complete solution will not be easily found, but we can be sure that the complete solution must include a cure to the economic illness of Europe or it will be no solution.

Nor can we expect resolve and determination to resist subversion and to protect freedom throughout the 270,000,000 of free Europeans unless those millions see clearly the hope that free society can give them food and work for themselves and economic security for their families. At this very moment, the free European nations are considering Mr. Bevin's proposal for a western European union, but that union cannot long survive, or in fact, it cannot be born, if economic collapse, unemployment, privation, and loss of economic hope may be its attendants.

The fall of Czechoslovakia to the Communists and the blatant pressures being put upon Finland to knuckle under to communism are evidence of the Soviet campaign to make the most of the situation, before ERP can begin to revive strength, confidence, and hope in free Europe.

The creation of the Cominform and the statement made there by a member of the Soviet Politburo (Mr. Zhdanov) to the effect that the Union of Soviet Socialist Republics would oppose the Marshall plan to the limit of its ability, were important first evidences of the heightening of Soviet Communist action.

To date the success of increased Communist activity within the European nations which have cooperated in the European work toward recovery has not been great. These countries, heartened by the hope that their economic future could be assured through their own cooperative action assisted by United States aid have been able to reduce Communist activity in their countries. However, in Italy especially, Communist propaganda has been particularly violent and to some extent locally persuasive against the Marshall plan.

Italy faces on April 18 the first general election under her new constitution. So long as the man on the street there is confused as to intentions of the United States to help Italy economically, he is all the more susceptible to Communist propaganda. It may already be too late to affect the thinking of the majority of individual voters in Italy—certainly if this confusion persists until they reach the polls. But it may be the straw that weighs the balance in the voting.

If the Italian elections were to bring Communists into substantial power in Italy the effect upon other European nations would be very profound.

It would mean the first major success of communism outside the iron curtain which has been heretofore pretty well defined by the high tide of the advances and control of the Red army. Nothing succeeds like success, and in the tenseness of Europe today, Communist success in Italy would shake the confidence of free people in other countries.

European recovery plan, in itself, should not be expected to affect vitally the situation in Italy in a matter of 5 or 10 days. But the recognition by the Congress of all that ERP means to Europe and decisive action by the

Congress to approve its concept and get it under way could be of very real psychological importance in Italy.

The need for urgency of action does not relate only to Italy. The funds available for keeping pipe-line shipments of food and raw materials flowing to Austria and France are nearing exhaustion. Without the most urgent action there could be a dangerous break in the flow of basic commodities to these countries. This would have grave results through decreasing the ration and causing unemployment just at the time when Europe must stand a real test of its determination and vigor to maintain the concepts of liberty and freedom.

Then, too, America has noted the indications of the dire straits of the United Kingdom's finances. Unless the assurance of help in the moderately near future can be given, there will be an increasingly grave strain on the financial stability of the pound sterling all over the world. Furthermore, Britain's ability to maintain her military strength, which is important as a stabilizing influence in many parts of the world, may be adversely affected.

In general, the shortages of dollars throughout all of western Europe has been strangling intra-European trade, and the economic situation, which is the foundation of political stability, has been steadily deteriorating. It needs the "shot in the arm" of American determination to assist, in order to halt this deterioration, re-create confidence, and to stiffen the spines of all the confused peoples on the Continent.

For these reasons the need for prompt and decisive action by the Congress to approve ERP is evident and our responsibility is clear.

The months and the years ahead are critical to the preservation in our country of the way of life America fought for whenever it was in jeopardy. These years are critical similarly to the remaining free countries of Europe. Economic cooperation should be the watchword of today. We can move a great step forward by acting promptly, adequately, and wholeheartedly on the proposed economic cooperation measure.

Mr. McCLELLAN. Mr. President, it is my purpose to be brief. I shall not discuss the measure at the length its importance warrants because the hour is late, and I merely desire to state my position and make some observations for the RECORD.

It is with considerable reluctance and regret that I shall vote for the pending measure. I say with regret, because I deeply deplore the incidents that have occurred in the world which make it necessary for us at this time again to undertake to respond to the need of suffering humanity by large expenditures of money of the taxpayers of the Nation. I am reluctant to vote for the measure because of the lack of assurance that the program will be or can be successful, and also because I have a strong apprehension that our efforts and our good intentions in this enterprise may all prove to be in vain.

I had hoped that during the debate and in the course of our deliberations facts could be developed and established and that arguments could be presented which would remove any doubt and make crystal clear the wise course we should take in our own enlightened self-interest. I wanted the facts to be so developed as to give me reassurance in the conclusions I should reach and the vote I should cast. But, Mr. President, I am not fully convinced. I still entertain very grave

doubt that the program can be made to succeed. When I acknowledge that, Mr. President, and make that confession, I am persuaded that every colleague of mine entertains the same doubt about it, irrespective of whether he is going to vote to support the measure or vote against it. Mr. President, we ought to be truthful about the matter. We ought to let the American people know our doubts. No one can be sure. No one has the absolute answer. We know that what we are doing is highly speculative. One private person's opinion, one Senator's opinion, is just as good as that of another private person or another Senator.

I concede and ascribe to all my colleagues the same earnest sincerity in the conclusions they shall reach as I take unto myself. I have said in the past in public addresses that I favored the general objectives of the Marshall plan. I was very skeptical, however, about the machinery to administer it. I believe that the changes which have been made since the plan was originally presented to the Senate, since the original bill was introduced, including the changes which were worked upon the bill in the committee, have greatly strengthened the administrative machinery which will have the responsibility for administering the program.

Mr. President, economic aid is an essential first step toward the rehabilitation of Europe. No one can deny that the rehabilitation of Europe is necessary to the survival and existence of those people; and I think it must be conceded by all of us that the recovery of Europe is vital to our own welfare and self-interest. I think it is conceded that Europe cannot recover without American aid. We are fortunate in that we are probably the only country in the world, the only government, and the only people who are still able to give assistance of this magnitude to the rest of humanity. This is the first step. It is imperative that this aid be given. Obviously, it is imperative that we go to the aid of those who are struggling to remain free and who are undertaking to preserve their form of representative government.

I am persuaded by argument and logic that the United States cannot survive as a free people if and when all the rest of the world becomes totalitarian. In my judgment it would be impossible for us to survive alone; but this program will be inadequate within itself to accomplish all that is desired and all that we hope for. The mere spending of billions of dollars in Europe will not of itself stop the form of aggression and conquest which now threatens to consume the Eastern Hemisphere and the entire world. This economic program, the spending of all this money, may serve temporarily to postpone or hinder for the present the march of aggression which is now in process; but it will not stop it, and it will not be sufficient to meet the challenge and the imminent danger which now threatens the world.

The success of what we are about to undertake depends on many factors. I shall not undertake to relate all of them, but I should like to mention four.

First—and this cannot be overemphasized—it is all important that we have an able Administrator. If some spendthrift, or someone who entertains a philosophy which we might call that of a world do-gooder, is placed at the head of this program, with no thought other than to disperse this money, the program will fail. There must be injected into the administration of the program and the spending of this money some sound business principles and hard, practical sense. If we do not get that kind of an Administrator, the program will be tremendously handicapped, and probably doomed to failure from the beginning.

The primary responsibility of obtaining a good Administrator rests with the President of the United States. I wish to say now for the RECORD, and as counsel—probably unwelcome and undesired counsel—to the President of the United States that he ought to put his heart into this thing and consult with the advisory board of the Congress before he ever sends a nomination here. I know the difference between the executive and the legislative branches of government. They are separate, but there are times when we get better government—and most of the time we can get better government and better administration of vital programs of this character—if there is consultation before the act is done.

The second important factor is the self-help and cooperation and performance of the participating countries. They can help to make the program proceed. They could not make it succeed without our help; but, as I understand this measure, at any time any participating country fails to meet its obligations, if in the judgment of the Administrator such failure is inexcusable, aid to that country can be stopped.

The third important factor in the success of the program depends, in my judgment, upon the countries of western Europe, the participants in this program, immediately forming an effective economic, political, and military alliance. We are playing for keeps. We are dealing with fire, Mr. President; and sometimes the only way to fight a fire and stop its spread is by setting another fire to burn against it. We are dealing with fire in this international problem tonight. I believe that a military alliance should be formed.

The fourth factor, and the last which I shall mention—and this is all important, in my judgment—is that this program will not succeed if upon or after making these investments we are unwilling to protect them just as we would protect any possession of ours. That protection will likely involve—and I feel certain that it will—military power. Let us be under no illusions about what we are doing and what we may have to do to carry through to the ultimate success of this enterprise.

Mr. President, we ought to search our souls before we vote on this issue. If we are unwilling, once we start this program, to back it up and undertake to insure its success by the military power and might of our country if that should become necessary, then we had better not start it, because the action we are

taking is fraught with dangerous consequences.

I know there are those who have said and are saying and thinking that this is the first step toward war. I do not believe that is so. If this step we are taking, this great effort on the part of our Government to aid suffering humanity and to try to heal the wounds and alleviate the suffering resulting from a great war, is a step toward war, when we are thus pouring out our charity and giving our assistance to suffering humanity, and if it is an affront to any nation now in power on this earth, then I say that war is already on the way and is inevitable.

Why should it be an affront to any nation that wishes to live peacefully with the rest of the world? If this is going to be interpreted as a hostile or unfriendly act, we had better start getting out our ammunition and getting ready, for the shooting will soon begin.

I do not believe we should make another dollar of investment unless we are willing to protect it. If we are unwilling to do that, then the other alternative is that we should immediately bring home from foreign soil every American boy; we should have all of them come back to the United States, and we should build the mightiest fortress of defense that it is possible for us to build, and we should build our military strength to a point where we would be, or would hope to be, supreme.

Mr. President, it may be said that we had better not begin; but I say we must begin. There is no other alternative, except the one I have just mentioned.

Russia means business. We hear a great deal about appeasement, but I should like to have any Senator rise in this Chamber tonight and point out any nation that has appeased Russia and that survives in the world today with human freedom. That indicates the situation we are dealing with.

This program may not stop them. Probably it will not, but if we defeat this bill tonight, after America has gone as far as she has in trying to develop a rehabilitation and recovery program, with Russia taking the position against it that she has—and, Mr. President, this has been the decisive factor to me—such action on our part will be regarded as a signal to Russia to march on. I am unwilling to give Russia the green light.

Mr. President, I wish to make one other observation with respect to the expenditure of this money. I shall be making no commitment, by my vote, for a 4-year program, unless we make it succeed. Whenever it fails, whenever there is any indication that it is failing, then I wish to see it stop; because then I shall know, beyond any question of doubt whatsoever, that we have only the other alternative left. I know what that alternative is.

Mr. President, yesterday I was paired on the question of adoption of the amendment of the able Senator from Ohio [Mr. TART] by which the amount of the authorization provided in the bill would have been reduced. Had I been at liberty to vote, I would have voted for adoption of the amendment. The amendment was rejected, as all of us

know, and the bill still provides for an authorization of \$5,300,000,000. Tonight I wish to urge upon the Appropriations Committee of the Senate that when the time comes for appropriating funds to carry out this program the committee should not recommend the full \$5,300,000,000. An additional appropriation can be made at any time. But we know from past experience with the administration of such programs that if we appropriate the \$5,300,000,000 at once, the Administrator will be under the impression that it must be spent this year, and that will mean a great deal of waste because of the haste to try to spend it. Let us do it properly—in other words, let us do it by installments, and let us weigh the performance as we make the installments.

Mr. President, I may soon regret the vote which I shall cast tonight. Some who will vote against the bill may have a similar experience. But I have weighed this matter in the light of what I have said to the Senate. I have not been a spender of Government money. I voted against the British loan. I voted against the \$350,000,000 relief measure which immediately followed it, because I could not succeed in having added to that bill an amendment to prevent any of that money from being spent in countries dominated by Russia. I would not vote for one nickel to feed a Communist or to help a Communist country anywhere in the world. No one need tell me that the way to proceed is to get along with the Russians by giving them help, by aiding them. When we aid Russia or one of her satellites, we are bringing war every minute closer and closer to our own door. If I knowingly voted to spend or give money to Russia, I would feel that I was betraying every American citizen and all freedom-loving humanity. We cannot do business with people who live behind an iron curtain. That never has been done thus far in the world. There is no one who can give the least assurance that it can be done now.

Again I wish to say for the RECORD that the all-persuasive factor with me, in respect to the vote I shall cast, is that our country has made a commitment—not a legal commitment as yet, but in the matter of policy it has made a commitment and has initiated a program for the recovery of western Europe. That program is opposed by the only military power on earth that we have any reason to fear. Tonight that program is the victim of a cold war—and I do not know that it is really so cold. It is pretty hot over in the countries that have been conquered by them.

After having gone this far with the program, Mr. President, I am unwilling by my vote to give to Russia the green light to continue to extend the iron curtain.

Mr. MARTIN. Mr. President, I intend to speak briefly at this time.

I voted last night for the Taft amendment to the pending bill, although I believe in the purposes of the bill. I voted for the Taft amendment for two reasons.

First, things will be done with some of this money which, to my mind, are not

part of helping European recovery or of raising a wall against the spread of communism. Some of this money, for instance, will find itself diverted to non-essential or socialistic programs. The American people should not be taxed for such a purpose. Moreover, I believe that some of the nations slated to be beneficiaries cannot be classed with the war-ravaged countries. Several countries, in my opinion, should seek loans through normal commercial channels. They should not be made a burden upon the American taxpayer.

My second reason for voting for the Taft amendment is this: If, as I believe, we can save a billion dollars while not weakening our contribution to genuine European recovery and to the mutual defense, we should do so, by all means.

Ahead of us lies a serious period and a seriously expensive burden for the American people. A billion dollars properly saved could be a real help to our people, who are paying heavy taxes. It could be an extra billion dollars toward arming our country for the dreadful uncertainty ahead.

I have had considerable experience in government. I have learned that if an agency does not receive enough money, it can always come back for more. If it makes out a sound case, it will get more. But when agencies are appropriated more than they need, they invariably find ways to spend the money, to justify their requests. There should be no waste of American dollars now. There are too many examples scattered all over the globe of stupid, wasteful UNRRA spending in the form of material and equipment lying in the open, rusting and decaying. There has been too much "easy come, easy go" with the dollars our people earn the hard way, and with our irreplaceable basic natural resources.

That is why I voted for the Taft amendment. But, as I explained before, I assuredly intend to vote for the bill.

We are faced with a situation of extreme gravity and extreme urgency. What is going on in Europe today may drag out for months or years. But it is so highly explosive that it is not beyond possibility, short of continued appeasement, for the world to be at war at any time.

In speeches and statements the Members of Congress have been warning of this. The Secretary of State, General Marshall, a great soldier, has been warning. But up to now we have not done a convincing job of making the situation clear to the American people.

Perhaps it is because, after a warning is sounded, the Congress settles down to dawdle over legislation which should be handled with the greatest dispatch. Perhaps it is because, in acting for the people, we fail to put first things first.

National-defense legislation should be pouring through this Congress on an assembly-line basis today. It should carry a top priority red ticket, marked "urgent." Instead, it is traveling at an amiable gait, awaiting its turn in line, just as though it were no more important than a score of other things before Congress.

Mr. President and my colleagues, today the world is skating on ice thinner than that in the fall of 1939. If that ice breaks, the United States will not have 2 years in which to get a defense program under way, as we had before Pearl Harbor. We will be plunged into the conflict immediately.

Aid for Europe had better be given while there is still some free Europe left to receive it.

We have here a bill that is a great improvement over what the State Department originally wanted. At this point I should like to congratulate the senior Senator from Michigan [Mr. VANDENBERG] and the other members of his committee who made over the legislation.

Let us vote the bill quickly and hope that the House will act with equal dispatch.

And, Mr. President, when that job has been done, let us not sit back with the comfortable feeling that our work is accomplished. Let us start, without delay the task of making this Nation strong. Without our strength behind it, the recovery program will not be worth the paper on which it is printed. Let us build our might to a terrifying peak, terrifying to communism, if there is yet time. In that way, and only in that way, we can avert war.

This is a century of global decision between democracy and dictatorship. If democracy is to win the fight, and survive, it will be largely for one reason. It will be because this Congress is courageous enough to legislate boldly, to make our Nation impregnable against the growing black cloud of communism.

A little while ago, I mentioned my hope that the cost of our international program would rest as lightly as possible upon the American people, with provision of a sound margin for safety. The United States is a rich and powerful nation. But there is a limit to our resources. As our national defense and foreign obligations rise, frugality should be the watchword on the home front. Congress now has before it all the appropriation legislation of our Government for the next fiscal year. We must eliminate every frill, every proposal for new Federal services which cost the taxpayers money. Every project not immediately necessary should be either postponed or wiped out. The cost of Government functions must be stripped to the bone, and the lobbyists and pressure groups and their pet projects should be booted out the door.

We must remain solvent. We must be strong physically and spiritually if we are to meet the challenge that America must meet today.

Mr. President, in order to save the time of the Senate, and owing to the lateness of the hour, I should like now to have unanimous consent to have printed in the RECORD as a part of my remarks an address which I delivered before the Bulletin Forum in Philadelphia last Tuesday night, in which I discussed in greater detail Keeping America Strong.

The PRESIDING OFFICER. Is there objection?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF UNITED STATES SENATOR EDWARD MARTIN, OF PENNSYLVANIA, BEFORE THE BULLETIN FORUM AT THE BELLEVUE-STRATFORD HOTEL, PHILADELPHIA, PA., TUESDAY EVENING, MARCH 9, 1948

The confused world in which we live today presents no more vital problem than keeping America strong.

In recent weeks we have been made painfully aware that the future of freedom and civilization may be decided by the measure of America's strength.

We would be fools if we closed our eyes to recent European developments.

The forces of tyranny and aggression behind the iron curtain are strangling the liberty and independence of small nations. They are destroying human dignity under police-state slavery.

In recent days we have seen unfolded the identical pattern which was twice the forerunner of global war.

The shocked world has witnessed the second rape of Czechoslovakia within 10 years.

We had hoped for enduring peace but instead we are face to face with the stark, naked problem of how to prevent another period of death and destruction, the loss of our freedom and our very existence as a nation of freemen.

The answer to this problem—our very salvation—lies in how we go about making America strong.

Our forefathers conquered the wilderness with the rifle, the ax, and the Bible. They symbolize the three fronts on which we must prepare today in order to keep our land strong, free, and at peace.

The rifle is the symbol of military defense which we must strengthen immediately.

The ax, with which the pioneers cleared the land, is the symbol of work, sweat, and industry. It is likewise an instrument to cut away the undergrowth of waste and extravagance which threatens the financial stability and solvency of America.

The Bible is the source of our spiritual strength and unity—without which no nation can permanently endure.

Today we are engaged in a cold war of conflicting ideologies. We pray that it may not turn into a shooting war—but come what may—we will continue to need the help and guidance of Almighty God.

To talk of war is not pleasant. It is not comforting. But no matter how much we love peace, history proves that strength is the only language that dictators and tyrants understand.

Only too recently have we learned the tragic results of appeasement and the false hope that comes from looking at the world through rose-colored glasses.

The great hope of the world is for peace. But there will be no peace until all nations accept the Golden Rule and the Biblical injunction "to beat their swords into plowshares."

The nations of the earth will live as friends only when global disarmament is achieved. Then the vast energy and treasure consumed by armament and war can be directed to advancing human progress and civilization.

Until that day dawns, we must be prepared to defend freedom.

First. We need strong military preparation. From my own experience in four wars, I know the horrors of war. I would go to any length to prevent armed conflict. But I do know that adequate military strength is the best insurance against war.

We must build up our Army and our Navy into the greatest striking and defensive force in the world. We must have complete supremacy in air power.

Our industries, farms, and mines must be prepared for instant conversion to the production of matériel and food on a scale surpassing their previous record-breaking efforts.

We must end without delay the intolerable situation under which we have only 30,000 troops in the United States, trained and ready for combat service; while Russia has millions of men under arms.

Therefore Congress should provide a plan to train our young men in the fundamentals of protecting themselves under fire. Otherwise, they may have to learn under the hell-fire of bombs, shot, and shell.

Twice western European nations held the fort while we armed and trained our fighting men. The next time we will not be so lucky.

The influence and power of the United States is the only beacon light of hope for the nations living under the constant threat of Soviet aggression.

The civilized world had hoped that the United Nations would furnish security and protection. Given time and a fair chance it may yet become a mighty force of peace—but Russia's unfair and selfish use of the veto power has kept it puny and impotent.

We must therefore, without delay, take leadership in bringing the God-fearing, peace-loving nations of the world together in a defensive pact, joining the Old World and the new for mutual protection against communistic domination and enslavement.

We must tell the aggressors, clearly and forcefully, that if any one of these nations is molested, all will fight to preserve its freedom. We must leave no room for doubt.

That policy, if backed by powerful military strength, will avert war.

If we fail to do this and continue appeasement, or pursue a policy of protest only, we shall have a repetition of our tragic experience in two world conflicts with no assurance of final victory.

We must take decisive action before it is too late. Delay will prove costly to us and the world.

In the meantime we must extend aid, to the limit of our capacity to spare, to those nations that stand against communism and aggression and, at the same time, are willing to help themselves. This aid must be properly administered to achieve the maximum benefits.

During and after the war we have seen the Russian Bear gulp down one morsel after another. The three little Baltic states, Estonia, Latvia, and Lithuania, and part of Finland have gone down. So have Poland, Rumania, Bulgaria, Yugoslavia, Hungary, Albania—and now Czechoslovakia. Little Finland is next.

Who will follow? Will it be Greece, Turkey, Italy, France, Sweden, or Norway? Or will they turn to new portions of the Far East where Russia has already swallowed part of China and Korea?

Can we afford to stand idly by while this ruthless force rolls on to satisfy its unholy appetite?

No one knows who will be devoured next. The Communists have declared bluntly, frankly and without equivocation that world conquest is their objective.

As I said before, the axe symbolizes the second front in keeping America strong—hard work, thrift, expansion of our productive industry and economy in government to safeguard the solvency of America.

The United States is a rich and powerful Nation but there is limit to our resources. To build up the first, or military front, will require great expenditures of money that can come only from the work, sweat, and sacrifice of our people.

The people who pay the bills must know the value of their freedom and must be prepared to pay the price.

They must insist upon the elimination of new government services and projects that eat up the money they pay in taxes. The people must know that we cannot spend the same money twice. If we spend it for preparedness we cannot afford an ever-increasing bureaucracy, swollen pay rolls, and expanded Federal functions on the home front.

The people must choose between liberty and independence and expensive governmental embroidery. If we love freedom we must be willing to forego the high-priced frills that have become part of our Federal system. We must insist that all projects not immediately necessary be eliminated or postponed.

It means paring to the bone the cost of every governmental function. It means that money expended, even for necessary functions, must be utilized to the maximum value of every dollar. It means that the lobbyists and pressure groups must be denied their pet projects.

The majority of the Members of the Eightieth Congress are mindful of the dire need for efficiency and economy. They are striving to put the European recovery program on a sound, business-like basis so that every dollar will give full value.

The State Department admits that the bill which last week came to the floor of the Senate is a stronger and better bill than the one originally presented. I predict that the bill as finally enacted will be further strengthened.

Only by the strictest economy can we provide the necessary funds to insure ourselves against tyranny and aggression.

The Communists would like to see us in financial collapse, debt ridden, and bankrupt. That is the soil in which the seed of communism thrives.

Those who advocate unlimited spending are unwittingly giving aid and comfort to the forces that would destroy our freedom.

Yet, in the face of an uncertain future and the necessity for huge expenditures for peace and preparedness the administration in Washington has come forward with the most expensive proposals. They would add billions of dollars to the cost of Government here in America.

Whether we like it or not, this is the time for Spartan courage and sacrifice. We must keep America dynamic and solvent.

The third and final front in keeping America strong is symbolized by the Bible. The spiritual strength of the United States is most important.

Work, courage, sacrifice, tolerance, unity—all of these qualities are interwoven with abiding faith in God and reverence for the teachings of the Bible.

It was this spirit that built America—the same spirit must preserve it for all time.

The spirit of America was developed in the four houses that are the foundation of our strength and progress—the home house, the school house, the church house, and the court house.

In these four places we have taught the brotherhood of man and the fatherhood of God, the freedom of America, the tolerance and the Golden Rule, justice and good will.

The godless philosophy of communism teaches conquest and aggression. America wants peace for itself and the world.

With a strong, solvent, and spiritual America, properly defended, we can lead the world to peace and good will.

Mr. SPARKMAN. Mr. President, we are nearing the final vote on this measure. I do not wish to extend the debate. I know I cannot add anything to what has been said throughout the days that this debate has been running. However, I am not willing to let the record be

closed without my making clear my wholehearted and unequivocal support of the European recovery program.

Mr. President, some 10 years ago we started cooperating with other nations to stop aggression by totalitarian states. In the terrible and devastating war that followed we worked together to win. Our own people here in this country made willingly every sacrifice demanded of them to win that war.

We should keep in mind that peace, the same as war, must be worked for, paid for, sacrificed for. There is too much of a tendency on our part to quit when the shooting stops, and to regard all that we fought for to have been won. Just as we shared with our allies in winning the war, we now propose to share with those democratic and peace-loving nations willing to work with us for peace and for restoration of normal world conditions. That, in a few words, is my conception of what the European recovery program is.

I do not maintain that this should be regarded as an absolute guaranty of peace. I do believe, though, that it is the one great hope of staving off, temporarily at least, world war III. There can be peace only when there is political stability, and there can be political stability only when there is reasonable economic security. The program is aimed at helping to establish and to maintain economic and political stability in Europe and in the world. Because I believe this, and because I believe that there is at least a good chance of success, I gladly support the plan.

On last Saturday night, Mr. President, I discussed the European recovery program before a convention of Civitan Clubs of the Alabama-Mississippi district meeting at Anniston, Ala.

In order to save the time of the Senate, Mr. President, I ask unanimous consent that a copy of my speech be printed at this point in the RECORD as a part of my remarks.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

EUROPEAN RECOVERY PROGRAM

(Speech prepared by Senator JOHN SPARKMAN, Alabama, for delivery at the Alabama-Mississippi district convention of Civitan Clubs, Anniston, Ala., March 6, 1948)

You program committee chairman asked that I choose a topic for discussion in harmony with the Civitan motto, "Good citizenship."

There was a time when we thought in terms of "good citizenship" only on a local level. We were good citizens if we helped our neighbor clear his land, kill his hogs, build his log house, or sit up with his sick.

As quicker and easier means of communication and transportation developed, our concepts of citizenship likewise expanded until we came to regard ourselves as citizens of the State and of the Nation. As such we became concerned with the welfare of people who lived hundreds of miles from us.

We came to realize that what happened in one part of the political division in which we lived—county, State, or Nation—affected every other part. We came to understand that prosperity in the South made for better times in the East; a drought in the Wheat Belt of the Midwest meant high prices and a shortage of flour in Alabama; unemployment in your iron foundries of Anniston usu-

ally signified a lack of market for the products of the cotton mills of Huntsville.

Not only have we learned that we cannot remain unaffected by the adversities or good fortunes of those who live away from us but we have become more and more dependent upon one another for even the everyday things of life. As our needs are more complex, so is our interdependence greater.

INTERNATIONAL GOOD CITIZENSHIP

Just as our well-being has become interdependent on a local, State, and national level, so has modern communication of ideas and trade made our well-being interdependent on a world-wide level.

Distance has been conquered to the point where every nation is our next-door neighbor, and we can no longer be unconcerned about what happens to a neighbor thousands of miles away. The death of Arabs and Jews in Palestine today can have significant meaning to us in far-away Alabama.

As good citizens we have learned to take for granted our dependence upon and our obligations to our local, State and national neighbors. Experience is teaching us to have the same attitude in regard to our international neighbors.

Because the world has become a community of neighbors, I want to discuss with you one phase of the world-wide aspect of good citizenship. I refer to the European recovery program, more commonly known as the Marshall plan.

Time is too limited to consider every phase of this momentous plan. I shall use the few minutes available to give a brief résumé of its background and to answer some of the objections made to it.

All of us recall the significant part played by lend-lease in the winning of the recent great war. With the exception of America's armed forces, lend-lease was perhaps the greatest cause of victory. With its adoption we were able to supply our allies with the necessary materials for defeat of the common enemy. While supplying equipment to our allies was a drain on our resources, it saved the lives of hundreds of thousands of American women and men, and possibly prevented the destruction of our factories and homes by keeping the enemy away from our shores.

Certainly the United States suffered some hardships and inconveniences during the war. We gave unstintingly of our lives and material resources, but we suffered nothing like the breakdown of morals, the demolition of factories and complete towns, the wreckage of roads and communication facilities, and the loss of millions of civilians as did our allies of Europe and Asia.

Almost as soon as the shooting in our direction had ceased we cut off lend-lease aid. We did so without providing planned aid for the rebuilding of our democratic allies, and without realizing the necessity for doing so.

It soon became apparent that the world was still sick and could not make substantial progress toward recovery unless assistance was received from the United States—the only nation powerful enough to give that help.

Consequently there were formed agencies such as UNRRA, International Refugee Organization, International Bank, etc., branches of the United Nations and financed largely by funds from the United States. In addition, there were loans and grants to individual nations.

Despite the good that was achieved, we have not done the job of getting the nations of Europe and Asia back on their own feet.

BIRTH OF THE MARSHALL PLAN

Recognizing the importance of a permanent recovery program, and desiring full cooperation from the participating countries, Secretary of State Marshall in June of last year proposed what is now known as the European

Recovery Program, or the Marshall plan. With the knowledge that our first concern is necessarily for those nations with which our heritage and well-being are allied, Mr. Marshall limited his proposal to the countries of Europe.

The Marshall plan was nothing more than a suggestion made by Secretary Marshall that further United States aid to Europe be conditioned upon the part the European nations take to help themselves.

You know with what enthusiasm and hope these suggestions were received by most of the countries of Europe. You know also of Russia's refusal to participate in this plan, and of her refusal to permit the eight small European countries whose policies she controls to join the program.

Nevertheless, delegates from 16 of the European nations representing 270,000,000 people met in Paris early in July to carry out the European part of the program.

These countries agreed to create internal financial stability. They pledged to collaborate wholeheartedly to make fullest use of their productive capacity and manpower, take steps to reduce tariffs and other trade barriers, allocate scarce materials, and modernize their equipment.

Complementary to what was to be done at Paris, President Truman set up three different committees composing a cross section of American life—the Krug committee, the Harriman committee, and the Nourse committee—to make a thorough study of our ability to meet the needs under the Marshall plan.

Furthermore, several legislative committees went to the European countries to study the situation at first hand. The almost unanimous opinion was that something had to be done to prevent the complete collapse of civilization in Europe.

Based on the Paris report and the thorough studies of the three American committees, the President made his recommendation to Congress.

WHO SUPPORTS THE MARSHALL PLAN

1. The Harriman committee.

This committee is made up of outstanding citizens. Its chairman is Secretary of Commerce, W. Averell Harriman, himself a successful businessman. Its other members are:

Hiland Batcheller, president, Allegheny-Ludlum Steel Corp.

Robert Earle Buchanan, dean, graduate school, Iowa State College.

W. Randolph Burgess, vice chairman, National City Bank of New York.

James B. Carey, secretary-treasurer, CIO.

John L. Collyer, president, B. F. Goodrich Co.

Granville Conway, president, Cosmopolitan Shipping Co., Inc.

Melville F. Coolbaugh, Colorado School of Mines.

Chester C. Davis, president, Federal Reserve bank, St. Louis, Mo.

R. R. Deupree, president, Procter & Gamble Co.

Paul G. Hoffman, president, Studebaker Corp.

Calvin B. Hoover, dean, graduate school, Duke University.

Robert Keonig, president, Ayrshire Collieries Co.

Robert M. La Follette, Jr., formerly United States Senator from Wisconsin.

Edward S. Mason, dean, school of public administration, Harvard University.

George Meany, secretary-treasurer, American Federation of Labor.

Harold G. Moulton, president, the Brookings Institution.

William I. Myers, dean, college of agriculture, Cornell University.

Robert Gordon Sprout, president, University of California.

Owen D. Young, honorary chairman of the board of directors, General Electric Co.

The Harriman committee was asked to determine the limits within which the United States could safely and wisely extend aid to western Europe.

After several months of diligent study and consultation with authorities in many areas of our business life, this committee of 19 distinguished private citizens from the ranks of business, finance, labor, agriculture, and educational and research institutions, unanimously recommended the Marshall plan.

Members of the Harriman committee belong to different political parties, but in fulfilling their task without partisanship and with the best interest of their country at heart everyone agreed that this country should support European recovery.

2. The Krug committee was set up to determine whether or not the Marshall plan would be too severe a strain on our natural resources.

Secretary of the Interior, J. A. Krug, headed this study. He drew help and advice from the various departments and agencies of the Government.

After a thorough analysis of our resources this committee concluded that from the standpoint of preserving both the national security and our standard of living we are able to provide the resource requirements of a considerable program of foreign aid.

3. The Nourse committee.

The President was not content to have studies made just by representatives from different interests of American life such as the Harriman committee, and by a natural resources committee such as the Krug committee.

He appointed a third committee composed of some of the most able economists of our country to study the impact of foreign aid upon the domestic economy.

The members of this committee centered its attention upon our ability to supply the dollars and our ability to supply the goods needed by the European countries taking part in the Marshall plan.

Here, again, there was unanimous agreement that we could, and should, support a European recovery program without undue strain upon our domestic economy.

4. Great numbers of organizations and individuals.

When the President submitted his recommendation of the Marshall plan to the Senate Foreign Relations Committee, that committee for several weeks held public hearings on the plan.

All interested groups and individuals were invited to express their views on this project.

Nearly every organization and individual heartily endorsed the Marshall plan.

Business organizations as the National Federation of Small Business; Farm organizations as the American Farm Bureau and the National Cotton Council; Labor organizations as the American Federation of Labor and CIO; Women organizations as the National Federation of Business and Professional Women's Clubs and the Daughters of the American Revolution; Religious organizations as the Young Men's Christian Association and the Federal Council of Churches of Christ in America; Veterans' organizations as the American Legion, the Veterans of Foreign Wars, and the AMVETS; and others too numerous to mention wholeheartedly advocated the Marshall plan.

Only about a half dozen organizations testified in opposition.

The outfit led by Gerald L. K. Smith, the one led by Henry Wallace, and that isolationist group known as the American Tariff League largely composed the opposition.

Of course, the Communists and their associates object to the Marshall plan.

5. After studying the report of the three committees, the President's recommendations, and the testimony for and against the Marshall plan, the Senate Foreign Relations Committee presented the bill now before the Senate calling for enactment of the plan.

I want to emphasize that the Senate Foreign Relations Committee includes some of the best minds of the Senate with long years of experience in the field of foreign relations.

What is more this committee has members of both major parties—seven Republicans and six Democrats—on it.

Every member of this committee voted full support of the Marshall plan.

It is very seldom indeed that a major committee gives a unanimous recommendation to any piece of legislation. To do so on a project as large and as far reaching as is the Marshall plan is almost a miracle.

I have reviewed the background of the European recovery program so that we may understand the care and thoroughness with which this program has been developed.

In my 11 years in the House and 14 months in the Senate, I have never known any proposal to receive more intelligent and serious study.

Those who say that the European recovery program was quickly gotten up by a group of war mongers simply are ignoring the facts.

I do not attribute unworthy motives to all those who oppose the Marshall plan. I do want to point out, however, that the opposition is giving support to both the isolationists and the Communists.

The isolationists delude themselves into thinking we can live apart from the rest of the world. Two destructive wars within 25 years are the results of that folly.

The Communists know that if we stay out of Europe it will be only a matter of months before that entire continent will be ruled by puppets of Moscow. Another war far more destructive than anything our Nation has known yet would be the result of this folly.

WHAT THE MARSHALL PLAN PROPOSES

Very briefly, this program recommends \$5,300,000,000 for the first 12 months of the plan. It authorizes a 4-year program, the amount after the first year to be determined by future Congresses. The plan is to be administered outside the State Department by an advisory board, and an administrator—a kind of traveling supervisor—to superintend the work in Europe. The European administrator and the personnel of the advisory board are to be appointed by the President with the consent of the Senate.

OBJECTIONS MADE TO THE MARSHALL PLAN BY ITS OPPONENTS

1. Their objection: It will be pouring more money down a rat hole.

Our answer: They argue that the dollars and goods we have sent to Europe have been wasted, so why continue the process. The Europeans will not work anyhow, they say.

The facts prove otherwise. While recovery has not been as rapid as was hoped, it is absurd to charge off the investment so far as a total loss.

Millions are alive today who would otherwise have died of starvation and disease. Ports, railroads, canals, highways, bridges, and public-utility systems shattered during the war are in operation again.

In spite of war fatigue, restricted rations, unparalleled devastation, and Communist-agitated strikes, the countries of western Europe have a better record of regained production than they did in the first 2 years after World War I.

Industrial production in 1947 equalled or surpassed 1937 production in the United Kingdom, Denmark, Norway, and Sweden. It approached 1937 production in France, Belgium, and the Netherlands. In Italy it reached about 75 percent.

The recovery of exports has been equally promising. In the first 8 months of 1947 the United Kingdom was slightly above prewar, and Belgium, France, and Norway, slightly below. Denmark, Italy, and Holland reached about 75 percent of prewar.

These figures show that it is false to say that the Europeans do not or will not work.

These figures also show that great results can be accomplished with our aid—for this recovery did occur with our aid.

We see then that, as a group, these countries are not far from their prewar levels of industrial production and exports. We see that they can and do work and that they have made good use of our aid.

2. Their objection: The Marshall plan will lead us to war.

Our answer: This argument is used by the Robert McCormacks of the isolationist Chicago Tribune on one hand and the Henry A. Wallaces, the fellow travelers, and their communistic friends on the other.

A third group which follows this reasoning includes those who either do not understand the facts or who use the fear of war to cover up their real motives.

Few would dispute the fact that there can be no permanent peace as long as Europe is torn with strife and hunger. The last two World Wars, it must be remembered, had their origin in Europe.

The primary purpose of the Marshall plan is to provide stability in Europe without which there can be no peace.

There can be no guaranty that the Marshall plan will prevent war. However, an overwhelming majority of those who have made a serious effort to know the facts have concluded that it is the best calculated risk to avoid war.

There is no person today more anxious for peace than I. In my opinion, it is safe to say that every person in Alabama wants peace. I cannot conceive of any true American desiring war. There would be catastrophe for us all.

It is my belief, though, that a sure road to war is to turn our backs on the countries of western Europe. The facts as I know them have forced me to conclude that if we do not go through with the Marshall plan the entire Continent of Europe will be controlled by those opposed to our way of life, by those who themselves say that either our system or theirs must go.

The fate of Czechoslovakia is the latest lesson in the book of communistic trickery.

Whether the final show-down, if it comes, is to be an economic and political war or a shooting war, our struggle for survival will be the severest we have yet waged.

Our chances for success would be immeasurably enhanced with the active support of 270,000,000 liberty-loving people whom we propose to assist under the Marshall plan.

If the people know the facts, I feel confident the great majority will agree that the Marshall plan is a peace program.

3. Their objection: We do not want to give any more support to socialistic governments.

Our answer: Our aim is the freedom and prosperity of all of Europe. The Marshall plan, you know, is still open to the countries of eastern Europe.

We have believed since we became a nation that people should choose freely their own form of government. I want to emphasize the term "choose freely." It is exactly the freely chosen governments of western Europe with which we must deal if we are to prevent economic chaos. We have no alternative.

It should be recognized that no country participating in the Marshall plan is at present fully socialistic, and that whatever the degree of socialism the decision was made by the voters in free polls. Moreover, our aid is quite as likely to reduce as to increase the acceleration of socialistic measures.

Those who use the socialistic argument against the Marshall plan most often cite England as their prime example.

They forget that England's plight had developed before the present government came to power. As a matter of fact, adverse conditions in England are responsible for the present government.

In reality, England's misfortunes are largely a result of the recent war and its economic

aftermaths, and are not to be blamed on either the wartime or postwar governments.

At least the people of England retain the privilege of voting in a new government with different goals anytime they become dissatisfied with the present policies.

Does any communistic or Fascist country have this right?

The Conservative Party leadership of England has not promised to remove the controls under which England lives today, or to denationalize the coal mines.

We in America believe in free enterprise. It has worked to produce the greatest material advance and the highest standard of living recorded in history.

However, even in normal times we have accepted many necessary modifications of the rule of laissez-faire. In times of war we have found controls to be indispensable. To propose dealing with the devastated Europe of today on the basis of our free-for-all individualism is as far-fetched as to attempt to fight a war on that basis.

We want to make Europe self-sustaining as early as possible. We want sound management and common-sense use of the assistance given.

To seek these goals through dictating the form of government people have would be direct intervention comparable to the Communist intervention which we oppose.

It would cause the failure of the recovery program because self-respecting people will not willingly accept foreign dictation.

4. Their objection: The United Nations should handle recovery program.

Our answer: Almost everyone agrees with this principle, but we are forced to act under conditions as they are and not as we wish them to be.

As one who has always supported the United Nations, I am chagrined that that organization has not been able to assume full responsibility for world rehabilitation.

I hasten to add that I have not lost faith in the United Nations. It has accomplished much. It needs to be strengthened so that it can accomplish more.

At present, United Nations agencies do not have adequate funds and are not equipped for such a job as the Marshall plan.

We would not be honest to either ourselves or those who have opposed us in the councils of the United Nations if we failed to point out that to Russia and not the United States is due the failure of effective action of the United Nations on many critical issues. There is not time here to explain the record, but I am willing to let it speak as to whether we or Russia are more to blame.

I am among those who counseled patience with the Russian Government. I still hope and believe that we may reach a friendly working relationship with her. We must continue to show good faith in our dealings with Russia.

It has been our hope that Russia would choose to be our friend, but for the time being those who determine her policy have chosen otherwise.

No intelligent American can now ignore this fact. Those who travel with American Communists on principles that are based on the interests of Russia are very clearly either knaves or fools.

Russia was invited to join the Marshall plan. She not only refused, but stated openly and vehemently that she would do everything possible to cause its failure.

In the light of this, do those who oppose the Marshall plan believe the cooperation of Russian would be obtained? If so, a survey of the 22 vetoes Russia has cast in the Security Council will change their minds.

The bill for the enactment of the Marshall plan explains that the plan is to help the attainment of the United Nations' ideals.

Section 20 of the bill provides that the agencies and the machinery of the United Nations are to be fully utilized in the carrying out of the Marshall plan.

Success of the Marshall plan will contribute to the success of the United Nations.

5. Their objection: "We cannot afford it, or it will wreck our economy."

Our answer: This is the argument we hear most often. Those who use it say that our national strength will be dissipated.

They say that the Marshall plan will lower our own standard of living by depriving our people of the comforts and necessities of life.

There is little or no basis for these claims.

The three American committees mentioned in the first part of this discussion and composed of government authorities and distinguished public citizens say we can afford it.

The several legislative committees composed of Members of Congress that visited Europe last fall and studied conditions there at first hand say we can afford it.

The Senate Foreign Relations Committee, drawing on information from the above sources and hearing hundreds of organizations and individuals of every cross section of American life, say we can afford it.

A country that can afford yearly \$8,750,000,000 for alcohol, three and one-half billion for tobacco, one and one-half billion for theater and movie tickets, one and one-half billion for jewelry and watches, and over one billion for cosmetics can afford to assist the hungry and diseased peoples of Europe.

Without an economically well Europe, America cannot continue prosperous enough to afford these luxuries.

It is erroneous to say that we cannot afford to supply the goods called for under the plan.

I realize that some people are seriously concerned that we are sending part of our goods to other countries. Some are afraid that we shall have to do without the things we need ourselves.

In my opinion, the fear is not justified.

During the first year of the Marshall plan we will actually send fewer goods to foreign countries than we did in 1947. The quantity to be exported will diminish each year.

The Marshall plan is patterned to lessen the drain we have experienced during the last 8 years.

There are some commodities in short supply which will require and which are receiving careful screening. They are confined largely to wheat, coal, steel, fertilizer, machinery, and meat.

Even during the first year—the greatest of the entire program—it is planned to ship less of these items than during last year. No shipment at all of meat is planned except for a small amount of horse meat.

Much has been said about the export of food being responsible for high prices. I want to point out that in 1947 we actually imported more food than we exported.

Our total export of all agricultural products in 1947 amounted to approximately \$3,100,000,000. Our imports were approximately \$2,600,000,000. If allowance is made for the 30- to 40-percent difference in currency values, we find that on a quantity basis we are importing more food than we are exporting.

The basic problem is to find ways and means to keep up production and to protect our price structure against continued demand for these scarce articles.

I reject the cannot-afford-it argument as an attempt to sell America short.

In deciding whether or not we can afford the Marshall plan, we have to consider the cost of the alternatives.

1. Most people agree that if the European recovery program is not attempted or is not successful, we shall have to maintain a Military Establishment estimated to cost more annually than the entire 4 years of the Marshall plan.

Regardless of what Military Establishment we build, it would merely postpone and not prevent world war III. The cost of such a war would be beyond comprehension.

Even now, war, or the results of war, amount to 79 percent of the estimated 1948 budget. We cannot reduce the budget any sizable amount as long as the threat of war hangs over our heads.

2. Economically the loss of European markets would be catastrophic.

Twenty-one percent of our imports in 1938 came from the 16 Marshall plan countries. Thirty-five percent of the goods we sold abroad went to those countries.

The danger lies not only in the loss of the European markets, but in what would be a total disruption of the world trade pattern. For example, much of our trade with non-European countries is dependent upon the trade of those countries with Europe.

Countries of South America, Asia, and Africa sell products to western Europe which we do not need. These non-European countries are in turn enabled to buy surplus goods from us.

Europe is normally responsible for half the world's trade. If it should be eliminated from the world's market, there would be a major disruption in world economy.

The Marshall plan countries are major markets for our cotton, tobacco, wheat, flour, corn, hogs, fruit, automobiles, refrigerators, machinery, and thousands of other items.

Even now the people of the United States do not consume the full production of many of these items. We would soon have a surplus of them if we lost our western European markets.

A loss of a great part of our foreign markets would result in mass unemployment of factory and mine workers, and greatly reduced prices for our cotton, hogs, corn, and other agricultural products.

Various concerns and organizations have testified to this fact. I want to quote from one of them, the National Cotton Council of America:

"In addition to these paramount reasons for supporting the Marshall plan, which are common to all Americans, the people of the cotton States have an interest in this program that is even more direct and immediate. We now are producing exportable surpluses of both cotton and cotton goods. If the countries of Europe and Asia are not put on their feet so they can continue to take these products, surpluses again will start quickly piling up to plague our industry. Therefore, the speedy adoption of the Marshall plan is a matter of special importance to the future prosperity of the Cotton Belt."

In summary, those of us who favor the Marshall plan do so because:

1. The plan is designed to bring about stability and world peace. The underlying purpose of it is to prevent war.

2. The plan endeavors to save democracy—to prevent totalitarian ideologies from destroying our ideals of freedom and free choice of government.

3. The plan is an implementation of the United Nations. It will strengthen this organization rather than weaken it.

4. The plan will help to assure prosperity for the United States and the rest of the world.

It will retain a market for our cotton and other normally surplus products. Without an outside market we would suffer a major decline in income.

5. The Marshall plan has been approved by every major committee set up to study it, and by an overwhelming majority of business, educational, and labor organizations.

It is, indeed, significant that during all the discussions and testimony held on this vital project only a handful of individuals and less than a half dozen organizations have expressed outright opposition to it.

As an appendix to my speech, I have included a list of organizations which I know have endorsed or disapproved this project.

6. We support the Marshall plan because it is a humanitarian plan—a Christian plan. While there are still many things that need to be done for our own people, we are living better than ever before.

The American people have always helped the needy elsewhere. I do not believe they will now turn their backs on the hungry and diseased peoples of Europe.

In closing my talk tonight I want to quote from a speech made last Monday in favor of the Marshall plan by that statesman, a Republican but a great American, the chairman of the Senate Foreign Relations Committee, Senator ARTHUR VANDENBERG.

"It is the final product of 8 months of more intensive study by more devoted minds than I have ever known to concentrate upon any one objective in all my 20 years in Congress.

"It has its foes—some of who compliment it by their transparent hatreds. But it has its friends—countless prayerful friends not only at the hearthstones of America, but under many other flags.

"It is a plan for peace, stability, and freedom. As such, it involves the clear self-interest of the United States.

"It can be the turning point in history for 100 years to come. If it fails, we have done our final best. If it succeeds, our children and our children's children will call us blessed.

"May God grant His benediction upon the ultimate event."

APPENDIX

POSITIONS OF AMERICAN NATIONAL ORGANIZATIONS ON THE EUROPEAN RECOVERY PROGRAM AS OF FEBRUARY 19, 1948

I. Organizations supporting the ERP

A. Business:

American Supply and Machinery Manufacturers Association.
Committee for Economic Development.
National American Wholesale Grocers Association.
National Association of Credit Men.
National Federation of Small Business.
National Foreign Trade Council.
National Machine Tool Builders Association.
United States Junior Chamber of Commerce.

B. Farm:

American Farm Bureau Federation.
National Council of Farmer Cooperatives.
National Cooperative Milk Producers Federation.
National Cotton Council.
National Farmer's Union.
National Grange.

C. Labor:

American Federation of Labor.
Brotherhood of Railroad Trainmen.
Congress of Industrial Organizations.
International Association of Machinists.
International Ladies Garment Workers Union.

National Women's Trade Union League.
Railroad Labor Executives' Association.
United Automobile Workers.

D. Public Affairs:

American Association for the United Nations.
Americans for Democratic Action.
Committee for the Marshall Plan.
Council for Democracy.
Freedom House.
National Planning Association.
Society for the Prevention of World War

III.

Students for Democratic Action.

E. Women:

American Association of University Women.
American Legion Auxiliary.
Daughters of the American Revolution.
General Federation of Women's Clubs.
League of Women Voters of the United States.

National Council of Jewish Women.

National Federation of Business and Professional Women's Clubs.

Women's Action Committee for Lasting Peace.

Young Women's Christian Association.

F. Religious:

American Jewish Committee.
Catholic Association for International Peace.

Council for Social Action of the Congregational Christian Churches.

Federal Council of Churches of Christ in America.

Friends Committee on National Legislation.

House of Bishops of the Protestant Episcopal Church.

Lutherans.

Young Men's Christian Association.

G. Veterans:

American Legion.
American Veterans Committee.
American Veterans of World War II.
Catholic War Veterans.
Jewish War Veterans.
Veterans of Foreign Wars.

H. Miscellaneous:

American Bar Association.
American Council on Education.
National Education Association.
Student League for Industrial Democracy.
Socialist Party.
Young Democrats of America.

II. Organizations supporting the ERP with important qualifications

Foreign Trade Council.
National Association of Manufacturers.
United States Chamber of Commerce.

III. Organizations opposed to the ERP

American Labor Party.
American Tariff League.
National Economic Council.
Progressive Citizens of America.
American Coalition of Patriotic Societies.

Mr. REVERCOMB. Mr. President, in the remaining minutes of tonight's session I want to speak briefly and in summary regarding my position with respect to the pending bill.

Throughout 2 weeks of debate I have earnestly listened to and followed the discussion from every angle and every thought of the Members of the Senate who took part in the debate. I have hoped from time to time that we would agree to certain amendments which I felt would strengthen the measure. That has not happened. I shall oppose the bill, because I find in it total ineffectiveness to attain the purposes which are declared to be the aim and end of the measure, and also because of what I conceive to be the total unsoundness of its legislative provisions.

I respect entirely the statements of those Senators who have stood in favor of the measure. I respect their earnestness in believing it will attain the ends and purposes which they have expressed the hope of attaining.

The bill provides, in substance, that the United States, this year, shall place in the hands of the Administrator the sum of 5,300,000,000. It gives to the Administrator carte blanche power in the use of that money.

I charge tonight that there are no restraints placed upon those who are to administer the act. It has been described as a blank check by one of the Senators who preceded me.

For example, there has been discussion upon the floor of the fact that vast amounts of money are owned by citizens of the countries to which aid would

go. There is no provision that the Administrator must make use of those dollar assets. He may require the use of the foreign-owned money only if he desires to do so.

Likewise, there is provision in the measure—and I cite this for the purpose of illustration—that the Administrator may make contracts under which the funds provided by the bill may be advanced, but there is no requirement that he shall require the making of contracts by the recipient governments.

I say to all who hear me that this kind of legislation, this looseness of provision, is one of the very evils against which we have been struggling in the Congress for the past several years. I hope that amendments would be agreed to which would specify and define the powers of the Administrator, but that has not been done.

What are the objectives? We have learned throughout the discussions that they are three-fold. First, there is to be aid to needy, hungry, and cold people. Second, the purpose is to stop the spread of communism. The third objective is the rebuilding of the economies of 16 European countries.

If I believed there were any good chance of the accomplishing of these purposes I should support the bill, but in the light of history, in the light of the history of this very Congress and of its predecessor, we cannot say that there is chance of success. All the evidence points to failure. It is said that we must not stop because we have failed. If we fail to observe the lessons which are available to us as Members of this body, we cannot hope to steer a sound course.

I listened with interest tonight to the able Senator from Minnesota [Mr. BALL] who has stood so firmly for the administration's foreign policy in the past several years. He rose to his feet and admitted that the policy had been a failure. Yes, it has been a failure; and in the light of that fact, I would say that this measure, in my judgment, will be a failure. Only in the light of that judgment can I cast my vote.

With respect to aid to needy people, I have supported all measures which have had to do with feeding the hungry. Only last fall I supported the interim-aid bill because it was for the purpose of taking care of persons immediately in need. But it has been admitted throughout the discussion that that is not the sole purpose of this bill. The proponents of the bill say that if that were the sole objective—to help persons who are hungry, who are in want—the amount of money to be provided is far too great. So we know that need is not the prime purpose of the measure.

There was offered on the floor an amendment by the Senator from Indiana [Mr. CAPEHART] in which he proposed to set aside for this year \$2,000,000,000 to be given to the needy countries to feed any persons who might be hungry, and to place upon a businesslike basis the disbursement on that part of the money to be advanced for the rehabilitation of their industries. I saw that amendment overwhelmingly rejected.

No, Mr. President. This is not a bill—and let the country know it—for the care

of needy persons. That fact is admitted. It goes far beyond that. We are not dealing with a measure such as that with which we dealt in the case of the interim-aid legislation, when crops had failed and people were in want. We are dealing with something which goes far beyond that, both in its effects and in its cost.

With respect to communism, certainly there is no one in this body who has spoken out more definitely against communism than I have. If I believed the expenditure of this amount of money would stop the spread of communism, I would support it or any other measure which would stop it. But in the light of history, in the light of facts, how can any Senator rise on this floor and say it will stop communism or can stop the spread of communism in Europe?

May I not call to the attention of the Senate the fact that after spending sums ranging from \$18,000,000,000 to \$22,000,000,000, we saw Yugoslavia go to communism. Hundreds of millions of dollars went into Yugoslavia. Only within recent weeks, or days, I might say, we have witnessed the iron curtain ring down on little Czechoslovakia. Did the billions of dollars already poured out stop communism there? No, Mr. President. And I do not think this bill is effective for that purpose.

There has been considerable discussion with respect to the haste and the need of haste because of an Italian election which is about to be held. Is it meant by that that the Congress by its action intends to affect the election of a free people in Italy? I do not believe that can be done. It was said on the floor of the Senate, I believe today, that the help which would go to Italy if this bill were enacted would not reach there in time for the election, but that the very passage of the bill would have its effect.

O, Mr. President, I have too much respect for the Italian people to believe that their election of this year is going to hinge upon the attitude of America in sending them some money and supplies. I do not believe in that kind of dollar diplomacy, and even if I did, when the next election comes up, will we be confronted with a bill of this kind to affect that election in Italy? I do not think there is strength in that argument, I do not believe it to be impressive.

Among the arguments which have been advanced during the days of the discussion of the bill has been the one of stopping communism in those countries surrounding Russia, filling them with the necessary implements of progress, rebuilding their factories, giving them steel. I recall that in the course of the discussion on the floor between the able Senator from Massachusetts [Mr. LODGE] and myself the question was raised as to whether any of this steel would go to Russia. As I recall his statement at that time, so fairly made, he said that if the Administrator of the act would send steel, or create a situation under which steel from this country would go into a communistic country, that would be virtually an act of treason.

Let us see what has been adduced in the course of the discussion. We have found that already England has made an agreement with Russia under which steel

from England will be sent into Russia. Is that stopping communism? Is that blocking communism? Are we to take the steel of America and send it to the countries which trade with Russia? I do not think that is an effective blocking of communism.

Let me recall to mind the provisions of the Italian peace treaty, under which an immense amount in reparations must be paid by Italy to Russia. Are we to create a situation whereby Italy, when and if that treaty becomes effective, is going to be empowered to send her products made with American dollars and in American-built factories, into Russia and to the aid of Russia?

We have had brought before us this evening by the Senator from Nebraska an amendment which he did not offer, but which was discussed with the senior Senator from Michigan, an amendment dealing with stopping the tearing down of plants in Germany. Mr. President, if we could give enough to rebuild or aid in rebuilding some of the plants of the countries to the point where the people might sustain themselves so that they would not be on the backs of the American people, particularly in the occupied countries, it would be well. But how can we square with reason the tearing down of the plants of Germany by and under the direction of the United States Government, and then appropriate millions of dollars to reconstruct the same plants? Not until we have established a firm foreign policy should we undertake to go into the subject of rebuilding the economy of Europe. And any such plan should be upon a business basis, not by gift.

Why should it not be indeed upon a businesslike basis? I am perfectly willing to aid, and have America with her strength and with her will aid, in rebuilding the economies of Europe, but let that be upon the same basis on which this Government would give to one of its own citizens, let it be upon a businesslike basis as between man and man and government and government. Oh, yes, it may be said the Administrator can do that if he wants to, but he is not required to do it, and he may give away every penny under the act without accounting for any obligation or returning any obligation under the contract.

I do not believe there has been extended discussion of the effect of the act upon our own home economy. We have been experiencing shortages since the world war, shortages which have sent prices up, shortages which have caused a call from many people for the reestablishment of controls and rationing. One of those items today is steel, which has so much affected the shortage of housing in this country.

Mr. President, I do not believe that any aid should be given without tying it into the needs of America, and I say that if we go forth under this plan and send from this country the immense quantities called for in the pending bill, shortages will be created, and there will be a demand again for the return of controls and the return of price fixing.

The amount of help that is to be given is measured in billions of dollars, but, as pointed out in an editorial in the Satur-

day Evening Post last month, it is not the money that is sent, it is the material part of the cargo which will affect America.

I wish to read at this time, if I may, a part of that editorial. This was inspired by someone making the statement that this plan would cost less than 3 percent of our national income during the life of the program. This is what the editorial says with respect to that point:

To compare the worth of tangible assets, from food to locomotives and power plants, which will have to be sent to Europe, with the national income makes no more sense than to compare Johnny's marbles with the Treasury balance at the close of business on January 17. The amount by which we aid Europe or Asia represents actual commodities available or to be made available in this country, and the proper comparison is between the commodities we send abroad and the total inventory of commodities at home. To compare goods for export with that figment of the statistician's imagination known as "national income" is misleading because it misrepresents downward the actual sacrifice that must be made.

Mr. President, I want foreign trade. I want this country to export those products which we have in surplus, and which are not required for the use of our own people. I want such trade continued. It is a healthy trade. But any foreign trade must be regulated and tied in to the needs of the country, otherwise the whole situation in our country will be thrown out of balance. That is what we face, I say to you, Mr. President; and I charge and warn tonight that if we enter into this spending program we are going to create shortages of products much needed by the American people.

Speaking of reduction of taxes; we cannot hope to take from the taxpayer's back in America the great burden that is placed upon him by reason of the late war if we go into a spending program such as the one under consideration.

I may say that the program does not represent something which is brand new with respect to America's conduct and action. It is a part of a policy, a policy which began, as I recall, with the Bretton Woods agreement, with the loan to Great Britain, followed by the advancement or gift of money under the Greek-Turkish plan. The only difference is this, that instead of being a loan, or having some semblance of being an obligation, the plan represents an outright spending or outpouring of the money of the American people, without any requirement or obligation that any part of it be returned.

We owe a higher duty to our people, a duty to see to it that there is some agreement for return for the money we spend. Oh, if we had only followed such a policy as that respecting lend-lease. If we had only created some obligation under lend-lease upon the recipients of that benefit from this country; indeed, Mr. President, I believe that our troubles in Europe would be less today, and the rights of all parties and all governments more clearly defined.

Mr. President, in closing let me say in all candor and in all earnestness that I do not believe that the adoption of the bill will effect the high purposes it is said will be brought about by its passage. Secondly, I cannot and will not support

any measure which is so loosely drawn that it places such dictatorial and complete powers in the hands of the Administrator of an act of the Congress.

Mr. BARKLEY. Mr. President, I hesitate to consume even a few moments at this hour for I realize the anxiety of Members to vote, but I have not participated in the discussion of the bill since it has been before the Senate, and inasmuch as we have had it before us in the Committee on Foreign Relations really since the 10th day of November, 4 months ago, when first we began the consideration of the interim-aid bill which preceded it, I feel that I ought to make a very brief statement submitting some observations with reference to the legislation, and in order that I may make my remarks brief, I hope I shall not be interrupted during their delivery.

I wish in the first place to express my gratitude to the distinguished Senator from Michigan [Mr. VANDENBERG], the chairman of our committee, for the magnificent way in which he has guided the committee in the consideration of the legislation, for the uniform courtesy and consideration which he has accorded not only all the members of the committee, but all the witnesses who came before the committee, regardless of their attitude on the legislation, as well as the patient and constructive way in which he has guided the legislation up to this hour on the floor of the Senate.

It has been my privilege to sit in conferences with the Senator from Michigan beginning back yonder before the war had been concluded, when Secretary Hull was the head of the State Department and, following him, when Mr. Stettinius was Secretary of State, and later on when former Justice and former Senator Byrnes was Secretary of State, and latterly since Gen. George C. Marshall has been Secretary of State. I recall in those days before the war had ended, when we were trying to lay the foundation for an international organization to preserve the peace, how we met every week in the State Department and discussed all these matters which finally headed up into the Charter of the United Nations adopted at San Francisco, and later adopted by the Senate almost unanimously, and ratified by nearly all the nations of the world. In all those conferences the Senator from Michigan has shown a willingness, even though now and then step by step, and inch by inch, to arrive at a conclusion which would at last lay the foundations for peace, accord, cooperation, and friendship among the nations of the world. So I am happy to accord to him the credit to which he is entitled in all these matters.

I would not be true to myself or to my colleagues if I did not say that all those who were in conference from the Senate and the House of Representatives, without regard to partisanship, worked in the same spirit toward a common end—peace and accord and happiness among the nations of the world—in the hope that ultimately all the hundreds of millions of men, women, and children might stand erect and throw from their bended bodies the burdens of war and of fear and of unhappiness.

We have not yet arrived at that goal. I cannot persuade myself that we are not on the way, in spite of all the handicaps and hardships and discouragements which we face.

I wish to pay the same sort of tribute to all the members of the Committee on Foreign Relations, all 12 of them, exclusive of myself, who have during the past 4 months grappled with this problem in a spirit of cooperation, accord, accommodation, and tolerance of the views of all other Members and of the country at large.

It is a tragic juncture in the history of mankind when we are required to consider legislation of this sort in order to make an effort toward the rehabilitation of depressed mankind, of nations that were uprooted in their political and economic and social situations and systems and in their relationships to one another—entirely uprooted, torn from their ancestral moorings of democracy, liberalism, by this great war out of which we hope we are emerging, but from which we have not yet escaped. It is a tragedy that in the midst of all our other difficulties we must stop to pass and consider legislation of this sort by which we are to contribute \$5,250,000,000 in the first year, and if the plan works well, perhaps \$17,000,000,000 during the 4¼-year period.

But, Mr. President, when we consider the chances of success, when we calculate all the risks which are involved and weigh them against the infinite cost of warfare if it comes because of the uprooting and disorganization of mankind, even the \$5,300,000,000 seems to be an infinitesimal sum by comparison.

When the war had ended in Europe, when the German armies had surrendered, all the military leaders of the world, and particularly those of the United States, estimated that another year would be required to defeat Japan. The atomic bomb had not yet been perfected. No one could predict with any degree of certainty that it would be perfected, so it was predicted that we would be another year defeating Japan.

If it had required another year, all of us would have been willing to undergo the outlay necessary to win a victory over Japan. We would have continued to tax ourselves as we were then taxed and are now taxed. We would have continued to sell bonds to ourselves, as we did then and are doing now; and that extra year of expense in defeating Japan and clearing the Pacific and Asia from the menace of Japanese aggression might have cost the American people another \$100,000,000,000. Instead of our national debt being \$250,000,000,000, it might now be \$350,000,000,000, and we would have incurred that obligation without complaint and without a murmur. We would have been willing to pay that price in order that we might restore the hope of mankind that in all parts of the world, in all the islands of the sea, and in every continent there might be revived the hope of independence, liberty, and self-government.

Fortunately—or it may be unfortunate—we cannot yet assess the value of the atomic bomb. We do not yet know to what it may lead, to what avenues of

construction it may lead, or to what great avenues of destruction and despair it may lead if used unwisely. But due to its discovery and perfection the war in the Pacific ended in August after it had ended in Europe in April of the same year. How infinitesimal, how insignificant in its effect upon our economy now, is this \$5,300,000,000, or even the \$17,000,000,000 originally contemplated, as compared to the additional cost of another year's war in order to clear the Pacific of the danger of Japanese aggression and of dictatorship.

Mr. President, in making a comparison of the amount involved here we cannot overlook the fact that the great fortunes and capital investment of many of the nations of Europe which are to be the beneficiaries of our generosity have been going down the drain, and may continue to do so. A few weeks ago the French Government devalued the franc in an effort to stabilize her currency, balance her budget, and put her financial house in order. By that one act of devaluation the French people lost five and a half billion dollars in the value of securities which they held against the French Government, and which they bought before, during, and since the war. That is an amount greater than the amount involved in this appropriation for the first year.

The public debt of Great Britain, owed to her own people, amounts to approximately \$61,000,000,000. If by the fortunes of finance or otherwise, or international relations, economic and otherwise, the British Government should be required to devalue the pound so that instead of being worth \$4.03 it became worth only \$2.25, \$30,000,000,000 of value to the British people in the securities of their own Government would go down the drain. That would be six times as much as is involved in the appropriation which we are asked to make for the first year. It seems to me that these circumstances and many others which might be recited impel us to undertake this obligation and go through with it.

I should like for a moment to consider a bird's-eye picture of the scene in some of the countries which it was my privilege to visit last September and October, in order to emphasize what we are up against, what we are fighting, over which I hope we may be victorious without the firing of a shot or the loss of an American life, or the draining of a drop of American blood from the veins of our people. What is it?

We have heard a great deal in the past few days about little Finland. The people of Finland are a liberty-loving people. They are a democratic people. They are our friends. They have always been our friends. They desire now to be our friends. They wanted to accept the invitation to join the nations of Europe in the Marshall plan. They would have accepted if they had had the free choice which ought to be theirs. But they are under the guns of the Soviet, and they know it.

As a result of the conflict between Finland and Russia, Russia took a large part of Finnish territory and demanded and received a naval base in Finland not more

than 15 miles from Helsinki, the capital of Finland. It was presumptively to be a naval base; but at the very time I am speaking Russia is training her soldiers on this naval base, and she will not allow the people of Finland even to go through it. There is an iron curtain around this naval base on the soil of Finland.

The Finnish people cannot help themselves because, as they know, they are under the guns of the Soviet Union. When Stalin invited them to negotiate a treaty of military alliance there was only one choice. He said that he would send delegates to Helsinki or they could send delegates to Moscow. Of course they knew that they had to go to Moscow, and they are there now or on their way. They have no liberty of their own. They cannot negotiate an agreement with any other nation except by the permission of Russia; and notwithstanding the fact that for generations and centuries they have fought for their liberty, they do not have it.

In the newspapers this morning we were told that those who opposed the negotiation of such a treaty are to be charged with treason against Finland, because they exercised the right to express their views with regard to a military alliance between Finland and Russia.

Let us take Poland. Does anyone doubt that the Polish people are liberty-loving people? For generations and centuries they have fought for independence and liberty throughout all the vicissitudes which have prevailed in Poland—being divided by one nation or another, or one combination of nations or another, and separated from their integral parts. During all those centuries they have longed and fought for liberty. Every school boy in America knows the names of Kosciuszko and Pulaski, who came here to help our American patriots win independence for our people and our country. The Polish people are our friends, or would be. They are our friends in their individual Polish hearts. They would be our friends as a nation if they were allowed to be.

There is nothing more tragic than what happened in Poland. The Germans went in and occupied the country. They had Warsaw, or they were on the verge of taking Warsaw, if they did not actually have it.

There was an underground in Poland—men, women, and boys who were willing to go underground, in the basements and cellars, with knives and guns and whatever other weapons they might have, in order to beat off the German invasion and occupation. One day the Russian Army came down to the Vistula River and camped on the other side of it. They sent word across to Warsaw that they were ready to rescue the Poles, and for the entire Polish underground to come out from the basements and the cellars and fight the Germans, and that they, the Russians, would come across the bridge and the river and help the Poles. With that encouragement and statement, the Polish underground came out from underground, with whatever weapons they had. But the Russian Army sat on the opposite side of

the Vistula River and saw the German army absolutely mow down those Polish patriots who had come out from hiding. Not a Russian soldier marched across the river to rescue a single Polish patriot who had thus come out from underground. The German soldiers went up the streets and dynamited house after house, as if there had not been a person in them; and today there lie beneath those stones 30,000 Poles. A more diabolical betrayal, no nation and no army was ever guilty of.

Then, when Churchill, Stalin, and Roosevelt met in Yalta to make some preliminary arrangements, Stalin insisted on the Curzon line as the western boundary of Russia. Mr. Churchill and Mr. Roosevelt objected to that line. Finally Stalin said, "We want to be protected against another invasion. We want peace in Russia. We need 100 years of peace in order to develop our country; we are 100 years behind the rest of the world. And we want to be protected against another invasion of Russia through Poland, which has taken place twice within a generation. We insist on the Curzon line." Finally he said, "The Curzon line was not chosen by Russia. It was not the line Lenin wanted. The line he urged and wanted was far west of the Curzon line." He said, "The Curzon line was not selected or chosen by Russia. The Curzon line was fixed by Curzon, an Englishman; by Clemenceau, a Frenchman; and by Dr. Walker, an American. Those three fixed the Curzon line from an ethnological viewpoint; and how can I go back to my people in Russia and admit that I am less Russian than Curzon or Clemenceau or Walker?"

That argument persuaded President Roosevelt. He agreed to the Curzon line; and in order to compensate Poland for the loss of that territory, they agreed to take certain lands in Germany and add them to Poland in order to compensate her for the loss of that territory. Although there was no treaty with respect to it, and it was stated by President Roosevelt that it would not be regarded as settled until there was a final treaty, as a matter of fact it has been settled, and Russia now regards the Curzon line as its line, and regards the German territory as having been acceded to Poland, but not just to the Curzon line, including the territory east of it. On the contrary, all the Polish territory, all the territory in Germany that was given to Poland, and all of eastern Germany are under the domination of Russia. It was not merely protection against another invasion, but actual domination.

I was told by a number of responsible persons in Poland that if they had a free election where everyone could vote as he pleased and could have his vote counted as it was cast, not 15 percent of the Polish people would vote for the government that has been imposed upon them.

Senators may recall that Mikolajczyk was Prime Minister of the Polish Government in exile, during the war. As a part of the agreement, Mikolajczyk was to return to Poland and have a place in the government, and there was to be an election among the Polish people. Mi-

kolajczyk did return; a provisional government was set up; and they had an election in Poland. Five thousand ballot boxes were filled with the votes of the Polish people; but out of those 5,000 ballot boxes only 35 were ever opened. Based upon the returns from those 35 ballot boxes, out of the 5,000, Mikolajczyk was voted out of power, and the Communist government was imposed upon the Polish people.

We were in Warsaw, which is the most completely demolished city in Europe. It is hard for me to imagine how Hiroshima could be more completely destroyed than is the city of Warsaw. We had a conference one night with the members of the Polish Government. Many of them were afraid to express their views. Many of them were afraid even to talk in whispers, lest someone would read their lips and would report to their masters what they said to us. At that conference Mikolajczyk was present. He asked us out to his house the next day at 10 o'clock, and we accepted. We had a feeling that he was a marked man. We had a feeling that we ought not to go, because the mere fact that we went out to his house and talked to him for an hour would be known to the Russians and held against him. But we went. He told us within an hour what was going to happen in Poland. As we were about to drive away he went out to the gate with us; and as our car moved down the street, I turned around and looked out the back window of the car at Mikolajczyk as he stood at his gate. I never saw more anxiety pictured on a human face than I saw pictured on his face then.

We all know what happened. He had to get out of his own country in order to save his life.

What about Czechoslovakia? Of all the nations of Europe, Czechoslovakia had the highest standard of life, unless it might have been Germany and Switzerland—a free, democratic people, with its first republic organized by Thomas G. Masaryk, the father of Jan Masaryk, who is said to have committed suicide a few days ago. Woodrow Wilson said that among all the men he knew and came in contact with at Paris, at the Peace Conference after World War I, Thomas G. Masaryk was one of the ablest, if not the ablest; statesman he had seen in Europe.

When the invitation was extended to the nations of Europe, including Russia and all the others, to meet and consider what they could do for themselves and one another under Marshall's suggestion, there was a Polish delegation in Prague as a visitor to the Czechoslovak Government. The invitation came to the Czechs at the same time, and they asked the Polish delegates what they were going to do. They said, "We are going to accept." Based upon the assurance that Poland would accept, Czechoslovakia accepted. But when the Poles got back to Warsaw, they were told they could not accept, and the officers of the Government of Czechoslovakia were called to Moscow, and they withdrew the acceptance which they had already given. They said, "We are right here under the gun, also, and we cannot be independent

with respect to international matters. We have got to consult Russia on our international relationships. But internally and with regard to our domestic affairs, we are as free and independent as anyone in the United States."

I asked, "How long will that last?"

One of the members of the Czechoslovakian cabinet, who was not a Communist but who was unwilling even to speak to me in a whisper without turning his face to the wall so that his lips could not be read, said, "Six months from now we will be as completely dominated internally as we are now internationally." It was only 5 months from that date that the domination took place in Czechoslovakia.

The same pattern was followed in Rumania and Bulgaria. In Rumania and Bulgaria opposition newspapers have been abolished. Freedom of speech has been abolished. No one can rise in his place to oppose the government which now dominates the people without running the risk of being executed for treason. In Rumania, populated by a refined, advanced, and progressive people, the schoolbooks have been completely changed. All the books that the Rumanian children have been in the habit of studying in school have been destroyed and books written by and for communism substituted. The children are required to study those books. On the very day we left Bucharest by airplane for Sofia, 1,500 professors in the colleges and universities of Rumania were discharged because they would not accept communism. The same is true in Hungary and Bulgaria, and no doubt it will soon be true in Czechoslovakia.

Mr. President, I mention these disagreeable things that have happened already to the nations that are behind the iron curtain. I ask my colleagues and I ask the American people if they are willing for the same pattern to be imposed upon the other free nations of Europe. Are they willing for Greece to succumb to this influence and this tyranny? Are they willing that Turkey, which is a free independent republic, a courageous people, shall come under the domination of this tyranny?

In Greece, where there is a royal government in a sense, the people having voted for the return of King George, who was succeeded by King Paul, his brother, last year, although about the most violent Communist newspapers in Europe are printed in Athens, and although there is a shortage of newspaper paper, the Government of Greece has not suppressed a single one of the Communist papers, although every day they come out in vile, vicious denunciation of the Greek Government and of the United States. Are we willing to take the chance that the same curtain shall be lowered in front of that nation? Are we willing that the Greek children shall have their school books destroyed and be compelled to read only Communist literature? Are we willing to have the professors in Greek colleges and in Turkish colleges discharged because they will not accept communism?

Reference has been made to the election in Italy on the 18th day of April.

Perhaps the Senator from West Virginia is right in saying that nothing we can do here will influence that election, but I think it ought to be stated that that campaign is now in progress; the Communists are drawing the line between America and communism, and they are saying to the Italian people, "If you vote American against us, and America wins, we will be treated very well, because America does not mistreat minorities; but if you vote the American ticket and we win, you will be shot." That is the argument they are putting up to the people of Italy, in addition to saying that we do not propose to help them and that we are not going to do anything to remove the specter of economic disaster and collapse from the Italian people. Possibly we cannot do anything to avert that, but certainly we have a right to take it into consideration in determining whether we will pass the pending bill.

What about France? Of course it may be embarrassing in a way to mention any of the countries, but we are dealing with facts now and conditions, not with a theory. Are we willing that the iron curtain shall come down over France and Italy? Are we willing for the professors of the Sorbonne University to be discharged because they will not accept communism? Are we willing for the French school books to be destroyed and others substituted that teach only communism? Are we willing to have that done? If we want that done, we ought to do nothing to avert it. But if we think there is a reasonable chance to avert it, we certainly ought to take it into consideration in determining what we will do about it.

If this creeping paralysis should crawl across Europe until it came to the Atlantic Ocean and the English Channel, could we have any assurance that Great Britain, a little island or two, 20 miles across the English Channel, could withstand the pressure? Have we any hope that Belgium or Holland or Luxemburg or even the Scandinavian nations would not ultimately succumb to it? We have not.

The appropriation may not avert all that. As has been so eloquently and so forcefully stated here, there is a risk involved. But is there no risk if we do not take this action? In that event what we know will be certain to happen will be the domination of the entire European Continent by this creeping paralysis, this tyranny, this dictatorial, totalitarian system, which has no regard for religion, no regard for freedom, no regard for freedom of worship or of the press or of assembly, among any of the people over whom it domineers.

And if it crawls out all over Europe, what defense is there in the Mediterranean? in Africa? and in the Far East? And if the Communists get Europe and Africa, is there any assurance they will not get Asia? And if they get Asia, where are we, here in the Western Hemisphere, an island which will be compelled to arm itself like a fortress in order that we may defend the life which is dear to us, and by comparison with the expense of which this \$5,300,000,000 is a mere pittance, so far as dollars are concerned.

So, Mr. President, it seems to me there is no alternative, no safe alternative. Even now the creeping monster is knocking at our own doors. Even now the Communists are seeking to infiltrate into the Western Hemisphere. Even now in the Western Hemisphere large numbers of public officers are under the domination of this totalitarian system and philosophy and ideology.

In Russia, made up of 190,000,000 people, there are only 5,000,000 Communists. One may say, "Why do not the rest of them rise up and throw off that sort of thing?" How can they? They are helpless. There has been purge after purge. They cannot organize against it. They cannot express their opposition to it.

I have been in Russia. In 1930 I spent nearly 2 months there. I went out among the villages far from Moscow and far from Leningrad, and among the peasants on the collective farms. Having been myself reared on a farm, I found myself helping them thresh their wheat and load it into carts, hauling it to the barns and granaries. I found myself with them pulling one end of a cross-cut saw to saw lumber with which to build their homes, their barns, and their granaries. I do not think anybody can travel through rural Russia without forming a profound sympathy for the Russian people. They had been serfs, as the Senator from Florida said today, until 75 years ago. Whenever the land was sold, the serf, the slave, was sold with it. He was a serf, a political, feudalistic sort of chattel.

Only 75 years ago were the serfs freed in Russia, and when the revolution took over, 85 percent of the Russian people could neither read nor write. I am bound to say that the Soviet Government has done one good thing in trying to give education to the people of Russia.

I sympathize profoundly with the people of Russia. They are a hospitable and generous people, possessing some degree of talent. But there seems to be a natural gap between the natural kindness of the Russian people and the government which is over them, which is run by 14 men known as the Politburo. It makes no difference what the people feel, what they think, how much they would like to have a voice in their government, 5,000,000 persons govern 190,000,000 persons in the Soviet Union. They cannot protest without incurring the penalty of death.

So, Mr. President, I have no feeling against the Russian people. I have a profound sympathy for them. I have a profound admiration for some of their excellent human qualities, but the conduct of their government since the end of the war has been such as to make it impossible to reconcile the natural kindness and hospitality of the people with the brutality of the government, which has not only dominated Russia, but which is now dominating the entire periphery of the satellite nations around Russia.

When the war ended, no nation in the world had a greater backlog of good will among the American people than did the Russian people. We thought we were about to enter upon an era of peace, a long-lived peace, of cooperation, friend-

ship, accord, and understanding among the nations of the world. When we occupied Germany there were four nations to occupy it, regardless of economic unity. I wish we could find a record of the sessions of the Tripartite Commission in Russia in order to see what the situation was with respect to the other three nations.

I shall not go into the question of the veto, but I believe that when the Charter was submitted to the Senate, if it had not contained the veto power the Senate of the United States would not have ratified it, because we felt that the veto was in our interest as well as in the interest of any other nation. We recalled that when the League of Nations came up in the Senate the argument was made that we could be out-voted. Having that in mind, we all agreed to the veto power, but we had an understanding that in substance the veto power meant that wherever armies were to be moved, wherever troops were to be sent, the veto would apply, and not to every controversy and every decision which might come before the Council of the United Nations.

Undoubtedly it has been abused. I do not now know whether if it were today offered the Charter would be ratified without the veto power. But be that as it may, a situation has crept upon us, until I am afraid the Russian Government has dissipated that backlog of good will which it enjoyed in this country at the end of the war.

Mr. President, in view of all these situations and this condition, for which we are not responsible, and in view of the fact that we are caught up in the whirlpool of international difficulties, it seems to me we ought to resort to every peaceful method at our command to try to help the independent nations which are willing to fight against this creeping paralysis of which I have spoken. If by the expenditure of \$5,300,000,000, or by the expenditure of \$17,000,000,000, we shall be able to give them a stimulation which will enable them to stand upon their own feet and become economically strong and sound and drive back this thing which is creeping over them, we shall be everlastingly benefited by it. Financially it will involve an infinitely smaller sum than will finally be involved if Europe, Asia, and Africa shall succumb to this terror and we shall be required to defend ourselves against it upon our own soil and our own domain.

For these reasons, Mr. President, I shall vote for the bill. I regret that it is necessary to have this legislation. I regret the fact that we have had two world wars. I regret that humanity has been uprooted, that it has been disorganized and demoralized, but we have not been responsible for that. Because I think we may remedy the situation, I feel under a deep obligation to support this legislation and to support the plan for the entire period, provided the recipient nations shall comply with the requirements and shall meet the stipulations in the bond and justify further action upon the part of the United States of America.

The PRESIDING OFFICER. The bill

having had its third reading, the question is on the final passage of the bill.

Mr. WHERRY and other Senators demanded the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BUTLER (when his name was called). I announce that I have a pair with the senior Senator from Ohio [Mr. TAFT] who found it necessary to leave the city. If I were permitted to vote I would vote "nay." If the Senator from Ohio were present and voting he would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. HAWKES. In order that the junior Senator from Maine [Mr. BREWSTER] could leave to keep an important official engagement about half an hour ago, I paired with him. If the Senator from Maine were present and permitted to vote, he would vote "yea." If I were permitted to vote I would vote "nay." I withhold my vote.

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, the Senator from South Dakota would vote "nay."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate because of the death of his mother. If present and voting, the Senator from Missouri would vote "yea."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "yea."

The Senator from Maine [Mr. BREWSTER] and the Senator from Ohio [Mr. TAFT] are necessarily absent. Their respective pairs have been previously announced.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. STENNIS], who is absent on official business, would vote "yea" if present.

The Senator from Maryland [Mr. TYDINGS], who is absent because of illness, would vote "yea" if present.

The Senator from New York [Mr. WAGNER], who is necessarily absent, would vote "yea" if present.

The result was announced—yeas 69, nays 17, as follows:

YEAS—69

Aiken	Hayden	Murray
Baldwin	Hickenlooper	Myers
Barkley	Hill	O'Connor
Bricker	Hoey	O'Mahoney
Bridges	Holland	Overton
Buck	Ives	Pepper
Cain	Johnson, Colo.	Reed
Capper	Kilgore	Robertson, Va.
Chavez	Knowland	Robertson, Wyo.
Connally	Lodge	Russell
Cooper	Lucas	Saltonstall
Cordon	McCarran	Smith
Downey	McCarthy	Sparkman
Eastland	McClellan	Stewart
Eaton	McFarland	Thomas, Okla.
Ellender	McGrath	Thomas, Utah
Ferguson	McKellar	Thye
Flanders	McMahon	Tobey
Fulbright	Magnuson	Umstead
George	Martin	Vandenberg
Green	Maybank	Watkins
Gurney	Millikin	Wiley
Hatch	Morse	Young

NAYS—17

Ball	Byrd	Dworshak
Brooks	Capehart	Jenner

Johnston, S. C.	Moore	Wherry
Kem	O'Daniel	Williams
Langer	Revercomb	Wilson
Malone	Taylor	

NOT VOTING—10

Brewster	Hawkes	Wagner
Bushfield	Stennis	White
Butler	Taft	
Donnell	Tydings	

So the bill S. 2202 was passed.

Mr. LODGE. Mr. President, the passage of this economic cooperation bill by the Senate marks the completely successful discharge by the senior Senator from Michigan [Mr. VANDENBERG] of a massive responsibility. From now on the eyes of the country and of the world will be on the House of Representatives, in the hope that it, too, will sense the urgency and meet the challenge of the moment in Europe.

I desire to pay my tribute to the Senator from Michigan who has so superbly accomplished his mission. We have passed a bill of unprecedented scope and complexity. We have done so at a time of political change in America—which added special difficulties. We have passed the bill in a democratic manner, giving everyone a chance to be heard, and embodying in the bill many worthwhile ideas prepared by Senators and by other citizens.

Carl Schurz said of Abraham Lincoln that his was "the leadership which does not dash ahead with brilliant daring, no matter who follows, but that which was intent upon rallying all the available forces, gathering in the stragglers, closing up the column, so that the front may advance well supported."

I believe the same can be said of the leadership of the chairman of the Foreign Relations Committee in connection with the fine service which he has just rendered his country at this critical time.

ADDITIONAL BILL INTRODUCED

Mr. CORDON, by unanimous consent, introduced a bill (S. 2309) authorizing and directing the Secretary of War to convey to the port of Cascade Locks, Oreg., certain lands for municipal or port purposes, which was read twice by its title and referred to the Committee on Armed Services.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, I call the attention of the Members of the Senate to the prospective program for the first 3 days of next week. If it meets with the approval of the Senate, there will be a call of the legislative calendar, from the beginning of the calendar, after which it is the intention to move to take up the independent offices appropriation bill. The Senator from Kansas [Mr. REED] will be in charge of that bill, and it is estimated its consideration will take at least 3 hours. At the conclusion of the consideration of the appropriation bill it is the intention to make the concurrent resolution covering Reorganization Plan No. 1 the unfinished business Monday at the close of the session, and take it up for consideration Tuesday. There has already been an order entered

Appendix

Program and Policies of the National Grange

EXTENSION OF REMARKS OF

HON. ARTHUR CAPPER

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Saturday, March 13 (legislative day of
Monday, February 2), 1948

Mr. CAPPER. Mr. President, I send to the desk and ask unanimous consent that there be printed in the Appendix of the RECORD a summary of the action taken at the eighty-first annual session of the National Grange at Columbus, Ohio, together with some extracts from the annual message of National Master Albert S. Goss on the subject *The Grange Plans for the Future*.

There being no objection, the summary and extracts were ordered to be printed in the RECORD, as follows:

ACTION BY THE NATIONAL GRANGE TAKEN AT THE EIGHTY-FIRST ANNUAL SESSION AT COLUMBUS, OHIO, NOVEMBER 12-21, 1947

Reconstruction in war-torn lands and the laying of a sound foundation for a strong and prosperous American agriculture were emphasized at the eighty-first annual session of the National Grange in Columbus, Ohio. The delegates from 37 States pledged the united efforts of more than 800,000 members to aiding European recovery, but emphasized that Europe must rely chiefly on a vigorous program of self-help.

The principle that agriculture must follow a program of abundant production was reaffirmed and emphasized as the only sound method for combating the threat of inflation. Artificial government price controls were opposed as not providing a sound solution to the threat of inflation.

Resolutions adopted placed especial emphasis on the need for increased cooperation, and elimination of duplication, among Federal, State, and county agencies serving farmers. The Grange urged increased emphasis on making agricultural agencies more directly responsive to the needs and wishes of farmers.

The more than 18,000 candidates receiving the seventh degree established a new record, exceeding the previous record by approximately 5,500. Seven classes received the highest degree in Grange ritualism.

GRANGE AGRICULTURAL POLICY

A stable, prosperous, and expanding American agriculture is essential to a sound and prosperous national economy. So dependent and interdependent is each upon the other that without either, both must suffer. That is the keynote of a comprehensive statement of policy adopted by the National Grange annual session in Columbus.

The Grange insists that it is the responsibility of business and labor to adopt such policies as will provide sustained abundant production in industry and full employment. The Grange supports measures which will help stabilize production in industry without impairment to our private-enterprise system and democracy.

Since farmers provide consumers with an abundant supply of food and other agricultural commodities, an honest equity for agriculture would assure farmers a fair price for what they produce. If this is done, it will be a potent factor in maintaining a high level of employment and prosperity in the Nation.

The objectives which the Grange seeks for agriculture are:

1. The abundant production of farm commodities at prices which are fair to both producers and consumers.
2. The preservation of the family-owned and operated farm unit.
3. The conservation and most efficient use of our basic soil, water, forestry and mineral resources.
4. A constantly rising standard of living for all farm families.
5. The opportunity for youth to climb the ladder to farm ownership and security.
6. A marketing and price structure that will maintain agriculture on a satisfactory self-sustaining and stable basis.
7. Farm control of all programs designed to aid agriculture.

THE GRANGE FAVORS

Modernization of the parity formula.
Cooperative farmer marketing and purchasing associations.

A multiple price system for commodities that can use it.

Marketing agreements and quotas where necessary and practical.

Price supports at levels protecting farmers against disaster prices.

Maximum farmer control of farm programs and administration.

Preservation and strengthening of the family-operated farm.

The farm credit system under an independent bipartisan board.

State and local control of all educational funds.

Better pay for teachers.

Development of self-liquidating hydroelectric projects.

Continued development of a comprehensive farm-to-market road system.

Continuation of the farm labor placement program.

Personal income taxes on a broad base.

Legislation to make the Extension Service financially and politically independent of any farm organization.

Extension of old-age and retirement benefits to farmers and farm workers.

Improved hospital facilities, especially for rural areas.

Cooperative efforts to promote rural health programs.

Relevelling of farm land after strip mining and gold dredging.

Amendment of the rural-electrification law to include rural telephone service.

An educational program on the evils of alcohol; local option for communities that want it.

Greater control of speculative trading in farm commodities.

Improved leasing arrangements between tenants and landowners.

Land-use regulations to protect natural resources.

International commodity agreements.

Improvement of international trade relations to facilitate an expanding exchange of goods.

International cooperation to stabilize farm prices in world markets.

The Marshall plan, with adequate self-help stipulations.

THE NATIONAL GRANGE OPPOSES

Any effort or program designed to put an unjust tax upon cooperatives.

Federal control of education.

Importation of any food products which fail to meet the pure-food standards of this country.

Tax reductions before debt reduction, and then only as greater economies in government make it possible.

Use of Federal funds for toll roads.

Admission to statehood of any area outside continental North America.

Repeal of the acreage limitation in the reclamation law.

Peacetime military conscription.

Distribution of obscene and objectionable movies.

Socialized medicine.

Return of price control and rationing except as a last resort.

Daylight-saving time.

Consolidation of the Extension Service and the Soil Conservation Service.

THE GRANGE GUIDEPOSTS

The three Grange guideposts adopted several years ago have been widely accepted as fundamentally sound. They have become the yardstick by which the Grange measures the soundness of legislative and economic proposals.

Reaffirmed at Columbus, the Grange guideposts are:

1. All prosperity springs from the production of wealth; or anything which retards the production of wealth is unsound.

2. The compensation of each should be based on what he contributes to the general welfare.

3. The prime purpose of government is to protect its citizens from aggression, both physical and economic.

Applied to everyday problems, this means the Nation must continue to produce a balanced abundance; must prevent monopolies in agriculture, industry, or labor, which restrict production in order to enhance prices; must see that reasonable compensation is made possible for those who earn it; and must do this under the private-enterprise system, which provides an opportunity for everyone to develop his own talents and earn compensation in accordance with his ability, energy, and contribution to the general welfare.

THE GRANGE PLANS FOR THE FUTURE

(Extracts from annual address of National Master Albert S. Goss, Columbus, Ohio)

The hope of the world is now dependent upon our willingness and ability to aid Europe in getting back on its feet so that it can again become self-supporting and produce the wealth upon which all prosperity rests.

* * * However, we have a definite right and obligation to demand certain standards of performance as the price of extending aid.

One of our most serious domestic problems is the continual drain on our soils largely through erosion. While we have made wonderful progress in soil conservation as compared with the past, we must recognize that a system which pays cash bonuses to farmers for doing what good farmers ought to do, anyway, and which does not reach the land-

owners who persist in allowing their soils to wash away, can hardly be considered the basis for a sound, permanent program.

Profit sharing among industry, labor, and the consuming public presents the possibility of finding a stopping point in a steadily rising price structure, and turning the upward trend in the opposite direction.

The Grange has always recognized the need for consideration of the problems of our young people. We are continually impressed with the ability of young people to develop and carry out their own programs if they are given the chance.

The Marshall Plan

EXTENSION OF REMARKS

OF

HON. ELBERT D. THOMAS

OF UTAH

IN THE SENATE OF THE UNITED STATES

*Saturday, March 13 (legislative day of
Monday, February 2), 1948*

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an address on the Marshall plan broadcast by me over Station KSL, of Salt Lake City, on February 17, 1948.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

This talk is not to be one dealing with arguments for or against what is called the Marshall plan but merely a chat of background and in relation to the development of the ideas behind the plan.

General Marshall's address at Harvard which became responsible for the naming of the plan the Marshall plan was not a bolt from the great blue sky. In fact, it appeared so commonplace to the reporter that the American press was slow in discovering that General Marshall had made a great pronouncement. The European press, and especially England, responded to his speech before our press did. I was in Europe at the time General Marshall made his speech. There was another speech containing most of the ideas in the General's speech delivered in May, a month before General Marshall spoke at Harvard, in Cleveland, Miss., by Dean Acheson, Under Secretary of State. It contained the principles of recovery through united effort. But long before either of these talks, the theory of attempting to keep chaos out of the conquered nations and those countries that had suffered as a result of the war, was a theme of many persons. UNRRA had as its objective not only the ideas of relief but the notion of united effort so that one nation might not take advantage of another and buy competitively in the markets of the world in such a way as to bring about a rise in prices which might be disastrous to the whole world. The need for several types of unity have always been expressed.

During the war we talked about winning the war and winning the peace. During the war we attained one unity on paper—that of bringing about the Charter of the United Nations. The International Labor Organization functioned throughout the war. The United Nations Food and Agricultural Constitution was adopted—the idea behind it being the theory of the inter-dependence of nations and the overcoming of starvation and food scarcities throughout the world. We may go back even before this time to the meetings of the International Labor Organization in Philadelphia in 1944 while the war was at its worst. The representatives of fifty-odd nations adopted a peace plan based

upon the fundamental theory that starvation anywhere affected the lives of people everywhere. Then we may go back further than that to the establishment of the International Labor Organization after the First World War at which time its constitution was based upon the theory that peace can only prevail when the world has a standard of living sufficient to maintain the needs of man. And then we can go back even further—back so far indeed that we discover that the theory of unity, interdependence of nations, and the notion of mutual helpfulness as a benefit to all has been with us for centuries.

After World War I, came the great revolutions in India and China and Russia. There was a unity in these revolutions even, because basically all of them were revolutions against starvation.

Let me give you two simple incidents relating to these great revolutions. In India, China, and Russia, before the First World War, there were great populations, 85 percent of whom were all small farmers providing food for themselves and their families and as many of their neighbors as they could reach. Starvation was an accepted condition. All three peoples had become fatalists in assuming that someone must starve every year. I know something of this terrible fatalism which holds a people when they assume that nature is so much against them, that it is inevitable when suffering continues, because I got to Japan to witness the last great starvation period there and I went through China during such a period there. The people took everything for granted. They didn't protest against what was taking place. They accepted it and they uttered, "There is no help for it." Now the great revolutions of India, China, and Russia are marked first of all by the desire to free all of the people from this fatalistic approach to their condition and all of the leaders of these revolutions took the stand that conditions can be made better. In other words, the dawning of the theory of progress had at last reached them and the notion brought out by so many of our founding fathers when our Constitution was set up that man has a right to pursue happiness to the extent that he can live free from want. Thus, the whole world now has accepted a theory of mutual helpfulness so that the Marshall plan merely echoes that theory.

The other incident I want to tell about these three great revolutions is what took place in Russia. At the beginning of the First World War, 85 percent of the Russian people used all their time and their energy to produce food for the entire population and great numbers died each year of starvation. Russia is still not free from want, but by the time of the Second World War, she had made improvements in cultivation and in transportation to the extent that it took only 68 percent of her people to feed the entire population. Thus, in Russia 25,000,000 people were released from this agricultural work. I think that, without doubt, those 25,000,000 people became the straw that broke Hitler's back in the war between Russia and Germany in the Second World War.

The Marshall plan, therefore, is an answer to what has been the striving of the nations since the First World War—the realization that nations must help one another, that prosperity makes more prosperity and that chaos and want produce more want. You see everyone is talking today about the two worlds instead of one world. But economically, there will be only one world no matter what takes place politically, and if only half of the world trades with itself instead of the whole, we can only be half as well off as we will when the whole is producing for the benefit of all.

The studies which have been produced to give us the right ideas of what should be

done under the Marshall plan constitute probably one of the greatest studies ever carried on by any nation. In general, what do we hope to produce? From now on this is what I hope to see produced. Others may sum up in different ways. I hope that western Europe will realize that she must unite, at least economically, in order to benefit herself.

That brings us to what took place when the possibilities of the Marshall plan dawned on the people of Europe. The 16 nations came together. Some of them were not belligerents. Some were countries like Ireland and Sweden, but they were all hit by the war, and they can all be benefited. The second thing we want to accomplish is the realization that prosperity anywhere helps prosperity everywhere. Then we will destroy the nationalistic feelings engendered by the nations trying to take advantage by embargoes, by high tariffs, and by restrictions on trade. Such actions always lead to the type of competition that stresses the belief that our neighbors are living better than we are and that we want to destroy their well-being by fostering the spirit of envy. The thing that we want to do is to have a Christlike spirit and rejoice in our neighbors' success and know that we, too, will go forward if they do.

Third, I want to see a period of real peace wherein men plan for peace instead of for war. I would like to see disproved the old prophecy uttered by one of the characters in Sophocles' Greek drama of ancient times wherein he said "men always unite for war but never for peace." I would like to see men unite for peace so that children can grow up without fear and give their lives to productive enrichment of their own and their country's welfare instead of putting so much of their energies into the processes of destruction.

Now, of course, the practical-minded among us will say that that is pure idealism and, therefore, bunk. Well, if the practical-minded want to condemn idealism, that is all right with me, but I would like them to give the idealist a chance just to try his theories once or twice. Christianity may have made a mess of things, but the life of Christ and the teachings of Jesus are still the most idealistic things in the world and by all odds the most successful. Let us take the good for once and build on it. You have all tried it in your lives and found it pays. Do you think it is time for nations to try it? I think that it is worth while.

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DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 16, 1948
For actions of March 15, 1948
80th-2nd, No. 49

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Federal aid.....22,43	Personnel.....6,7,15,45	Trade, foreign.....12
Flood control.....40	Prices.....12,35	Veterans' benefits....7,28

HIGHLIGHTS: Sen. Aiken et al introduced, and Sen. Aiken explained, long-range farm program bill. Rep. Hope introduced bill to repeal wheat-carryover requirement. House passed bill to remove price criteria as export-control factor. House received proposed borrowing authorization for REA. Joint Housing Committee submitted its report; Senate voted further continuation; and Sen. McCarthy introduced and discussed housing bill. Senate passed independent offices appropriation bill. Rep. Boggs criticized reports that cotton prices are too high. Rep. Schwabe (Mo.) inserted grain association letter opposing CCC charter bill.

SENATE

1. INDEPENDENT OFFICES APPROPRIATION BILL. Passed with amendments this bill, H. R. 5214, which includes appropriations for the Civil Service Commission, Budget Bureau, General Accounting Office, etc., and various annual general provisions (pp. 2898, 2902, 2914-28). Conferees were appointed (p. 2928).
2. FORESTS. Passed without amendment H. R. 1809, to broaden the authority of the Secretary to grant long-term occupancy permits in National forests in Alaska for summer homes, hotels, etc., by authorizing permits for a wider variety of purposes and extending the limit on acreage from 5 acres to 80 (p. 2891). This bill will now be sent to the President.
3. HOUSING. Received the report of the Joint Committee on Housing (pp. 2883). Sen. McCarthy, Wis., discussed the report and a proposed bill on the subject (pp. 2887-8). Agreed, with amendments, to H. Con. Res. 155, continuing the Joint Committee and requiring it to submit a final report not later than May 15, 1948 (p. 2898). Sen. McCarthy discussed the committee's recommendations and analyzed the proposed legislation in detail (pp. 2902-14).
4. SMALL BUSINESS. Agreed, without amendment, to S. Res. 191, continuing the Small Business Committee during the remainder of this Congress (pp. 2893-5, 2928).

5. MINERAL LANDS. The Interior and Insular Affairs Committee reported without amendment H. R. 5049, to reopen the revested O & C Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws (S. Rept. 1012)(p. 2883).
6. PERSONNEL; ECONOMY. Received the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Government employment, etc. (pp. 2884-6).
7. VETERANS' PREFERENCE. Indefinitely postponed H. R. 1389, to define "active duty" under the veterans' preference laws, in view of a Supreme Court decision (p. 2889).
8. SURPLUS COMMODITIES. S. J. Res. 187, the Aiken measure to provide for use of Sec. 32 funds in foreign aid, was indefinitely postponed in view of the amendment to the ERP bill (p. 2892).
9. SURPLUS PROPERTY. Passed with amendment S. 2277, to permit WAA to transfer to State and local governments, with a priority below that given to Federal agencies, real property suitable for use as public parks or recreational areas, etc., at 50% of value (p. 2892).
10. BUILDING. Passed without amendment H. R. 3506, to provide for acquisition of a site for a Federal building in Huntington, W. Va. (p. 2892). This bill will now be sent to the President.
11. BILLS PASSED OVER included: S. 669, grain bonus (p. 2888); S. 299, to extend reclamation laws to Ark. (p. 2888); H. R. 3484, to transfer the Remount Service to USDA (p. 2888); and S. 2142, to transfer the Muscatine alcohol plant to USDA (p. 2891).

HOUSE

12. EXPORT CONTROLS. Passed without amendment H.R. 5470, which removes price criteria as a factor in the granting of export licenses (pp. 2944-9).
13. R.E.A. Received from the President a proposal to increase REA borrowing authority by \$175,000,000 for the fiscal year 1948 (H.Doc. 567) (p. 2979).
14. EXECUTIVE ORGANIZATION. The following are excerpts from the report of the Expenditures in the Executive Departments Committee on organization of Federal executive departments and agencies (see Digest 47):

"The heterogeneity of components, complained of in previous reports still exists. At the present time there are 352 principal components of the Federal Government too diversified to classify."

"...this committee is engaged in standardizing Government organization and nomenclature. Our objective is simple. It is to have each department or independent agency use the following names and subdivisions in descending order of importance: Bureau, Division, Branch, Section, Unit."

"We have urged departments and agencies to abolish names which conflict with those of others...Considerable progress can be reported to date and a large amount of interest has been shown by department and agency heads and we are hopeful that by the end of the year the entire executive branch will be organized in this fashion. A number of departments and agencies have made significant changes in line with our recommendations."

"The original idea underlying the formation of Government corporations was to provide instrumentalities with greater flexibility than the average bureau

of the National Advisory Committee for Aeronautics which had been reported from the Committee on Armed Services with an amendment, to strike out all after the enacting clause and insert:

That the eighth paragraph following the caption "Pay, miscellaneous" in the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1916, and for other purposes," approved March 3, 1915 (38 Stat. 930; U. S. C., title 49, sec. 241), as amended, is hereby amended to read as follows:

"NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS"

"(a) There is hereby established a National Advisory Committee for Aeronautics (hereinafter referred to as the 'Committee') to be composed of not more than 17 members appointed by the President. Members shall serve as such without compensation, and shall include two representatives of the Department of the Air Force; two representatives of the Department of the Navy, from the office in charge of naval aeronautics; two representatives of the Civil Aeronautics Authority; one representative of the Smithsonian Institution; one representative of the United States Weather Bureau; one representative of the National Bureau of Standards; the chairman of the Research and Development Board of the National Military Establishment; and not more than seven other members selected from persons acquainted with the needs of aeronautical science, either civil or military, or skilled in aeronautical engineering or its allied sciences. Unless otherwise provided by law, each member not representing a government department or agency shall be appointed for a term of 5 years from the date of the expiration of the term of the member whom he succeeds, except that any member appointed to fill a vacancy occurring prior to the expiration of a term shall be appointed for the unexpired term of the member whom he succeeds.

"(b) Under such rules and regulations as shall be formulated by the Committee, with the approval of the President, for the conduct of its work, it shall be the duty of the Committee (1) to supervise and direct the scientific study of the problems of flight with a view to their practical solution, (2) to determine the problems which should be experimentally attacked, and to discuss their solution and their application to practical questions, and (3) to direct and conduct research and experiment in aeronautics in the Langley Aeronautical Laboratory, the Ames Aeronautical Laboratory, the Flight Propulsion Research Laboratory, and in such other laboratory or laboratories as may, in whole or in part, be placed under the direction of the Committee.

"(c) An annual report to the Congress shall be submitted by the Committee through the President, including an itemized statement of expenditures."

SEC. 2. Each member of the National Advisory Committee for Aeronautics not representing a Government department or agency who may be appointed initially to fill any vacancy created by the increase in the membership of the Committee authorized by the amendment made by the first section of this act shall serve under such appointment for a term expiring December 1, 1950.

SEC. 3. The following parts of acts are hereby repealed:

(a) That portion of the ninth paragraph following the caption "Pay, miscellaneous," in the act entitled "An act making appropriation for the naval service for the fiscal year ending June 30, 1916, and for other purposes," approved March 3, 1915 (38 Stat. 930; U. S. C., title 49, sec. 243), which reads as follows: "Provided, That an annual report to the Congress shall be submitted

through the President, including an itemized statement of expenditures."

(b) That portion of the paragraph following the caption "National Advisory Committee for Aeronautics," in the act entitled "An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1919, and for other purposes," approved July 1, 1918 (40 Stat. 650; U. S. C., title 49, sec. 242), which reads as follows: "Provided, That the Secretary of War is authorized and directed to furnish office space to the National Advisory Committee for Aeronautics in governmental buildings occupied by the Signal Corps."

(c) That portion of the first paragraph following the caption "National Advisory Committee for Aeronautics," in the act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1927, and for other purposes," approved April 22, 1926 (44 Stat. 314; U. S. C., title 49, sec. 244), which reads as follows: "hereafter to be known as the Langley Memorial Aeronautical Laboratory."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to promote the national defense by increasing the membership of the National Advisory Committee for Aeronautics, and for other purposes."

USE AND OCCUPANCY OF NATIONAL FOREST LANDS

The bill (H. R. 1809) to facilitate the use and occupancy of national forest lands, and for other purposes, was announced as next in order.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2142) to make the Government-owned alcohol plant at Muscatine, Iowa, available for processing agricultural commodities in the furtherance of authorized programs of the Department of Agriculture, and for other purposes, was announced as next in order.

Mr. BUTLER. Over.

The PRESIDENT pro tempore. The bill goes over.

LIGNITE RESEARCH LABORATORY IN NORTH DAKOTA

The Senate proceeded to consider the bill (H. R. 2453) to provide for the establishment and operation of a research laboratory in the North Dakota lignite-consuming region for investigation of the mining, preparation, and utilization of lignite, for the development of new uses and markets, for improvement of health and safety in mining; and for a comprehensive study of the possibilities for increased utilization of the lignite resources of the region to aid in the solution of its economic problems and to make its natural and human resources of maximum usefulness in the reconversion period and time of peace, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 2, line 8, after the word "conserving" to insert "lignite coal."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER

The bill (S. 984) to prohibit discrimination in employment because of race, religion, color, national origin, or ancestry, was announced as the next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill goes over on objection.

The bill (S. 2242) to authorize for a limited period of time the admissions into the United States of certain European displaced persons for permanent residence and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill goes over on objection.

AUTHORIZATION FOR CONSTRUCTION OF BRIDGES IN MARYLAND

The bill (S. 2201) supplementing the act entitled "An act authorizing the State of Maryland, by and through its State Roads Commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State," approved April 7, 1938, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the State of Maryland, by and through its State Roads Commission or the successors of said commission, is hereby authorized to construct, maintain, and operate, subject to the provisions of subsection (b) of section 502 of the General Bridge Act of 1946, (1) a bridge across or a tunnel under the Chesapeake Bay, in the State of Maryland, from a point in Anne Arundel County at or near Sandy Point to a point approximately opposite on Kent Island, or a combined bridge and tunnel at such location, and approaches thereto, and (2) a bridge across or a tunnel under the Patapsco River in the city of Baltimore from a point at or near the mouth of North West Branch to a point approximately opposite at or near Fairfield, and approaches thereto.

SEC. 2. The State of Maryland, by and through its State Roads Commission or the successors of said commission, is hereby authorized to fix and charge tolls in accordance with the laws of the State of Maryland for the use of each of the structures and facilities the construction of which is hereby authorized and to use such tolls in accordance with the laws of the State of Maryland for the purposes hereinafter provided.

SEC. 3. The State of Maryland, by and through its State Roads Commission or the successors of said commission, may unite or group either or both of the bridges heretofore constructed in accordance with the provisions of the act approved April 7, 1938 (52 Stat. 205), across the Susquehanna River and the Potomac River with either or both of the structures and facilities the construction of which is hereby authorized into one or more projects for financing purposes. The rates of tolls charged for the use of each of the structures or facilities so included in any such project shall be so adjusted in accordance with the provisions of said act of April 7, 1938, as to provide in the aggregate a fund not to exceed an amount sufficient to pay the reasonable costs of main-

1 Europe, and recognizing that disruption following in the wake
2 of war is not contained by national frontiers, the Congress
3 finds that the existing situation in Europe endangers the
4 establishment of a lasting peace, the general welfare and
5 national interest of the United States, and the attainment of
6 the objectives of the United Nations. The restoration or
7 maintenance in European countries of principles of individual
8 liberty, free institutions, and genuine independence rests
9 largely upon the establishment of sound economic conditions,
10 stable international economic relationships, and the achieve-
11 ment by the countries of Europe of a healthy economy inde-
12 pendent of extraordinary outside assistance. The accom-
13 plishment of these objectives calls for a plan of European
14 recovery, open to all such nations which cooperate in such
15 plan, based upon a strong production effort, the expansion
16 of foreign trade, the creation and maintenance of internal
17 financial stability, and the development of economic coopera-
18 tion, including all possible steps to establish and maintain
19 equitable rates of exchange and to bring about the progressive
20 elimination of trade barriers. Mindful of the advantages
21 which the United States has enjoyed through the existence
22 of a large domestic market with no internal trade barriers,
23 and believing that similar advantages can accrue to the
24 countries of Europe, it is the hope of the people of the United
25 States that these countries through a joint organization will

1 exert sustained common efforts which will speedily achieve
2 that economic cooperation in Europe which is essential for
3 lasting peace and prosperity. Accordingly, it is declared to
4 be the policy of the people of the United States to sustain and
5 strengthen principles of individual liberty, free institutions,
6 and genuine independence in Europe through assistance to
7 those countries of Europe which participate in a joint recovery
8 program based upon self-help and mutual cooperation: *Pro-*
9 *vided*, That no assistance to the participating countries herein
10 contemplated shall seriously impair the economic stability
11 of the United States. It is further declared to be the policy
12 of the United States that continuity of assistance provided
13 by the United States should, at all times, be dependent upon
14 continuity of cooperation among countries participating in
15 the program.

16 PURPOSES OF ACT

17 (b) It is the purpose of this Act to effectuate the policy
18 set forth in subsection (a) of this section by furnishing
19 material and financial assistance to the participating coun-
20 tries in such a manner as to aid them, through their own
21 individual and concerted efforts, to become independent of
22 extraordinary outside economic assistance within the period
23 of operations under this Act, by—

24 (1) promoting industrial and agricultural produc-
25 tion in the participating countries;

1 (2) furthering the restoration or maintenance of
2 the soundness of European currencies, budgets, and
3 finances; and

4 (3) facilitating and stimulating the growth of inter-
5 national trade of participating countries with one an-
6 other and with other countries by appropriate measures
7 including reduction of barriers which may hamper such
8 trade.

9 PARTICIPATING COUNTRIES

10 SEC. 3. As used in this Act, the term "participating
11 country" means—

12 (a) any country, together with dependent areas
13 under its administration, which signed the report of the
14 Committee of European Economic Cooperation at Paris
15 on September 22, 1947; and

16 (b) any other country (including any of the zones
17 of occupation of Germany, any areas under interna-
18 tional administration or control, and the Free Territory
19 of Trieste or either of its zones) wholly or partly in
20 Europe, together with dependent areas under its admin-
21 istration;

22 provided such country adheres to, and for so long as it
23 remains an adherent to, a joint program for European
24 recovery designed to accomplish the purposes of this Act.

1 ESTABLISHMENT OF ECONOMIC COOPERATION

2 ADMINISTRATION

3 SEC. 4. (a) There is hereby established, with its prin-
4 cipal office in the District of Columbia, an agency of the
5 Government which shall be known as the Economic Coopera-
6 tion Administration, hereinafter referred to as the Adminis-
7 tration. The Administration shall be headed by an
8 Administrator for Economic Cooperation, hereinafter referred
9 to as the Administrator, who shall be appointed by the
10 President, by and with the advice and consent of the Senate,
11 and who shall receive compensation at the rate of \$20,000
12 per annum. The Administrator shall be responsible to the
13 President and shall have a status in the executive branch
14 of the Government comparable to that of the head of an
15 executive department. Except as otherwise provided in this
16 Act, the administration of the provisions of this Act is
17 hereby vested in the Administrator and his functions shall
18 be performed under the control of the President.

19 (b) There shall be in the Administration a Deputy
20 Administrator for Economic Cooperation who shall be ap-
21 pointed by the President, by and with the advice and con-
22 sent of the Senate, and shall receive compensation at the
23 rate of \$17,500 per annum. The Deputy Administrator for
24 Economic Cooperation shall perform such functions as the

1 Administrator shall designate, and shall be Acting Adminis-
2 trator for Economic Cooperation during the absence or dis-
3 ability of the Administrator or in the event of a vacancy
4 in the office of Administrator.

5 (c) The President is authorized, pending the appoint-
6 ment and qualification of the first Administrator or Deputy
7 Administrator for Economic Cooperation appointed here-
8 under, to provide, for a period of not to exceed thirty days
9 after the date of enactment of this Act, for the performance
10 of the functions of the Administrator under this Act through
11 such departments, agencies, or establishments of the United
12 States Government as he may direct. In the event the
13 President nominates an Administrator or Deputy Adminis-
14 trator prior to the expiration of such thirty-day period, the
15 authority conferred upon the President by this subsection
16 shall be extended beyond such thirty-day period but only
17 until an Administrator or Deputy Administrator qualifies and
18 takes office.

19 (d) Any department, agency, or establishment of the
20 Government (including, whenever used in this Act, any
21 corporation which is an instrumentality of the United States)
22 performing functions under this Act is authorized to employ,
23 for duty within the continental limits of the United States,
24 such personnel as may be necessary to carry out the pro-
25 visions and purposes of this Act, and funds available pursuant

1 to section 14 of this Act shall be available for personal
2 services in the District of Columbia and elsewhere without
3 regard to section 14 (a) of the Federal Employees Pay Act
4 of 1946 (60 Stat. 219). Of such personnel employed by
5 the Administration, not to exceed sixty may be compensated
6 without regard to the provisions of the Classification Act
7 of 1923, as amended, of whom not more than ten may be
8 compensated at a rate in excess of \$10,000 per annum,
9 but not in excess of \$15,000 per annum. Experts and
10 consultants or organizations thereof, as authorized by section
11 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a),
12 may be employed by the Administration, and individuals so
13 employed may be compensated at rates not in excess of
14 \$50 per diem and while away from their homes or regular
15 places of business, they may be paid actual travel expenses
16 and not to exceed \$10 per diem in lieu of subsistence and
17 other expenses while so employed.

18 (e) The head of any department, agency, or establish-
19 ment of the Government performing functions under this
20 Act may, from time to time, promulgate such rules and regu-
21 lations as may be necessary and proper to carry out his func-
22 tions under this Act, and he may delegate authority to
23 perform any of such functions to his subordinates, acting
24 under his direction and under rules and regulations pro-
25 mulgated by him.

1 GENERAL FUNCTIONS OF ADMINISTRATOR

2 SEC. 5. (a) The Administrator, under the control of
3 the President, shall in addition to all other functions vested
4 in him by this Act—

5 (1) review and appraise the requirements of par-
6 ticipating countries for assistance under the terms of
7 this Act;

8 (2) formulate programs of United States assistance
9 under this Act, including approval of specific projects
10 which have been submitted to him by the participating
11 countries;

12 (3) provide for the efficient execution of any such
13 programs as may be placed in operation; and

14 (4) terminate provision of assistance or take other
15 remedial action as provided in section 17 of this Act.

16 (b) In order to strengthen and make more effective the
17 conduct of the foreign relations of the United States—

18 (1) the Administrator and the Secretary of State
19 shall keep each other fully and currently informed on
20 matters, including prospective action, arising within the
21 scope of their respective duties which are pertinent to
22 the duties of the other;

23 (2) whenever the Secretary of State believes that
24 any action, proposed action, or failure to act on the part

1 of the Administrator is inconsistent with the foreign-
2 policy objectives of the United States, he shall consult
3 with the Administrator and, if differences of view are
4 not adjusted by consultation, the matter shall be referred
5 to the President for final decision.

6 (c) The Administrator and the department, agency,
7 or officer in the executive branch of the Government exer-
8 cising the authority granted to the President by section
9 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,
10 shall keep each other fully and currently informed on matters,
11 including prospective action, arising within the scope of their
12 respective duties which are pertinent to the duties of the
13 other. Whenever the Administrator believes that any
14 action, proposed action, or failure to act on the part of
15 such department, agency, or officer is inconsistent with the
16 purposes and provisions of this Act, he shall consult with
17 such department, agency, or officer and, if differences of
18 view are not adjusted by consultation, the matter shall be
19 referred to the President for final decision.

20 NATIONAL ADVISORY COUNCIL

21 SEC. 6. Section 4 (a) of the Bretton Woods Agreement
22 Act (59 Stat. 512, 513) is hereby amended to read as
23 follows:

24 "SEC. 4. (a) In order to coordinate the policies and

1 operations of the representatives of the United States on the
2 Fund and the Bank and of all agencies of the Government
3 which make or participate in making foreign loans or which
4 engage in foreign financial exchange or monetary transac-
5 tions, there is hereby established the National Advisory Coun-
6 cil on International Monetary and Financial Problems
7 (hereinafter referred to as the 'Council'), consisting of the
8 Secretary of Treasury as Chairman, the Secretary of State,
9 the Secretary of Commerce, the Chairman of the Board of
10 Governors of the Federal Reserve System, the Chairman of
11 the Board of Trustees of the Export-Import Bank of Wash-
12 ington, and during such period as the Economic Cooperation
13 Administration shall continue to exist, the Administrator for
14 Economic Cooperation."

15 PUBLIC ADVISORY BOARD

16 SEC. 7. (a) There is hereby created a Public Advisory
17 Board, hereinafter referred to as the Board, which shall
18 advise and consult with the Administrator with respect to
19 general or basic policy matters arising in connection with
20 the Administrator's discharge of his responsibilities. The
21 Board shall consist of the Administrator, who shall be Chair-
22 man, and not to exceed twelve additional members to be
23 appointed by the President, by and with the advice and con-
24 sent of the Senate, and who shall be selected from among
25 citizens of the United States of broad and varied experience

1 in matters affecting the public interest, other than officers and
2 employees of the United States (including any agency or
3 instrumentality of the United States) who, as such, regularly
4 receive compensation for current services. The Board shall
5 meet at least once a month and at other times upon the call
6 of the Administrator or when three or more members of the
7 Board request the Administrator to call a meeting. Not
8 more than a majority of two of the members shall be ap-
9 pointed to the Board from the same political party. Mem-
10 bers of the Board, other than the Administrator, shall
11 receive, out of funds made available for the purposes of
12 this Act, a per diem allowance of \$50 for each day spent
13 away from their homes or regular places of business, for
14 the purpose of attendance at meetings of the Board, or
15 at conferences held upon the call of the Administrator,
16 and in necessary travel, and while so engaged, they may
17 be paid actual travel expenses and not to exceed \$10 per
18 diem in lieu of subsistence and other expenses.

19 (b) The Administrator may appoint such other advisory
20 committees as he may determine to be necessary or desirable
21 to effectuate the purposes of this Act.

22 UNITED STATES SPECIAL REPRESENTATIVE ABROAD

23 SEC. 8. There shall be a United States Special Repre-
24 sentative in Europe who shall (a) be appointed by the Presi-
25 dent, by and with the advice and consent of the Senate, (b)

1 be entitled to receive the same compensation and allowances
2 as a chief of mission, class 1, within the meaning of the Act
3 of August 13, 1946 (60 Stat. 999), and (c) have the rank
4 of ambassador extraordinary and plenipotentiary. He shall
5 be the representative of the Administrator, and shall also
6 be the chief representative of the United States Government
7 to any organization of participating countries which may be
8 established by such countries to further a joint program for
9 European recovery, and shall discharge in Europe such addi-
10 tional responsibilities as may be assigned to him with the
11 approval of the President in furtherance of the purposes of
12 this Act. He may also be designated as the United States
13 representative on the Economic Commission for Europe.
14 He shall receive his instructions from the Administrator and
15 such instructions shall be prepared and transmitted to him
16 in accordance with procedures agreed to between the Ad-
17 ministrator and the Secretary of State in order to assure
18 appropriate coordination as provided by subsection (b) of
19 section 5 of this Act. He shall coordinate the activities
20 of the chiefs of special missions provided for in section 9
21 of this Act. He shall keep the Administrator, the Secretary
22 of State, the chiefs of the United States diplomatic missions,
23 and the chiefs of the special missions provided for in section
24 9 of this Act currently informed concerning his activities.
25 He shall consult with the chiefs of all such missions, who

1 shall give him such cooperation as he may require for the
2 performance of his duties under this Act.

3 SPECIAL ECA MISSIONS ABROAD

4 SEC. 9. (a) There shall be established in each partici-
5 pating country, except as provided in subsection (d) of this
6 section, a special mission for economic cooperation under
7 the direction of a chief who shall be responsible for assuring
8 the performance within such country of operations under
9 this Act. The chief shall be appointed by the Adminis-
10 trator; shall receive his instructions from the Administrator,
11 and shall report to the Administrator on the performance
12 of the duties assigned to him. The chief of the special mis-
13 sion shall take rank immediately after the chief of the United
14 States diplomatic mission in such country.

15 (b) The chief of the special mission shall keep the chief
16 of the United States diplomatic mission fully and currently
17 informed on matters, including prospective action, arising
18 within the scope of the operations of the special mission and
19 the chief of the diplomatic mission shall keep the chief of the
20 special mission fully and currently informed on matters
21 relative to the conduct of the duties of the chief of the special
22 mission. The chief of the United States diplomatic mission
23 will be responsible for assuring that the operations of the
24 special mission are consistent with the foreign-policy objec-
25 tives of the United States in such country and to that end

1 whenever the chief of the United States diplomatic mission
2 believes that any action, proposed action, or failure to act
3 on the part of the special mission is inconsistent with such
4 foreign-policy objectives, he shall so advise the chief of the
5 special mission and the United States special representative
6 in Europe. If differences of view are not adjusted by
7 consultation, the matter shall be referred to the Secretary of
8 State and the Administrator for decision.

9 (c) The Secretary of State shall provide such office
10 space, facilities, and other administrative services for the
11 United States Special Representative in Europe and his staff,
12 and for the special mission in each participating country, as
13 may be agreed between the Secretary of State and the
14 Administrator.

15 (d) With respect to any of the zones of occupation of
16 Germany and of the Free Territory of Trieste, during the
17 period of occupation, the President shall make appropriate
18 administrative arrangements for the conduct of operations
19 under this Act, in order to enable the Administrator to carry
20 out his responsibility to assure the accomplishment of the
21 purposes of this Act.

22 PERSONNEL OUTSIDE UNITED STATES

23 SEC. 10. (a) For the purpose of performing functions
24 under this Act outside the continental limits of the United
25 States the Administrator may—

1 (1) employ persons who shall receive compensa-
2 tion at any of the rates provided for the Foreign Service
3 Reserve and Staff by the Foreign Service Act of 1946
4 (60 Stat. 999), together with allowances and benefits
5 established thereunder; and

6 (2) recommend the appointment or assignment of
7 persons, and the Secretary of State may appoint or
8 assign such persons, to any class in the Foreign Service
9 Reserve or Staff for the duration of operations under
10 this Act, and the Secretary of State may thereafter
11 assign, transfer, or promote such persons upon the
12 recommendation of the Administrator. Persons so
13 appointed to the Foreign Service Staff shall be entitled
14 to the benefits of section 528 of the Foreign Service
15 Act of 1946.

16 (b) For the purpose of performing functions under this
17 Act outside the continental limits of the United States, the
18 Secretary of State may, at the request of the Administrator,
19 appoint, for the duration of operations under this Act, alien
20 clerks and employees in accordance with applicable provi-
21 sions of the Foreign Service Act of 1946 (60 Stat. 999).

22 (c) Civilian personnel who are citizens or residents
23 of the United States employed or appointed pursuant to this
24 section to perform functions under this Act shall be investi-
25 gated by the Federal Bureau of Investigation which shall

1 make a report thereof to the appointing authority as soon as
2 possible: *Provided, however,* That they may temporarily
3 assume their posts and perform their functions after pre-
4 liminary investigation and clearance by the Administrator or
5 the Secretary of State, as the case may be, but such employ-
6 ment may be terminated after the receipt of the report of
7 the Federal Bureau of Investigation.

8 NATURE AND METHOD OF ASSISTANCE

9 SEC. 11. (a) The Administrator may, from time to
10 time, furnish assistance to any participating country by pro-
11 viding for the performance of any of the functions set forth
12 in paragraphs (1) through (6) of this subsection when he
13 deems it to be in furtherance of the purposes of this Act,
14 and upon the terms and conditions set forth in this Act and
15 such additional terms and conditions consistent with the pro-
16 visions of this Act as he may determine to be necessary and
17 proper.

18 (1) Procurement from any source, including Gov-
19 ernment stocks, of any commodity which he determines
20 to be required for the furtherance of the purposes of this
21 Act. As used in this Act, the term "commodity" means
22 any commodity, material, article, supply, or goods
23 necessary for the purposes of this Act.

24 (2) Processing, storing, transporting, and repair-
25 ing any commodities, or performing any other services

1 with respect to a participating country which he deter-
2 mines to be required for accomplishing the purposes of
3 this Act.

4 The Administrator shall, in providing for the pro-
5 curement of commodities under authority of this Act,
6 take such steps as may be necessary to assure, so far
7 as is practicable, that at least 50 per centum of the
8 gross tonnage of commodities, procured within the
9 United States out of funds made available under this
10 Act and transported abroad on ocean vessels, is so
11 transported on United States flag vessels to the extent
12 such vessels are available at market rates.

13 (3) Procurement of and furnishing technical infor-
14 mation and assistance.

15 (4) Transfer of any commodity or service, which
16 transfer shall be signified by delivery of the custody
17 and right of possession and use of such commodity, or
18 otherwise making available any such commodity, or by
19 rendering a service to a participating country or to any
20 agency or organization representing a participating
21 country.

22 (5) the allocation of commodities or services to
23 specific projects designed to carry out the purposes of
24 this Act, which have been submitted to the Adminis-

1 trator by participating countries and have been approved
2 by him.

3 (b) The Administrator may provide for the perform-
4 ance of any of the functions described in subsection (a) of
5 this section—

6 (1) by establishing accounts against which, under
7 regulations prescribed by the Administrator—

8 (i) letters of commitment may be issued in
9 connection with supply programs approved by the
10 Administrator (and such letters of commitment,
11 when issued, shall constitute obligations of appli-
12 cable appropriations) ; and

13 (ii) withdrawals may be made by partici-
14 pating countries, or agencies or organizations rep-
15 resenting participating countries, upon presentation
16 of contracts, invoices, or other documentation speci-
17 fied by the Administrator.

18 Such accounts may be established on the books of the
19 Administration, or any other department, agency, or
20 establishment of the Government specified by the Admin-
21 istrator, or, on terms and conditions approved by the
22 Secretary of the Treasury, in banking institutions in
23 the United States. Expenditures of funds which have
24 been made available through accounts so established shall
25 be accounted for on standard documentation required

1 for expenditures of Government funds: *Provided*, That
2 such expenditures for commodities or services procured
3 outside the continental limits of the United States under
4 authority of this section may be accounted for exclu-
5 sively on such certification as the Administrator may
6 prescribe to assure expenditure in furtherance of the
7 purposes of this Act, and such certification shall be
8 binding on the accounting officers of the Government.

9 (2) by utilizing the services and facilities of any
10 department, agency, or establishment of the Government
11 as the President shall direct, or with the consent of the
12 head of such department, agency, or establishment, or, in
13 the President's discretion, by acting in cooperation with
14 the United Nations or with other international organ-
15 izations or with agencies of the participating countries,
16 and funds allocated pursuant to this section to any depart-
17 ment, agency, or establishment of the Government shall
18 be established in separate appropriation accounts on the
19 books of the Treasury.

20 (3) by making, under rules and regulations to be
21 prescribed by the Administrator, guaranties to any
22 person of investments in connection with projects ap-
23 proved by the Administrator and the participating coun-
24 try concerned as furthering the purposes of this Act,
25 which guaranties shall terminate not later than fourteen

1 years from the date of enactment of this Act: *Provided*,
2 That—

3 (i) the guaranty to any person shall not ex-
4 ceed the amount of dollars invested in the project
5 by such person with the approval of the Adminis-
6 trator and shall be limited to the transfer into
7 United States dollars of other currencies, or credits
8 in such currencies, received by such person as in-
9 come from the approved investment, as repayment
10 or return thereof, in whole or in part, or as com-
11 pensation for the sale or disposition of all or any
12 part thereof;

13 (ii) the total liabilities assumed under such
14 guaranties shall not exceed 5 per centum of the
15 total funds appropriated for the purposes of this Act
16 and any liabilities accruing under such guaranties
17 shall be defrayed within the limits of funds so appro-
18 priated; and

19 (iii) as used in this paragraph, the term “per-
20 son” means a citizen of the United States or any
21 corporation, partnership, or other association created
22 under the law of the United States or of any State
23 or Territory and substantially beneficially owned by
24 citizens of the United States.

25 (4) (i) By making, under rules and regulations pre-

1 scribed by the Administrator, guaranties to any person or
2 government in the Western Hemisphere with respect to
3 credits any such person or government may grant for com-
4 modities and services to be transferred, with the approval
5 of the Administrator, to a participating country: *Provided*,
6 That guaranties to governments in the Western Hemisphere
7 shall not exceed 70 per centum of the credits so extended
8 by any such government: *And provided further*, That the
9 Administrator determines that the use of this method of
10 guaranteeing credits, as opposed to this method of direct
11 procurement and delivery to participating countries, will
12 not substantially prejudice the extension or validity of
13 credits or loans by other governments, by the International
14 Bank for Reconstruction and Development, or by private
15 persons, where such credits or loans have been, or in the
16 future might be, prudently made without such guaranty,
17 considering the capacity of the several participating coun-
18 tries to repay. In determining whether to provide for the
19 procurement of commodities and services outside the conti-
20 nental limits of the United States, the Administrator shall
21 take into account whether the government of the country
22 in which commodities or services are available for transfer
23 fails to extend such credits or to arrange such prices, terms
24 and conditions as the Administrator considers equitable and

1 prudent in connection with such transfers. In connection
2 with such guaranties, the Administrator, on terms and con-
3 ditions prescribed by him, may agree to advance dollars on
4 account of such guaranties at the time such exports are made,
5 or at any time not more than ten years after the making
6 of such agreement.

7 (ii) As used in this paragraph, the term "person"
8 means a citizen of any Western Hemisphere country, or any
9 corporation, partnership, or other association created under
10 the law of any such country or under any political subdivi-
11 sion thereof, and substantially owned by citizens of Western
12 Hemisphere countries.

13 (c) (1) The Administrator may provide assistance for
14 any participating country, in the form and under the pro-
15 cedures authorized in subsections (a) and (b), respectively,
16 of this section, through grants or upon payment in cash, or
17 on credit terms, or on such other terms of payment as he
18 may find appropriate, including payment by the transfer to
19 the United States (under such terms and in such quantities
20 as may be agreed to between the Administrator and the
21 participating country) of materials which are required by
22 the United States as a result of deficiencies or potential
23 deficiencies in its own resources. In determining whether
24 such assistance shall be through grants or upon terms of
25 payment, and in determining the terms of payment, he

1 shall act in consultation with the National Advisory Council
2 on International Monetary and Financial Problems, and the
3 determination whether or not a participating country should
4 be required to make payment for any assistance furnished
5 to such country in furtherance of the purposes of this Act,
6 and the terms of such payment, if required, shall depend
7 upon the character and purpose of the assistance and upon
8 the capacity of such country to make such payments without
9 jeopardizing the accomplishment of the purposes of this Act.

10 (2) When it is determined that assistance should be
11 extended under the provisions of this Act on credit terms,
12 the Administrator shall allocate funds for the purpose to
13 the Export-Import Bank of Washington, which shall, not-
14 withstanding the provisions of the Export-Import Bank Act
15 of 1945 (59 Stat. 526), as amended, make and administer
16 the credit as directed, and on terms specified, by the Admin-
17 istrator in consultation with the National Advisory Council
18 on International Monetary and Financial Problems. The
19 Administrator shall make advances to, or reimburse, the
20 Export-Import Bank of Washington for necessary admin-
21 istrative expenses in connection with such credits. The
22 Bank shall deposit into the Treasury of the United States,
23 as miscellaneous receipts, amounts received by the Bank in
24 repayment of principal and interest on any such credits.
25 Credits made by the Export-Import Bank of Washington

1 with funds so allocated to it by the Administrator shall not
2 be considered in determining whether the Bank has outstand-
3 ing at any one time loans and guaranties to the extent of
4 the limitation imposed by section 7 of the Export-Import
5 Bank Act of 1945 (59 Stat. 529), as amended.

6 PROTECTION OF DOMESTIC ECONOMY

7 SEC. 12. (a) The Administrator shall provide for the
8 procurement in the United States of commodities under this
9 Act in such a way as to (1) minimize the drain upon the
10 resources of the United States and the impact of such
11 procurement upon the domestic economy, and (2) avoid
12 impairing the fulfillment of vital needs of the people of
13 the United States.

14 (b) The procurement of petroleum and petroleum
15 products under this Act shall, to the maximum extent prac-
16 ticable, be made from petroleum sources outside the United
17 States; and, in furnishing commodities under the provisions
18 of this Act, the Administrator shall take fully into account
19 the present and anticipated world shortage of petroleum and
20 its products and the consequent undesirability of expansion
21 in petroleum-consuming equipment where the use of alter-
22 nate fuels or other sources of power is practicable.

23 (c) In order to assure the conservation of domestic grain
24 supplies and the retention in the United States of byproduct
25 feeds necessary to the maintenance of the agricultural

1 economy of the United States, the amounts of wheat and
2 wheat flour produced in the United States to be transferred
3 by grant to the participating countries shall be so determined
4 that the total quantity of wheat used to produce the wheat
5 flour transferred to such countries under this Act shall not
6 be less than 25 per centum of the aggregate of the unproc-
7 essed wheat and wheat in the form of flour transferred to
8 such countries under this Act.

9 (d) The term "surplus agricultural commodity" as used
10 in this section is defined as any agricultural commodity, or
11 product thereof, produced in the United States which is
12 determined by the Secretary of Agriculture to be in excess
13 of domestic requirements. In providing for the procurement
14 of any such surplus agricultural commodity for transfer by
15 grant to any participating country in accordance with the
16 requirements of such country, the Administrator shall, insofar
17 as practicable and where in furtherance of the purposes of
18 this Act, give effect to the following:

19 (1) The Administrator shall authorize the procurement
20 of any such surplus agricultural commodity only within the
21 United States: *Provided*, That this restriction shall not be
22 applicable (i) to any agricultural commodity, or product
23 thereof, located in one participating country, and intended
24 for transfer to another participating country, if the Adminis-
25 trator, in consultation with the Secretary of Agriculture,

1 determines that such procurement and transfer is in further-
2 ance of the purposes of this Act, and would not create a
3 burdensome surplus in the United States or seriously preju-
4 dice the position of domestic producers of such surplus agri-
5 cultural commodities, or (ii) if, and to the extent that any
6 such surplus agricultural commodity is not available in the
7 United States in sufficient quantities to supply the require-
8 ments of the participating countries under this Act.

9 (2) In providing for the procurement of any such sur-
10 plus agricultural commodity, the Administrator shall, inso-
11 far as practicable and applicable, and after giving due con-
12 sideration to the excess of any such commodity over domestic
13 requirements, and to the historic reliance of United States
14 producers of any such surplus agricultural commodity upon
15 markets in the participating countries, provide for the pro-
16 curement of each class or type of any such surplus agricul-
17 tural commodity in the approximate proportion that the
18 Secretary of Agriculture determines such classes or types
19 bear to the total amount of excess of such surplus agricul-
20 tural commodity over domestic requirements.

21 (e) Whenever the Secretary of Agriculture determines
22 that any quantity of any surplus agricultural commodity,
23 heretofore or hereafter acquired by Commodity Credit Cor-
24 poration in the administration of its price-support programs,
25 is available for use in furnishing assistance to foreign coun-

1 tries, he shall so advise all departments, agencies, and estab-
2 lishments of the Government administering laws providing
3 for the furnishing of assistance or relief to foreign countries
4 (including occupied or liberated countries or areas of such
5 countries). Thereafter the department, agency, or establish-
6 ment administering any such law shall, to the maximum
7 extent practicable, consistent with the provisions and in
8 furtherance of the purposes of such law, and where for transfer
9 by grant and in accordance with the requirements of such
10 foreign country, procure or provide for the procurement of
11 such quantity of such surplus agricultural commodity. The
12 sales price paid as reimbursement to Commodity Credit
13 Corporation for any such surplus agricultural commodity shall
14 be in such amount as Commodity Credit Corporation deter-
15 mines will fully reimburse it for the cost to it of such surplus
16 agricultural commodity at the time and place such surplus
17 agricultural commodity is delivered by it, but in no event
18 shall the sales price be higher than the domestic market price
19 at such time and place of delivery as determined by the Secre-
20 tary of Agriculture, and the Secretary of Agriculture may
21 pay not to exceed 50 per centum of such sales price as
22 authorized by subsection (e) of this section.

23 (f) Subject to the provisions of this section, but not-
24 withstanding any other provision of law, in order to en-
25 courage utilization of surplus agricultural commodities pur-

1 suant to this or any other Act providing for assistance or
2 relief to foreign countries, the Secretary of Agriculture, in
3 carrying out the purposes of clause (1), section 32, Public
4 Law 320, Seventy-fourth Congress, as amended, may make
5 payments, including payments to any government agency
6 procuring or selling such surplus agricultural commodities,
7 in an amount not to exceed 50 per centum of the sales price
8 (basis free along ship or free on board vessel, United States
9 ports), as determined by the Secretary of Agriculture, of
10 such surplus agricultural commodities. The rescission of the
11 remainder of section 32 funds by the Act of July 30, 1947
12 (Public Law 266, Eightieth Congress), is hereby canceled
13 and such funds are hereby made available for the purposes
14 of section 32 for the fiscal year ending June 30, 1948.

15 (g) No export shall be authorized pursuant to authority
16 conferred by section 6 of the Act of July 2, 1940 (54 Stat.
17 714), including any amendment thereto, of any commodity
18 from the United States to any country wholly or partly
19 in Europe which is not a participating country, if the Sec-
20 retary of Commerce determines that the supply of such
21 commodity is insufficient (or would be insufficient if such
22 export were permitted) to fulfill the requirements of partici-
23 pating countries under this Act as determined by the Ad-
24 ministrator: *Provided, however,* That such export may be
25 authorized if the Secretary of Commerce determines that

1 such export is otherwise in the national interest of the
2 United States.

3 (h) In providing for the performance of any of the
4 functions described in subsection (a) of section 11, the
5 Administrator shall, to the maximum extent consistent with
6 the accomplishment of the purposes of this Act, utilize
7 private channels of trade.

8 REIMBURSEMENT TO GOVERNMENT AGENCIES

9 SEC. 13. (a) The Administrator shall make reimburse-
10 ment or payment, out of funds available for the purposes of
11 this Act, for any commodity, service, or facility procured
12 under section 11 of this Act from any department, agency,
13 or establishment of the Government. Such reimbursement
14 or payment shall be made to the owning or disposal agency,
15 as the case may be, at replacement cost, or, if required by
16 law, at actual cost, or at any other price authorized by law
17 and agreed to between the Administrator and such agency.
18 The amount of any reimbursement or payment to an owning
19 agency for commodities, services, or facilities so procured
20 shall be credited to current applicable appropriations, funds,
21 or accounts from which there may be procured replacements
22 of similar commodities or such services or facilities: *Pro-*
23 *vided*, That such commodities, services, or facilities may be
24 procured from an owning agency only with the consent of
25 such agency: *And provided further*, That where such appro-

1 priations, funds, or accounts are not reimbursable except by
2 reason of this subsection, and when the owning agency deter-
3 mines that replacement of any commodity procured under
4 authority of this section is not necessary, any funds received
5 in payment therefor shall be covered into the Treasury as
6 miscellaneous receipts.

7 (b) The Administrator, whenever in his judgment the
8 interests of the United States will best be served thereby,
9 may dispose of any commodity procured out of funds made
10 available for the purposes of this Act, in lieu of transferring
11 such commodity to a participating country, (1) by transfer
12 of such commodity, upon reimbursement, to any department,
13 agency, or establishment of the Government for use or dis-
14 posal by such department, agency, or establishment as
15 authorized by law, or (2) without regard to provisions of
16 law relating to the disposal of Government-owned property,
17 when necessary to prevent spoilage or wastage of such com-
18 modity or to conserve the usefulness thereof. Funds realized
19 from such disposal or transfer shall revert to the respective
20 appropriation or appropriations out of which funds were
21 expended for the procurement of such commodity.

22 AUTHORIZATION OF APPROPRIATIONS

23 SEC. 14. (a) Notwithstanding the provisions of any
24 other law, the Reconstruction Finance Corporation is au-
25 thorized and directed, until such time as an appropriation

1 shall be made pursuant to subsection (c) of this section,
2 to make advances not to exceed in the aggregate \$1,000,-
3 000,000 to carry out the provisions of this Act, in
4 such manner, at such time and in such amounts as the Presi-
5 dent shall determine, and no interest shall be charged on ad-
6 vances made by the Treasury to the Reconstruction Finance
7 Corporation for this purpose. The Reconstruction Finance
8 Corporation shall be repaid without interest from appro-
9 priations authorized under this Act for advances made by
10 it hereunder.

11 (b) Such part as the President may determine of the
12 unobligated and unexpended balances of appropriations or
13 other funds available for the purposes of the Foreign Aid
14 Act of 1947 shall be available for the purpose of carrying
15 out the purposes of this Act.

16 (c) In order to carry out the provisions of this Act
17 with respect to those participating countries which adhere
18 to the purposes of this Act, and remain eligible to receive
19 assistance hereunder, there are hereby authorized to be appro-
20 priated to the President, from time to time through June 30,
21 1952, out of any money in the Treasury not otherwise ap-
22 propriated, such sums as may be necessary to carry out the
23 provisions and accomplish the purposes of this Act: *Provided,*
24 *however,* That for carrying out the provisions and accom-
25 plishing the purposes of this Act for the period of one year

1 following the date of enactment of this Act, there are hereby
2 authorized to be so appropriated not to exceed \$5,300,000,-
3 000.

4 (d) Funds made available for the purposes of this Act
5 shall be available for incurring and defraying all necessary
6 expenses incident to carrying out the provisions of this
7 Act, including administrative expenses and expenses for
8 compensation, allowances and travel of personnel, including
9 Foreign Service personnel whose services are utilized
10 primarily for the purposes of this Act, and, without regard
11 to the provisions of any other law, for printing and binding,
12 and for expenditures outside the continental limits of the
13 United States for the procurement of supplies and services
14 and for other administrative purposes (other than compensa-
15 tion of personnel) without regard to such laws and regula-
16 tions governing the obligation and expenditure of govern-
17 ment funds, as the Administrator shall specify in the interest
18 of the accomplishment of the purposes of this Act.

19 (e) The unexpended portions of any deposits which
20 may have been made by any participating country pursuant
21 to section 6 of the joint resolution providing for relief as-
22 sistance to the people of countries devastated by war (Public
23 Law 84, Eightieth Congress) and section 5 (b) of the
24 Foreign Aid Act of 1947 (Public Law 389, Eightieth Con-
25 gress) may be merged with the deposits to be made by such

1 participating country in accordance with section 15 (b)
2 (6) of this Act, and shall be held or used under the same
3 terms and conditions as are provided in section 15 (b)
4 (6) of this Act.

5 (f) In order to reserve some part of the surplus of
6 the fiscal year 1948 for payments thereafter to be made
7 under this Act, there is hereby created on the books of
8 the Treasury of the United States a trust fund to be known
9 as the Foreign Economic Cooperation Trust Fund. Not-
10 withstanding any other provision of law, an amount of
11 \$3,000,000,000, out of sums appropriated pursuant to the
12 authorization contained in this Act shall, when appropriated,
13 be transferred immediately to the trust fund, and shall there-
14 upon be considered as expended during the fiscal year 1948,
15 for the purpose of reporting governmental expenditures.
16 The Secretary of the Treasury shall be the sole trustee of the
17 trust fund and is authorized and directed to pay out of the
18 fund such amounts as the Administrator shall duly requisition.
19 The first expenditures made out of the appropriations
20 authorized under this Act in the fiscal year 1949 shall be
21 made with funds requisitioned by the Administrator out of
22 the trust fund until the fund is exhausted, at which time such
23 fund shall cease to exist. The provisions of this subsection
24 shall not be construed as affecting the application of any
25 provision of law which would otherwise govern the obliga-

1 tion of funds so appropriated or the auditing or submission
2 of accounts of transactions with respect to such funds.

3 BILATERAL AND MULTILATERAL UNDERTAKINGS

4 SEC. 15. (a) The Secretary of State, after consulta-
5 tion with the Administrator, is authorized to conclude, with
6 individual participating countries or any number of such coun-
7 tries or with an organization representing any such countries,
8 agreements in furtherance of the purposes of this Act.

9 (b) The provision of assistance under this Act results
10 from the multilateral pledges of the participating countries
11 to use all their efforts to accomplish a joint recovery program
12 based upon self-help and mutual cooperation as embodied
13 in the report of the Committee of European Economic Co-
14 operation signed at Paris on September 22, 1947, and is
15 contingent upon continuous effort of the participating
16 countries to accomplish a joint recovery program through
17 multilateral undertakings and the establishment of a
18 continuing organization for this purpose. In addition to
19 continued mutual cooperation of the participating countries
20 in such a program, each such country shall conclude an
21 agreement with the United States in order for such country
22 to be eligible to receive assistance under this Act. Such
23 agreement shall provide for the adherence of such country
24 to the purposes of this Act and shall, where applicable, make
25 appropriate provision, among others, for—

1 (1) promoting industrial and agricultural produc-
2 tion in order to enable the participating country to be-
3 come independent of extraordinary outside economic
4 assistance; and submitting for the approval of the Ad-
5 ministrator, upon his request and whenever he deems
6 it in furtherance of the purposes of this Act, specific
7 projects proposed by such country to be undertaken in
8 substantial part with assistance furnished under this Act,
9 which projects, whenever practicable, shall include proj-
10 ects for increased production of coal, steel, transportation
11 facilities, and food;

12 (2) taking financial and monetary measures neces-
13 sary to stabilize its currency, establish or maintain a
14 valid rate of exchange, to balance its governmental
15 budget as soon as practicable, and generally to restore or
16 maintain confidence in its monetary system;

17 (3) cooperating with other participating countries
18 in facilitating and stimulating an increasing interchange
19 of goods and services among the participating countries
20 and with other countries and cooperating to reduce
21 barriers to trade among themselves and with other
22 countries;

23 (4) making efficient and practical use, within the
24 framework of a joint program for European recovery,
25 of the resources of such participating country, including

1 any commodities, facilities, or services furnished under
2 this Act, which use shall include, to the extent practic-
3 able, taking measures to locate and control, in furtherance
4 of such program, assets, and earnings therefrom, which
5 belong to the citizens of such country and which are
6 situated within the United States, its Territories and
7 possessions;

8 (5) facilitating the transfer to the United States by
9 sale, exchange, barter, or otherwise for stock-piling pur-
10 poses, for such period of time as may be agreed to and
11 upon reasonable terms and in reasonable quantities, of
12 materials which are required by the United States as a
13 result of deficiencies or potential deficiencies in its own
14 resources, and which may be available in such participat-
15 ing country after due regard for reasonable requirements
16 for domestic use and commercial export of such country;

17 (6) placing in a special account a deposit in the
18 currency of such country, in commensurate amounts and
19 under such terms and conditions as may be agreed to
20 between such country and the Government of the United
21 States, when any commodity or service is made avail-
22 able through any means authorized under this Act, and
23 is not furnished to the participating country on terms
24 of payment. Such special account, together with the
25 unexpended portions of any deposits which may have

1 been made by such country pursuant to section 6 of the
2 joint resolution providing for relief assistance to the
3 people of countries devastated by war (Public Law 84,
4 Eightieth Congress) and section 5 (b) of the Foreign
5 Aid Act of 1947 (Public Law 389, Eightieth Congress),
6 shall be held or used only for such purposes as may be
7 agreed to between such country and the Administrator
8 in consultation with the National Advisory Council on
9 International Monetary and Financial Problems, and
10 under agreement that any unencumbered balance remain-
11 ing in such account on June 30, 1952, will be disposed
12 of within such country for such purposes as may, subject
13 to approval by Act or joint resolution of the Congress, be
14 agreed to between such country and the Government of
15 the United States;

16 (7) publishing in such country and transmitting to
17 the United States, not less frequently than every cal-
18 endar quarter after the date of the agreement, full
19 statements of operations under the agreement, including
20 a report of the use of funds, commodities and services
21 received under this Act; and

22 (8) furnishing promptly, upon request of the
23 United States, any relevant information which would be
24 of assistance to the United States in determining the

1 nature and scope of operations and the use of assist-
2 ance provided under this Act.

3 (c) Notwithstanding the provisions of subsection
4 (b) of this section, the Administrator, during the three
5 months after the date of enactment of this Act, may
6 perform with respect to any participating country any of the
7 functions authorized under this Act which he may determine
8 to be essential in furtherance of the purposes of this Act,
9 if such country (1) has signified its adherence to
10 the purposes of this Act and its intention to conclude an
11 agreement pursuant to subsection (b) of this section, and
12 (2) he finds that such country is complying with the
13 applicable provisions of subsection (b) of this section:
14 *Provided*, That, notwithstanding the provisions of this sub-
15 section, the Administrator may, through June 30, 1948,
16 provide for the transfer of food, medical supplies, fibers,
17 fuel, petroleum and petroleum products, fertilizer, pesticides,
18 and seed to any country of Europe which participated in
19 the Committee of European Economic Cooperation and
20 which undertook pledges to the other participants therein,
21 when the Administrator determines that the transfer of any
22 such supplies to any such country is essential in order to
23 make it possible to carry out the purposes of this Act by
24 alleviating conditions of hunger and cold and by preventing
25 serious economic retrogression.

1 (d) The Administrator shall encourage the joint or-
2 ganization of the participating countries referred to in
3 subsection (b) of this section to ensure that each par-
4 ticipating country makes efficient use of the resources of
5 such country, including any commodities, facilities, or serv-
6 ices furnished under this Act, by observing and reviewing
7 such use through an effective follow-up system approved
8 by the joint organization.

9 (e) It is the understanding of the Congress that, in
10 accordance with agreements now in effect, prisoners of war
11 remaining in participating countries shall if they so freely
12 elect be repatriated prior to January 1, 1949.

13 WESTERN HEMISPHERE COUNTRIES

14 SEC. 16. The President shall take appropriate steps to
15 encourage all countries in the Western Hemisphere to make
16 available to participating countries such assistance as they
17 may be able to furnish.

18 OTHER DUTIES OF THE ADMINISTRATOR

19 SEC. 17. (a) The Administrator, in furtherance of the
20 purposes of section 15 (b) (5), and in agreement with a par-
21 ticipating country, may promote, by means of funds made
22 available for the purposes of this Act, an increase in the
23 production in such participating country of materials which
24 are required by the United States as a result of deficiencies

1 or potential deficiencies in the resources within the United
2 States.

3 (b) The Administrator, in cooperation with the Secre-
4 tary of Commerce, shall facilitate and encourage, through
5 private and public travel, transport, and other agencies, the
6 promotion and development of travel by citizens of the
7 United States to and within participating countries.

8 (c) In order to further the efficient use of United
9 States voluntary contributions for relief in participating
10 countries receiving assistance under this Act in the form of
11 grants, funds made available for the purposes of this Act
12 may be used, in the discretion of the Administrator, and
13 under rules and regulations prescribed by him, to pay ocean
14 freight charges from a United States port to a designated
15 foreign port of entry (1) of supplies donated to, or pur-
16 chased by, United States voluntary nonprofit relief agencies
17 licensed for operations in Europe, or (2) of relief packages
18 conforming to such specified size, weight, and contents, as
19 the Administrator may prescribe originating in the United
20 States and consigned to an individual residing in a par-
21 ticipating country receiving assistance under this Act in the
22 form of grants.

23 The Administrator may make an agreement with such
24 country for the use of a portion of the deposit of local cur-
25 rency placed in a special account pursuant to paragraph 6

1 of subsection (b) of section 15 of this Act, for the purpose
2 of defraying the transportation cost of such supplies and
3 relief packages from the port of entry of such country to
4 the designated shipping point of consignee.

5 TERMINATION OF ASSISTANCE

6 SEC. 18. The Administrator, in determining the form
7 and measure of assistance provided under this Act to any
8 participating country, shall take into account the extent to
9 which such country is complying with its undertakings em-
10 bodied in its pledges to other participating countries and
11 in its agreement concluded with the United States under
12 section 15. The Administrator shall terminate the provision
13 of assistance under this Act to any participating country
14 whenever he determines that (1) such country is not adher-
15 ing to its agreement concluded under section 15, or is divert-
16 ing from the purposes of this Act assistance provided
17 hereunder, and that in the circumstances remedial action
18 other than termination will not more effectively promote
19 the purposes of this Act or (2) because of changed con-
20 ditions, assistance is no longer consistent with the national
21 interest of the United States.

22 EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

23 SEC. 19. When the President determines it to be in
24 furtherance of the purposes of this Act, the functions author-
25 ized under this Act may be performed without regard to

1 such provisions of law regulating the making, performance,
2 amendment, or modification of contracts and the expendi-
3 ture of Government funds as the President may specify.

4 EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO
5 EMPLOYMENT

6 SEC. 20. Service of an individual as a member of the
7 Public Advisory Board (other than the Administrator)
8 created by section 7 (a), as a member of an advisory
9 committee appointed pursuant to section 7 (b), as an expert
10 or consultant under section 4 (d), or as an expert, con-
11 sultant, or technician under section 24 (d), shall not be
12 considered as service or employment bringing such indi-
13 vidual within the provisions of sections 109 or 113 of the
14 Criminal Code (U. S. C., title 18, secs. 198 and 203), of
15 section 190 of the Revised Statutes (U. S. C., title 5, sec.
16 99), or of section 19 (e) of the Contract Settlement Act
17 of 1944, or of any other Federal law imposing restrictions,
18 requirements, or penalties in relation to the employment of
19 persons, the performance of services, or the payment or
20 receipt of compensation in connection with any claim, pro-
21 ceeding, or matter involving the United States.

22 UNITED NATIONS

23 SEC. 21. (a) The President is authorized to request
24 the cooperation of or the use of the services and facilities
25 of the United Nations, its organs and specialized agen-

1 cies, or other international organizations, in carrying out the
2 purposes of this Act, and may make payments, by advance-
3 ments or reimbursements, for such purpose, out of funds
4 made available for the purposes of this Act, as may be neces-
5 sary therefor, to the extent that special compensation is
6 usually required for such services and facilities.

7 (b) The President shall cause to be transmitted to the
8 Secretary General of the United Nations copies of reports
9 to Congress on the operations conducted under this Act.

10 (c) Any agreements concluded between the United
11 States and participating countries, or groups of such coun-
12 tries, in implementation of the purposes of this Act, shall be
13 registered with the United Nations if such registration is
14 required by the Charter of the United Nations.

15 TERMINATION OF PROGRAM

16 SEC. 22. (a) After June 30, 1952, or after the date of
17 the passage of a concurrent resolution by the two Houses of
18 Congress before such date, which declares that the powers
19 conferred on the Administrator by or pursuant to subsection
20 (a) of section 11 of this Act are no longer necessary for the
21 accomplishment of the purposes of this Act, whichever shall
22 first occur, none of the functions authorized under such pro-
23 visions may be exercised; except that during the twelve
24 months following such date commodities and services with
25 respect to which the Administrator had, prior to such date,

1 authorized procurement for, shipment to, or delivery in a par-
2 ticipating country, may be transferred to such country, and
3 funds appropriated under authority of this Act may be obli-
4 gated during such twelve-month period for the necessary ex-
5 penses of procurement, shipment, delivery, and other activi-
6 ties essential to such transfer, and shall remain available
7 during such period for the necessary expenses of liquidating
8 operations under this Act.

9 (b) At such time as the President shall find appro-
10 priate after such date, and prior to the expiration of the
11 twelve months following such date, the powers, duties, and
12 authority of the Administrator under this Act may be
13 transferred to such other departments, agencies, or estab-
14 lishments of the Government as the President shall specify,
15 and the relevant funds, records, and personnel of the Admin-
16 istration may be transferred to the departments, agencies,
17 or establishments to which the related functions are
18 transferred.

19 REPORTS TO CONGRESS

20 SEC. 23. The President from time to time, but not less
21 frequently than once every calendar quarter through June
22 30, 1952, and once every year thereafter until all opera-
23 tions under this Act have been completed, shall transmit
24 to the Congress a report of operations under this Act.
25 Reports provided for under this section shall be transmitted

1 to the Secretary of the Senate or the Clerk of the House of
2 Representatives, as the case may be, if the Senate or the
3 House of Representatives, as the case may be, is not in session.

4 JOINT CONGRESSIONAL COMMITTEE

5 SEC. 24. (a) There is hereby established a joint con-
6 gressional committee to be known as the Joint Committee
7 on Foreign Economic Cooperation (hereinafter referred to
8 as the committee), and to be composed of seven Members
9 of the Senate to be appointed by the President of the Senate,
10 and seven Members of the House of Representatives to be
11 appointed by the Speaker of the House. In each instance,
12 not more than four members shall be members of the same
13 political party. A vacancy in the membership of the com-
14 mittee shall be filled in the same manner as the original
15 selection. The President of the Senate and the Speaker of
16 the House, acting jointly, shall appoint a chairman and a
17 vice chairman from among the members of the committee.

18 (b) It shall be the function of the committee to make a
19 continuous study of the programs of United States economic
20 assistance to foreign countries, and to review the progress
21 achieved in the execution and administration of such pro-
22 grams. Upon request, the committee shall aid the several
23 standing committees of the Congress having legislative juris-
24 diction over any part of the programs of United States
25 economic assistance to foreign countries; and it shall make a

1 report to the Senate and the House of Representatives, from
2 time to time, concerning the results of its studies, together
3 with such recommendations as it may deem desirable. The
4 Administrator, at the request of the committee, shall consult
5 with the committee from time to time with respect to his
6 activities under this Act.

7 (c) The committee, or any duly authorized subcom-
8 mittee thereof, is authorized to hold such hearings, to sit and
9 act at such times and places, to require by subpoena or other-
10 wise the attendance of such witnesses and the production of
11 such books, papers, and documents, to administer such oaths,
12 to take such testimony, to procure such printing and binding,
13 and to make such expenditures as it deems advisable. The
14 cost of stenographic services to report such hearings shall
15 not be in excess of 25 cents per hundred words. The pro-
16 visions of sections 102 to 104, inclusive, of the Revised
17 Statutes shall apply in case of any failure of any witness
18 to comply with any subpoena or to testify when summoned
19 under authority of this subsection.

20 (d) The committee is authorized to appoint and, with-
21 out regard to the Classification Act of 1923, as amended, fix
22 the compensation of such experts, consultants, technicians,
23 and organizations thereof, and, clerical and stenographic
24 assistants as it deems necessary and advisable.

25 (e) There are hereby authorized to be appropriated

1 such sums as may be necessary to carry out the provisions of
2 this section, to be disbursed by the Secretary of the Senate
3 on vouchers signed by the chairman.

4 SEPARABILITY CLAUSE

5 SEC. 25. If any provision of this Act or the applica-
6 tion of such provision to any circumstances or persons shall
7 be held invalid, the validity of the remainder of the Act
8 and the applicability of such provision to other circumstances
9 or persons shall not be affected thereby.

Passed the Senate March 13 (legislative day, February
2), 1948.

Attest:

CARL A. LOEFFLER,
Secretary.

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

MARCH 15, 1948

Referred to the Committee on Foreign Affairs

80TH CONGRESS
2D SESSION

S. 2331

IN THE SENATE OF THE UNITED STATES

MARCH 16 (legislative day, MARCH 15), 1948

Mr. SMITH introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the President is hereby authorized and directed any
4 time after the date of the enactment of this Act and before
5 July 1, 1949, to make contributions (a) from sums appro-
6 priated to carry out the purposes of this Act and (b) from
7 funds made available pursuant to the proviso in the first
8 paragraph of the first section of the joint resolution of May
9 31, 1947 (Public Law 84, Eightieth Congress), as
10 amended, to the International Children's Emergency Fund

1 of the United Nations for the special care and feeding of
2 children.

3 SEC. 2. No contribution shall be made pursuant to this
4 Act or such joint resolution of May 31, 1947, which would
5 cause the sum of (a) the aggregate amount contributed
6 pursuant to this Act and (b) the aggregate amount con-
7 tributed by the United States pursuant to such joint resolu-
8 tion of May 31, 1947, to exceed whichever of the following
9 sums is the lesser:

10 (1) 50 per centum of the total resources contrib-
11 uted after May 31, 1947, by all governments for
12 programs carried out under the supervision of such
13 fund; or

14 (2) \$100,000,000.

15 SEC. 3. No contribution shall be made pursuant to this
16 Act or such joint resolution of May 31, 1947, unless, at
17 the time of such contribution, governments other than the
18 United States Government have provided for use in the
19 world program for the special care and feeding of children
20 under the supervision of the fund at least 20 per centum
21 of the total resources contributed for such use after May 31,
22 1947.

23 SEC. 4. Funds made available pursuant to such joint
24 resolution of May 31, 1947, shall remain available through
25 June 30, 1949.

1 SEC. 5. There is hereby authorized to be appropriated
2 to carry out the purposes of this Act for the fiscal year
3 ending June 30, 1949, the sum of \$60,000,000.

A BILL

To provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

By Mr. SMITH

MARCH 16 (legislative day, MARCH 15), 1948

Read twice and referred to the Committee on
Foreign Relations

Union Calendar No. 738

80TH CONGRESS
2D SESSION

S. 2202

[Report No. 1585]

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 1948

Referred to the Committee on Foreign Affairs

MARCH 20, 1948

Reported with amendments, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as "*The Economic Cooperation*
4 *Act of 1948*".

5 FINDINGS AND DECLARATION OF POLICY

6 SEC. 2. (a) Recognizing the intimate economic and other
7 relationships between the United States and the nations of

1 Europe, and recognizing that disruption following in the wake
2 of war is not contained by national frontiers, the Congress
3 finds that the existing situation in Europe endangers the
4 establishment of a lasting peace, the general welfare and
5 national interest of the United States, and the attainment of
6 the objectives of the United Nations. The restoration or
7 maintenance in European countries of principles of individual
8 liberty, free institutions, and genuine independence rests
9 largely upon the establishment of sound economic conditions,
10 stable international economic relationships, and the achieve-
11 ment by the countries of Europe of a healthy economy inde-
12 pendent of extraordinary outside assistance. The accom-
13 plishment of these objectives calls for a plan of European
14 recovery, open to all such nations which cooperate in such
15 plan, based upon a strong production effort, the expansion
16 of foreign trade, the creation and maintenance of internal
17 financial stability, and the development of economic coopera-
18 tion, including all possible steps to establish and maintain
19 equitable rates of exchange and to bring about the progressive
20 elimination of trade barriers. Mindful of the advantages
21 which the United States has enjoyed through the existence
22 of a large domestic market with no internal trade barriers,
23 and believing that similar advantages can accrue to the
24 countries of Europe, it is the hope of the people of the United
25 States that these countries through a joint organization will

1 exert sustained common efforts which will speedily achieve
2 that economic cooperation in Europe which is essential for
3 lasting peace and prosperity. Accordingly, it is declared to
4 be the policy of the people of the United States to sustain and
5 strengthen principles of individual liberty, free institutions,
6 and genuine independence in Europe through assistance to
7 those countries of Europe which participate in a joint recovery
8 program based upon self-help and mutual cooperation: *Pro-*
9 *vided*, That no assistance to the participating countries herein
10 contemplated shall seriously impair the economic stability
11 of the United States. It is further declared to be the policy
12 of the United States that continuity of assistance provided
13 by the United States should, at all times, be dependent upon
14 continuity of cooperation among countries participating in
15 the program.

16 PURPOSES OF ACT

17 ~~(b)~~ It is the purpose of this Act to effectuate the policy
18 set forth in subsection ~~(a)~~ of this section by furnishing
19 material and financial assistance to the participating coun-
20 tries in such a manner as to aid them, through their own
21 individual and concerted efforts, to become independent of
22 extraordinary outside economic assistance within the period
23 of operations under this Act, by—

24 ~~(1)~~ promoting industrial and agricultural produc-
25 tion in the participating countries;

1 ~~(2)~~ furthering the restoration or maintenance of
2 the soundness of European currencies, budgets, and
3 finances; and

4 ~~(3)~~ facilitating and stimulating the growth of inter-
5 national trade of participating countries with one an-
6 other and with other countries by appropriate measures
7 including reduction of barriers which may hamper such
8 trade.

9 PARTICIPATING COUNTRIES

10 SEC. 3. As used in this Act, the term "participating
11 country" means—

12 ~~(a)~~ any country, together with dependent areas
13 under its administration, which signed the report of the
14 Committee of European Economic Cooperation at Paris
15 on September 22, 1947; and

16 ~~(b)~~ any other country (including any of the zones
17 of occupation of Germany, any areas under interna-
18 tional administration or control, and the Free Territory
19 of Trieste or either of its zones) wholly or partly in
20 Europe, together with dependent areas under its admin-
21 istration;

22 provided such country adheres to, and for so long as it
23 remains an adherent to, a joint program for European
24 recovery designed to accomplish the purposes of this Act.

ESTABLISHMENT OF ECONOMIC COOPERATION

ADMINISTRATION

SEC. 4. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this Act, the administration of the provisions of this Act is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the

1 Administrator shall designate, and shall be Acting Adminis-
2 trator for Economic Cooperation during the absence or dis-
3 ability of the Administrator or in the event of a vacancy
4 in the office of Administrator.

5 (c) The President is authorized, pending the appoint-
6 ment and qualification of the first Administrator or Deputy
7 Administrator for Economic Cooperation appointed here-
8 under, to provide, for a period of not to exceed thirty days
9 after the date of enactment of this Act, for the performance
10 of the functions of the Administrator under this Act through
11 such departments, agencies, or establishments of the United
12 States Government as he may direct. In the event the
13 President nominates an Administrator or Deputy Adminis-
14 trator prior to the expiration of such thirty-day period, the
15 authority conferred upon the President by this subsection
16 shall be extended beyond such thirty-day period but only
17 until an Administrator or Deputy Administrator qualifies and
18 takes office.

19 (d) Any department, agency, or establishment of the
20 Government (including, whenever used in this Act, any
21 corporation which is an instrumentality of the United States)-
22 performing functions under this Act is authorized to employ,
23 for duty within the continental limits of the United States,
24 such personnel as may be necessary to carry out the pro-
25 visions and purposes of this Act, and funds available pursuant

1 to section 14 of this Act shall be available for personal
2 services in the District of Columbia and elsewhere without
3 regard to section 14 (a) of the Federal Employees Pay Act
4 of 1946 (60 Stat. 219). Of such personnel employed by
5 the Administration, not to exceed sixty may be compensated
6 without regard to the provisions of the Classification Act
7 of 1923, as amended, of whom not more than ten may be
8 compensated at a rate in excess of \$10,000 per annum,
9 but not in excess of \$15,000 per annum. Experts and
10 consultants or organizations thereof, as authorized by section
11 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a),
12 may be employed by the Administration, and individuals so
13 employed may be compensated at rates not in excess of
14 \$50 per diem and while away from their homes or regular
15 places of business, they may be paid actual travel expenses
16 and not to exceed \$10 per diem in lieu of subsistence and
17 other expenses while so employed.

18 (c) The head of any department, agency, or establish-
19 ment of the Government performing functions under this
20 Act may, from time to time, promulgate such rules and regu-
21 lations as may be necessary and proper to carry out his func-
22 tions under this Act, and he may delegate authority to
23 perform any of such functions to his subordinates, acting
24 under his direction and under rules and regulations pro-
25 mulgated by him.

1 GENERAL FUNCTIONS OF ADMINISTRATOR

2 SEC. 5. (a) The Administrator, under the control of
3 the President, shall in addition to all other functions vested
4 in him by this Act—

5 (1) review and appraise the requirements of par-
6 ticipating countries for assistance under the terms of
7 this Act;

8 (2) formulate programs of United States assistance
9 under this Act, including approval of specific projects
10 which have been submitted to him by the participating
11 countries;

12 (3) provide for the efficient execution of any such
13 programs as may be placed in operation; and

14 (4) terminate provision of assistance or take other
15 remedial action as provided in section 17 of this Act.

16 (b) In order to strengthen and make more effective the
17 conduct of the foreign relations of the United States—

18 (1) the Administrator and the Secretary of State
19 shall keep each other fully and currently informed on
20 matters, including prospective action, arising within the
21 scope of their respective duties which are pertinent to
22 the duties of the other;

23 (2) whenever the Secretary of State believes that
24 any action, proposed action, or failure to act on the part
25 of the Administrator is inconsistent with the foreign-

1 policy objectives of the United States, he shall consult
2 with the Administrator and, if differences of view are
3 not adjusted by consultation, the matter shall be referred
4 to the President for final decision.

5 ~~(c)~~ The Administrator and the department, agency,
6 or officer in the executive branch of the Government exer-
7 cising the authority granted to the President by section
8 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,
9 shall keep each other fully and currently informed on matters,
10 including prospective action, arising within the scope of their
11 respective duties which are pertinent to the duties of the
12 other. Whenever the Administrator believes that any
13 action, proposed action, or failure to act on the part of
14 such department, agency, or officer is inconsistent with the
15 purposes and provisions of this Act, he shall consult with
16 such department, agency, or officer and, if differences of
17 view are not adjusted by consultation, the matter shall be
18 referred to the President for final decision.

19 NATIONAL ADVISORY COUNCIL

20 SEC. 6. Section 4 (a) of the Bretton Woods Agreement
21 Act (59 Stat. 512, 513) is hereby amended to read as
22 follows:

23 "SEC. 4. (a) In order to coordinate the policies and
24 operations of the representatives of the United States on the
25 Fund and the Bank and of all agencies of the Government

1 which make or participate in making foreign loans or which
2 engage in foreign financial exchange or monetary transac-
3 tions, there is hereby established the National Advisory Coun-
4 cil on International Monetary and Financial Problems
5 (hereinafter referred to as the 'Council'), consisting of the
6 Secretary of Treasury as Chairman, the Secretary of State,
7 the Secretary of Commerce, the Chairman of the Board of
8 Governors of the Federal Reserve System, the Chairman of
9 the Board of Trustees of the Export-Import Bank of Wash-
10 ington, and during such period as the Economic Cooperation
11 Administration shall continue to exist, the Administrator for
12 Economic Cooperation."

13 PUBLIC ADVISORY BOARD

14 SEC. 7. (a) There is hereby created a Public Advisory
15 Board, hereinafter referred to as the Board, which shall
16 advise and consult with the Administrator with respect to
17 general or basic policy matters arising in connection with
18 the Administrator's discharge of his responsibilities. The
19 Board shall consist of the Administrator, who shall be Chair-
20 man, and not to exceed twelve additional members to be
21 appointed by the President, by and with the advice and con-
22 sent of the Senate, and who shall be selected from among
23 citizens of the United States of broad and varied experience
24 in matters affecting the public interest, other than officers and
25 employees of the United States (including any agency or

1 instrumentality of the United States) who, as such, regularly
2 receive compensation for current services. The Board shall
3 meet at least once a month and at other times upon the call
4 of the Administrator or when three or more members of the
5 Board request the Administrator to call a meeting. Not
6 more than a majority of two of the members shall be ap-
7 pointed to the Board from the same political party. Mem-
8 bers of the Board, other than the Administrator, shall
9 receive, out of funds made available for the purposes of
10 this Act, a per diem allowance of \$50 for each day spent
11 away from their homes or regular places of business, for
12 the purpose of attendance at meetings of the Board, or
13 at conferences held upon the call of the Administrator,
14 and in necessary travel, and while so engaged, they may
15 be paid actual travel expenses and not to exceed \$10 per
16 diem in lieu of subsistence and other expenses.

17 (b) The Administrator may appoint such other advisory
18 committees as he may determine to be necessary or desirable
19 to effectuate the purposes of this Act.

20 UNITED STATES SPECIAL REPRESENTATIVE ABROAD

21 SEC. 8. There shall be a United States Special Repre-
22 sentative in Europe who shall (a) be appointed by the Presi-
23 dent, by and with the advice and consent of the Senate, (b)
24 be entitled to receive the same compensation and allowances
25 as a chief of mission, class 1, within the meaning of the Act

1 of August 13, 1946 (60 Stat. 999), and (c) have the rank
2 of ambassador extraordinary and plenipotentiary. He shall
3 be the representative of the Administrator, and shall also
4 be the chief representative of the United States Government
5 to any organization of participating countries which may be
6 established by such countries to further a joint program for
7 European recovery, and shall discharge in Europe such addi-
8 tional responsibilities as may be assigned to him with the
9 approval of the President in furtherance of the purposes of
10 this Act. He may also be designated as the United States
11 representative on the Economic Commission for Europe.
12 He shall receive his instructions from the Administrator and
13 such instructions shall be prepared and transmitted to him
14 in accordance with procedures agreed to between the Ad-
15 ministrator and the Secretary of State in order to assure
16 appropriate coordination as provided by subsection (b) of
17 section 5 of this Act. He shall coordinate the activities
18 of the Chiefs of Special Missions provided for in section 9
19 of this Act. He shall keep the Administrator, the Secretary
20 of State, the chiefs of the United States diplomatic missions,
21 and the chiefs of the special missions provided for in section
22 9 of this Act currently informed concerning his activities.
23 He shall consult with the chiefs of all such missions, who
24 shall give him such cooperation as he may require for the
25 performance of his duties under this Act.

SPECIAL ECA MISSIONS ABROAD

SEC. 9. (a) There shall be established in each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this Act. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act

1 on the part of the special mission is inconsistent with such
 2 foreign-policy objectives, he shall so advise the chief of the
 3 special mission and the United States special representative
 4 in Europe. If differences of view are not adjusted by con-
 5 sultation, the matter shall be referred to the Secretary of
 6 State and the Administrator for decision.

7 (c) The Secretary of State shall provide such office
 8 space, facilities, and other administrative services for the
 9 United States Special Representative in Europe and his staff,
 10 and for the special mission in each participating country, as
 11 may be agreed between the Secretary of State and the
 12 Administrator.

13 (d) With respect to any of the zones of occupation of
 14 Germany and of the Free Territory of Trieste, during the
 15 period of occupation, the President shall make appropriate
 16 administrative arrangements for the conduct of operations
 17 under this Act, in order to enable the Administrator to carry
 18 out his responsibility to assure the accomplishment of the
 19 purposes of this Act.

20 PERSONNEL OUTSIDE UNITED STATES

21 SEC. 10. (a) For the purpose of performing functions
 22 under this Act outside the continental limits of the United
 23 States the Administrator may—

24 (1) employ persons who shall receive compensa-
 25 tion at any of the rates provided for the Foreign Service

1 Reserve and staff by the Foreign Service Act of 1946
2 (60 Stat. 999), together with allowances and benefits
3 established thereunder; and

4 ~~(2)~~ recommend the appointment or assignment of
5 persons; and the Secretary of State may appoint or
6 assign such persons, to any class in the Foreign Service
7 Reserve or Staff for the duration of operations under
8 this Act, and the Secretary of State may thereafter
9 assign, transfer, or promote such persons upon the
10 recommendation of the Administrator. Persons so
11 appointed to the Foreign Service Staff shall be entitled
12 to the benefits of section 528 of the Foreign Service
13 Act of 1946.

14 ~~(b)~~ For the purpose of performing functions under this
15 Act outside the continental limits of the United States, the
16 Secretary of State may, at the request of the Administrator,
17 appoint, for the duration of operations under this Act, alien
18 clerks and employees in accordance with applicable provi-
19 sions of the Foreign Service Act of 1946 (60 Stat. 999).

20 ~~(c)~~ Civilian personnel who are citizens or residents
21 of the United States employed or appointed pursuant to this
22 section to perform functions under this Act shall be investi-
23 gated by the Federal Bureau of Investigation which shall
24 make a report thereof to the appointing authority as soon as
25 possible: *Provided, however,* That they may temporarily

1 assume their posts and perform their functions after pre-
2 liminary investigation and clearance by the Administrator or
3 the Secretary of State, as the case may be, but such employ-
4 ment may be terminated after the receipt of the report of
5 the Federal Bureau of Investigation.

6 NATURE AND METHOD OF ASSISTANCE

7 SEC. 11. (a) The Administrator may, from time to
8 time, furnish assistance to any participating country by pro-
9 viding for the performance of any of the functions set forth
10 in paragraphs (1) through (6) of this subsection when he
11 deems it to be in furtherance of the purposes of this Act,
12 and upon the terms and conditions set forth in this Act and
13 such additional terms and conditions consistent with the pro-
14 visions of this Act as he may determine to be necessary and
15 proper.

16 (1) Procurement from any source, including Gov-
17 ernment stocks, of any commodity which he determines
18 to be required for the furtherance of the purposes of this
19 Act. As used in this Act, the term "commodity" means
20 any commodity, material, article, supply, or goods
21 necessary for the purposes of this Act.

22 (2) Processing, storing, transporting, and repair-
23 ing any commodities, or performing any other services
24 with respect to a participating country which he deter-

1 mines to be required for accomplishing the purposes of
2 this Act.

3 The Administrator shall, in providing for the pro-
4 curement of commodities under authority of this Act,
5 take such steps as may be necessary to assure, so far
6 as is practicable, that at least 50 per centum of the
7 gross tonnage of commodities, procured within the
8 United States out of funds made available under this
9 Act and transported abroad on ocean vessels, is so
10 transported on United States flag vessels to the extent
11 such vessels are available at market rates.

12 ~~(3)~~ Procurement of and furnishing technical infor-
13 mation and assistance.

14 ~~(4)~~ Transfer of any commodity or service, which
15 transfer shall be signified by delivery of the custody
16 and right of possession and use of such commodity, or
17 otherwise making available any such commodity, or by
18 rendering a service to a participating country or to
19 any agency or organization representing a participating
20 country.

21 ~~(5)~~ the allocation of commodities or services to
22 specific projects designed to carry out the purposes of
23 this Act, which have been submitted to the Adminis-

1 trator by participating countries and have been approved
2 by him.

3 (b) The Administrator may provide for the perform-
4 ance of any of the functions described in subsection (a) of
5 this section—

6 (1) by establishing accounts against which, under
7 regulations prescribed by the Administrator—

8 (i) letters of commitment may be issued in
9 connection with supply programs approved by the
10 Administrator (and such letters of commitment,
11 when issued, shall constitute obligations of appli-
12 cable appropriations); and

13 (ii) withdrawals may be made by partici-
14 pating countries, or agencies or organizations rep-
15 resenting participating countries, upon presentation
16 of contracts, invoices, or other documentation speci-
17 fied by the Administrator.

18 Such accounts may be established on the books of the
19 Administration, or any other department, agency, or
20 establishment of the Government specified by the Admin-
21 istrator, or, on terms and conditions approved by the
22 Secretary of the Treasury, in banking institutions in
23 the United States. Expenditures of funds which have
24 been made available through accounts so established shall
25 be accounted for on standard documentation required

1 for expenditures of Government funds: *Provided*, That
2 such expenditures for commodities or services procured
3 outside the continental limits of the United States under
4 authority of this section may be accounted for exclu-
5 sively on such certification as the Administrator may
6 prescribe to assure expenditure in furtherance of the
7 purposes of this Act, and such certification shall be
8 binding on the accounting officers of the Government.

9 ~~(2)~~ by utilizing the services and facilities of any
10 department, agency, or establishment of the Government
11 as the President shall direct, or with the consent of the
12 head of such department, agency, or establishment, or, in
13 the President's discretion, by acting in cooperation with
14 the United Nations or with other international organ-
15 izations or with agencies of the participating countries,
16 and funds allocated pursuant to this section to any depart-
17 ment, agency, or establishment of the Government shall
18 be established in separate appropriation accounts on the
19 books of the Treasury.

20 ~~(3)~~ by making, under rules and regulations to be
21 prescribed by the Administrator, guaranties to any
22 person of investments in connection with projects ap-
23 proved by the Administrator and the participating coun-
24 try concerned as furthering the purposes of this Act,
25 which guaranties shall terminate not later than fourteen

1 years from the date of enactment of this Act: *Provided,*
2 That—

3 (i) the guaranty to any person shall not ex-
4 ceed the amount of dollars invested in the project
5 by such person with the approval of the Adminis-
6 trator and shall be limited to the transfer into
7 United States dollars of other currencies, or credits
8 in such currencies, received by such person as in-
9 come from the approved investment, as repayment
10 or return thereof, in whole or in part, or as com-
11 pensation for the sale or disposition of all or any
12 part thereof;

13 (ii) the total liabilities assumed under such
14 guaranties shall not exceed 5 per centum of the
15 total funds appropriated for the purposes of this Act
16 and any liabilities accruing under such guaranties
17 shall be defrayed within the limits of funds so appro-
18 priated; and

19 (iii) as used in this paragraph, the term “per-
20 son” means a citizen of the United States or any
21 corporation, partnership, or other association created
22 under the law of the United States or of any State
23 or Territory and substantially beneficially owned by
24 citizens of the United States.

25 (4) (i) By making, under rules and regulations pre-

1 scribed by the Administrator, guaranties to any person or
2 government in the Western Hemisphere with respect to
3 credits any such person or government may grant for com-
4 modities and services to be transferred, with the approval
5 of the Administrator, to a participating country: *Provided,*
6 That guaranties to governments in the Western Hemisphere
7 shall not exceed 70 per centum of the credits so extended
8 by any such government: *And provided further,* That the
9 Administrator determines that the use of this method of
10 guaranteeing credits, as opposed to this method of direct
11 procurement and delivery to participating countries, will
12 not substantially prejudice the extension or validity of
13 credits or loans by other governments, by the International
14 Bank for Reconstruction and Development, or by private
15 persons, where such credits or loans have been, or in the
16 future might be, prudently made without such guaranty,
17 considering the capacity of the several participating coun-
18 tries to repay. In determining whether to provide for the
19 procurement of commodities and services outside the conti-
20 nental limits of the United States, the Administrator shall
21 take into account whether the government of the country
22 in which commodities or services are available for transfer
23 fails to extend such credits or to arrange such prices, terms
24 and conditions as the Administrator considers equitable and
25 prudent in connection with such transfers. In connection

1 with such guaranties, the Administrator, on terms and con-
2 ditions prescribed by him, may agree to advance dollars on
3 account of such guaranties at the time such exports are made,
4 or at any time not more than ten years after the making
5 of such agreement.

6 (ii) As used in this paragraph, the term "person"
7 means a citizen of any Western Hemisphere country, or any
8 corporation, partnership, or other association created under
9 the law of any such country or under any political subdivi-
10 sion thereof, and substantially owned by citizens of Western
11 Hemisphere countries.

12 (c) (1) The Administrator may provide assistance for
13 any participating country, in the form and under the pro-
14 cedures authorized in subsections (a) and (b), respectively,
15 of this section, through grants or upon payment in cash, or
16 on credit terms, or on such other terms of payment as he
17 may find appropriate, including payment by the transfer to
18 the United States (under such terms and in such quantities
19 as may be agreed to between the Administrator and the
20 participating country) of materials which are required by
21 the United States as a result of deficiencies or potential
22 deficiencies in its own resources. In determining whether
23 such assistance shall be through grants or upon terms of
24 payment, and in determining the terms of payment, he
25 shall act in consultation with the National Advisory Council

1 on International Monetary and Financial Problems, and the
2 determination whether or not a participating country should
3 be required to make payment for any assistance furnished
4 to such country in furtherance of the purposes of this Act,
5 and the terms of such payment, if required, shall depend
6 upon the character and purpose of the assistance and upon
7 the capacity of such country to make such payments without
8 jeopardizing the accomplishment of the purposes of this Act.

9 ~~(2)~~ When it is determined that assistance should be
10 extended under the provisions of this Act on credit terms,
11 the Administrator shall allocate funds for the purpose to
12 the Export-Import Bank of Washington, which shall, not-
13 withstanding the provisions of the Export-Import Bank Act
14 of 1945 (59 Stat. 526), as amended, make and administer
15 the credit as directed, and on terms specified, by the Admin-
16 istrator in consultation with the National Advisory Council
17 on International Monetary and Financial Problems. The
18 Administrator shall make advances to, or reimburse, the
19 Export-Import Bank of Washington for necessary admin-
20 istrative expenses in connection with such credits. The
21 Bank shall deposit into the Treasury of the United States,
22 as miscellaneous receipts, amounts received by the Bank in
23 repayment of principal and interest on any such credits.
24 Credits made by the Export-Import Bank of Washington
25 with funds so allocated to it by the Administrator shall not

1 be considered in determining whether the Bank has outstand-
2 ing at any one time loans and guaranties to the extent of
3 the limitation imposed by section 7 of the Export-Import
4 Bank Act of 1945 (59 Stat. 529), as amended.

5 PROTECTION OF DOMESTIC ECONOMY

6 SEC. 12. (a) The Administrator shall provide for the
7 procurement in the United States of commodities under this
8 Act in such a way as to (1) minimize the drain upon the
9 resources of the United States and the impact of such
10 procurement upon the domestic economy, and (2) avoid
11 impairing the fulfillment of vital needs of the people of
12 the United States.

13 (b) The procurement of petroleum and petroleum
14 products under this Act shall, to the maximum extent prac-
15 ticable, be made from petroleum sources outside the United
16 States; and, in furnishing commodities under the provisions
17 of this Act, the Administrator shall take fully into account
18 the present and anticipated world shortage of petroleum and
19 its products and the consequent undesirability of expansion
20 in petroleum-consuming equipment where the use of alter-
21 nate fuels or other sources of power is practicable.

22 (c) In order to assure the conservation of domestic grain
23 supplies and the retention in the United States of byproduct
24 feeds necessary to the maintenance of the agricultural
25 economy of the United States, the amounts of wheat and

1 wheat flour produced in the United States to be transferred
2 by grant to the participating countries shall be so determined
3 that the total quantity of wheat used to produce the wheat
4 flour transferred to such countries under this Act shall not
5 be less than 25 per centum of the aggregate of the unproc-
6 essed wheat and wheat in the form of flour transferred to
7 such countries under this Act.

8 (d) The term "surplus agricultural commodity" as used
9 in this section is defined as any agricultural commodity, or
10 product thereof, produced in the United States which is
11 determined by the Secretary of Agriculture to be in excess
12 of domestic requirements. In providing for the procurement
13 of any such surplus agricultural commodity for transfer by
14 grant to any participating country in accordance with the
15 requirements of such country, the Administrator shall, insofar
16 as practicable and where in furtherance of the purposes of
17 this Act, give effect to the following:

18 (1) The Administrator shall authorize the procurement
19 of any such surplus agricultural commodity only within the
20 United States: *Provided*, That this restriction shall not be
21 applicable (i) to any agricultural commodity, or product
22 thereof, located in one participating country, and intended
23 for transfer to another participating country, if the Adminis-
24 trator, in consultation with the Secretary of Agriculture,
25 determines that such procurement and transfer is in further-

1 ance of the purposes of this Act, and would not create a
2 burdensome surplus in the United States or seriously preju-
3 dice the position of domestic producers of such surplus agri-
4 cultural commodities, or (ii) if, and to the extent that any
5 such surplus agricultural commodity is not available in the
6 United States in sufficient quantities to supply the require-
7 ments of the participating countries under this Act.

8 (2) In providing for the procurement of any such sur-
9 plus agricultural commodity, the Administrator shall, inso-
10 far as practicable and applicable, and after giving due con-
11 sideration to the excess of any such commodity over domestic
12 requirements, and to the historic reliance of United States
13 producers of any such surplus agricultural commodity upon
14 markets in the participating countries, provide for the pro-
15 curement of each class or type of any such surplus agricul-
16 tural commodity in the approximate proportion that the
17 Secretary of Agriculture determines such classes or types
18 bear to the total amount of excess of such surplus agricul-
19 tural commodity over domestic requirements.

20 (e) Whenever the Secretary of Agriculture determines
21 that any quantity of any surplus agricultural commodity,
22 heretofore or hereafter acquired by Commodity Credit Cor-
23 poration in the administration of its price-support programs,
24 is available for use in furnishing assistance to foreign coun-
25 tries, he shall so advise all departments, agencies, and estab-

1 lishments of the Government administering laws providing
2 for the furnishing of assistance or relief to foreign countries
3 (including occupied or liberated countries or areas of such
4 countries). Thereafter the department, agency, or establish-
5 ment administering any such law shall, to the maximum
6 extent practicable, consistent with the provisions and in
7 furtherance of the purposes of such law, and where for transfer
8 by grant and in accordance with the requirements of such
9 foreign country, procure or provide for the procurement of
10 such quantity of such surplus agricultural commodity. The
11 sales price paid as reimbursement to Commodity Credit
12 Corporation for any such surplus agricultural commodity shall
13 be in such amount as Commodity Credit Corporation deter-
14 mines will fully reimburse it for the cost to it of such surplus
15 agricultural commodity at the time and place such surplus
16 agricultural commodity is delivered by it, but in no event
17 shall the sales price be higher than the domestic market price
18 at such time and place of delivery as determined by the Secre-
19 tary of Agriculture, and the Secretary of Agriculture may
20 pay not to exceed 50 per centum of such sales price as
21 authorized by subsection (c) of this section.

22 (f) Subject to the provisions of this section, but not-
23 withstanding any other provision of law, in order to en-
24 courage utilization of surplus agricultural commodities pur-
25 suant to this or any other Act providing for assistance or

1 relief to foreign countries, the Secretary of Agriculture, in
2 carrying out the purposes of clause (1), section 32, Public
3 Law 320, Seventy-fourth Congress, as amended, may make
4 payments, including payments to any government agency
5 procuring or selling such surplus agricultural commodities,
6 in an amount not to exceed 50 per centum of the sales price
7 (basis free along ship or free on board vessel, United States
8 ports), as determined by the Secretary of Agriculture, of
9 such surplus agricultural commodities. The rescission of the
10 remainder of section 32 funds by the Act of July 30, 1947
11 (Public Law 266, Eightieth Congress), is hereby canceled
12 and such funds are hereby made available for the purposes
13 of section 32 for the fiscal year ending June 30, 1948.

14 ~~(g)~~ No export shall be authorized pursuant to authority
15 conferred by section 6 of the Act of July 2, 1940 (54 Stat.
16 714), including any amendment thereto, of any commodity
17 from the United States to any country wholly or partly
18 in Europe which is not a participating country, if the Sec-
19 retary of Commerce determines that the supply of such
20 commodity is insufficient (or would be insufficient if such
21 export were permitted) to fulfill the requirements of partici-
22 pating countries under this Act as determined by the Ad-
23 ministrator: *Provided, however,* That such export may be
24 authorized if the Secretary of Commerce determines that

1 such export is otherwise in the national interest of the
2 United States.

3 ~~(h)~~ In providing for the performance of any of the
4 functions described in subsection ~~(a)~~ of section 11, the
5 Administrator shall, to the maximum extent consistent with
6 the accomplishment of the purposes of this Act, utilize
7 private channels of trade.

8 REIMBURSEMENT TO GOVERNMENT AGENCIES

9 SEC. 13. ~~(a)~~ The Administrator shall make reimburse-
10 ment or payment, out of funds available for the purposes of
11 this Act, for any commodity, service, or facility procured
12 under section 11 of this Act from any department, agency,
13 or establishment of the Government. Such reimbursement
14 or payment shall be made to the owning or disposal agency,
15 as the case may be, at replacement cost, or, if required by
16 law, at actual cost, or at any other price, authorized by law
17 and agreed to between the Administrator and such agency.
18 The amount of any reimbursement or payment to an owning
19 agency for commodities, services, or facilities so procured
20 shall be credited to current applicable appropriations, funds,
21 or accounts from which there may be procured replacements
22 of similar commodities or such services or facilities: *Pro-*
23 *vided,* That such commodities, services, or facilities may be
24 procured from an owning agency only with the consent of

1 such agency: *And provided further*, That where such appro-
2 priations, funds, or accounts are not reimbursable except by
3 reason of this subsection, and when the owning agency deter-
4 mines that replacement of any commodity procured under
5 authority of this section is not necessary, any funds received
6 in payment therefor shall be covered into the Treasury as
7 miscellaneous receipts.

8 (b) The Administrator, whenever in his judgment the
9 interests of the United States will best be served thereby,
10 may dispose of any commodity procured out of funds made
11 available for the purposes of this Act, in lieu of transferring
12 such commodity to a participating country, (1) by transfer
13 of such commodity, upon reimbursement, to any department,
14 agency, or establishment of the Government for use or dis-
15 posal by such department, agency, or establishment as
16 authorized by law, or (2) without regard to provisions of
17 law relating to the disposal of Government-owned property,
18 when necessary to prevent spoilage or wastage of such com-
19 modity or to conserve the usefulness thereof. Funds realized
20 from such disposal or transfer shall revert to the respective
21 appropriation or appropriations out of which funds were
22 expended for the procurement of such commodity.

23 AUTHORIZATION OF APPROPRIATIONS

24 SEC. 14. (a) Notwithstanding the provisions of any
25 other law, the Reconstruction Finance Corporation is au-

1 thorized and directed, until such time as an appropriation
2 shall be made pursuant to subsection (c) of this section,
3 to make advances not to exceed in the aggregate \$1,000,-
4 000,000 to carry out the provisions of this Act, in
5 such manner, at such time and in such amounts as the Presi-
6 dent shall determine, and no interest shall be charged on ad-
7 vances made by the Treasury to the Reconstruction Finance
8 Corporation for this purpose. The Reconstruction Finance
9 Corporation shall be repaid without interest from appro-
10 priations authorized under this Act for advances made by
11 it hereunder.

12 (b) Such part as the President may determine of the
13 unobligated and unexpended balances of appropriations or
14 other funds available for the purposes of the Foreign Aid
15 Act of 1947 shall be available for the purpose of carrying
16 out the purposes of this Act.

17 (c) In order to carry out the provisions of this Act
18 with respect to those participating countries which adhere
19 to the purposes of this Act, and remain eligible to receive
20 assistance hereunder, there are hereby authorized to be appro-
21 priated to the President, from time to time through June 30,
22 1952, out of any money in the Treasury not otherwise ap-
23 propriated, such sums as may be necessary to carry out the
24 provisions and accomplish the purposes of this Act: *Provided,*
25 *however,* That for carrying out the provisions and accom-

1 plishing the purposes of this Act for the period of one year
2 following the date of enactment of this Act, there are
3 hereby authorized to be so appropriated not to exceed
4 \$5,300,000,000.

5 (d) Funds made available for the purposes of this Act
6 shall be available for incurring and defraying all necessary
7 expenses incident to carrying out the provisions of this
8 Act, including administrative expenses and expenses for
9 compensation, allowances and travel of personnel, including
10 Foreign Service personnel whose services are utilized
11 primarily for the purposes of this Act, and, without regard
12 to the provisions of any other law, for printing and binding,
13 and for expenditures outside the continental limits of the
14 United States for the procurement of supplies and services
15 and for other administrative purposes (other than compensa-
16 tion of personnel) without regard to such laws and regula-
17 tions governing the obligation and expenditure of govern-
18 ment funds, as the Administrator shall specify in the interest
19 of the accomplishment of the purposes of this Act.

20 (e) The unexpended portions of any deposits which
21 may have been made by any participating country pursuant
22 to section 6 of the joint resolution providing for relief as-
23 sistance to the people of countries devastated by war (Public
24 Law 84, Eightieth Congress) and section 5 (b) of the
25 Foreign Aid Act of 1947 (Public Law 389, Eightieth Con-

1 gross) may be merged with the deposits to be made by such
2 participating country in accordance with section 15 (b)
3 (6) of this Act, and shall be held or used under the same
4 terms and conditions as are provided in section 15 (b)
5 (6) of this Act.

6 (f) In order to reserve some part of the surplus of
7 the fiscal year 1948 for payments thereafter to be made
8 under this Act, there is hereby created on the books of
9 the Treasury of the United States a trust fund to be known
10 as the Foreign Economic Cooperation Trust Fund. Not-
11 withstanding any other provision of law, an amount of
12 \$3,000,000,000, out of sums appropriated pursuant to the
13 authorization contained in this Act shall, when appropriated,
14 be transferred immediately to the trust fund, and shall there-
15 upon be considered as expended during the fiscal year 1948,
16 for the purpose of reporting governmental expenditures.
17 The Secretary of the Treasury shall be the sole trustee of the
18 trust fund and is authorized and directed to pay out of the
19 fund such amounts as the Administrator shall duly requisition.
20 The first expenditures made out of the appropriations
21 authorized under this Act in the fiscal year 1949 shall be
22 made with funds requisitioned by the Administrator out of
23 the trust fund until the fund is exhausted, at which time such
24 fund shall cease to exist. The provisions of this subsection

1 shall not be construed as affecting the application of any
2 provision of law which would otherwise govern the obliga-
3 tion of funds so appropriated or the auditing or submission
4 of accounts of transactions with respect to such funds.

5 BILATERAL AND MULTILATERAL UNDERTAKINGS

6 SEC. 15. (a) The Secretary of State, after consulta-
7 tion with the Administrator, is authorized to conclude, with
8 individual participating countries or any number of such coun-
9 tries or with an organization representing any such countries,
10 agreements in furtherance of the purposes of this Act.

11 (b) The provision of assistance under this Act results
12 from the multilateral pledges of the participating countries
13 to use all their efforts to accomplish a joint recovery program
14 based upon self-help and mutual cooperation as embodied
15 in the report of the Committee of European Economic Co-
16 operation signed at Paris on September 22, 1947, and is
17 contingent upon continuous effort of the participating
18 countries to accomplish a joint recovery program through
19 multilateral undertakings and the establishment of a
20 continuing organization for this purpose. In addition to
21 continued mutual cooperation of the participating countries
22 in such a program, each such country shall conclude an
23 agreement with the United States in order for such country
24 to be eligible to receive assistance under this Act. Such
25 agreement shall provide for the adherence of such country

1 to the purposes of this Act and shall, where applicable, make
2 appropriate provision, among others, for—

3 (1) promoting industrial and agricultural produc-
4 tion in order to enable the participating country to be-
5 come independent of extraordinary outside economic
6 assistance; and submitting for the approval of the Ad-
7 ministrator, upon his request and whenever he deems
8 it in furtherance of the purposes of this Act, specific
9 projects proposed by such country to be undertaken in
10 substantial part with assistance furnished under this Act,
11 which projects, whenever practicable, shall include proj-
12 ects for increased production of coal, steel, transportation
13 facilities, and food;

14 (2) taking financial and monetary measures neces-
15 sary to stabilize its currency, establish or maintain a
16 valid rate of exchange, to balance its governmental
17 budget as soon as practicable, and generally to restore or
18 maintain confidence in its monetary system;

19 (3) cooperating with other participating countries
20 in facilitating and stimulating an increasing interchange
21 of goods and services among the participating countries
22 and with other countries and cooperating to reduce
23 barriers to trade among themselves and with other
24 countries;

25 (4) making efficient and practical use, within the

1 framework of a joint program for European recovery,
2 of the resources of such participating country, including
3 any commodities, facilities, or services furnished under
4 this Act, which use shall include, to the extent practi-
5 cable, taking measures to locate and control, in further-
6 ance of such program, assets, and earnings therefrom,
7 which belong to the citizens of such country and which
8 are situated within the United States, its Territories and
9 possessions;

10 (5) facilitating the transfer to the United States by
11 sale, exchange, barter, or otherwise for stock-piling pur-
12 poses, for such period of time as may be agreed to and
13 upon reasonable terms and in reasonable quantities, of
14 materials which are required by the United States as a
15 result of deficiencies or potential deficiencies in its own
16 resources, and which may be available in such participat-
17 ing country after due regard for reasonable requirements
18 for domestic use and commercial export of such country;

19 (6) placing in a special account a deposit in the
20 currency of such country, in commensurate amounts and
21 under such terms and conditions as may be agreed to
22 between such country and the Government of the United
23 States, when any commodity or service is made avail-
24 able through any means authorized under this Act, and
25 is not furnished to the participating country on terms

1 of payment. Such special account, together with the
2 unexpended portions of any deposits which may have
3 been made by such country pursuant to section 6 of the
4 joint resolution providing for relief assistance to the
5 people of countries devastated by war (Public Law 84,
6 Eightieth Congress) and section 5 (b) of the Foreign
7 Aid Act of 1947 (Public Law 389, Eightieth Congress),
8 shall be held or used only for such purposes as may be
9 agreed to between such country and the Administrator
10 in consultation with the National Advisory Council on
11 International Monetary and Financial Problems, and
12 under agreement that any unencumbered balance remain-
13 ing in such account on June 30, 1952, will be disposed
14 of within such country for such purposes as may, subject
15 to approval by Act or joint resolution of the Congress, be
16 agreed to between such country and the Government of
17 the United States;

18 (7) publishing in such country and transmitting to
19 the United States, not less frequently than every cal-
20 endar quarter after the date of the agreement, full
21 statements of operations under the agreement, including
22 a report of the use of funds, commodities and services
23 received under this Act; and

24 (8) furnishing promptly, upon request of the
25 United States, any relevant information which would be

1 of assistance to the United States in determining the
2 nature and scope of operations and the use of assist-
3 ance provided under this Act.

4 (c) Notwithstanding the provisions of subsection
5 (b) of this section, the Administrator, during the three
6 months after the date of enactment of this Act, may
7 perform with respect to any participating country any of the
8 functions authorized under this Act which he may determine
9 to be essential in furtherance of the purposes of this Act,
10 if such country (1) has signified its adherence to
11 the purposes of this Act and its intention to conclude an
12 agreement pursuant to subsection (b) of this section, and
13 (2) he finds that such country is complying with the
14 applicable provisions of subsection (b) of this section:
15 *Provided, That,* notwithstanding the provisions of this sub-
16 section, the Administrator may, through June 30, 1948,
17 provide for the transfer of food, medical supplies, fibers,
18 fuel, petroleum and petroleum products, fertilizer, pesticides,
19 and seed to any country of Europe which participated in
20 the Committee of European Economic Cooperation and
21 which undertook pledges to the other participants therein,
22 when the Administrator determines that the transfer of any
23 such supplies to any such country is essential in order to
24 make it possible to carry out the purposes of this Act by

1 alleviating conditions of hunger and cold and by preventing
2 serious economic retrogression.

3 (d) The Administrator shall encourage the joint or-
4 ganization of the participating countries referred to in
5 subsection (b) of this section to ensure that each par-
6 ticipating country makes sufficient use of the resources of
7 such country, including any commodities, facilities, or serv-
8 ices furnished under this Act, by observing and reviewing
9 such use through an effective follow-up system approved
10 by the joint organization.

11 (s) It is the understanding of the Congress that, in
12 accordance with agreements now in effect, prisoners of war
13 remaining in participating countries shall if they so freely
14 elect be repatriated prior to January 1, 1949.

15 WESTERN HEMISPHERE COUNTRIES

16 SEC. 16. The President shall take appropriate steps to
17 encourage all countries in the Western Hemisphere to make
18 available to participating countries such assistance as they
19 may be able to furnish.

20 OTHER DUTIES OF THE ADMINISTRATOR

21 SEC. 17. (a) The Administrator, in furtherance of the
22 purposes of section 15 (b) (5), and in agreement with a par-
23 ticipating country, may promote, by means of funds made
24 available for the purposes of this Act, an increase in the

1 production in such participating country of materials which
2 are required by the United States as a result of deficiencies
3 or potential deficiencies in the resources within the United
4 States.

5 (b) The Administrator, in cooperation with the Secre-
6 tary of Commerce, shall facilitate and encourage, through
7 private and public travel, transport, and other agencies, the
8 promotion and development of travel by citizens of the
9 United States to and within participating countries.

10 (c) In order to further the efficient use of United
11 States voluntary contributions for relief in participating
12 countries receiving assistance under this Act in the form of
13 grants, funds made available for the purposes of this Act
14 may be used, in the discretion of the Administrator, and
15 under rules and regulations prescribed by him, to pay ocean
16 freight charges from a United States port to a designated
17 foreign port of entry (1) of supplies donated to, or pur-
18 chased by, United States voluntary nonprofit relief agencies
19 licensed for operations in Europe, or (2) of relief packages
20 conforming to such specified size, weight, and contents, as
21 the Administrator may prescribe originating in the United
22 States and consigned to an individual residing in a par-
23 ticipating country receiving assistance under this Act in the
24 form of grants.

25 The Administrator may make an agreement with such

1 country for the use of a portion of the deposit of local cur-
2 rency placed in a special account pursuant to paragraph 6
3 of subsection (b) of section 15 of this Act, for the purpose
4 of defraying the transportation cost of such supplies and
5 relief packages from the port of entry of such country to
6 the designated shipping point of consignee.

7 TERMINATION OF ASSISTANCE

8 SEC. 18. The Administrator, in determining the form
9 and measure of assistance provided under this Act to any
10 participating country, shall take into account the extent to
11 which such country is complying with its undertakings em-
12 bodied in its pledges to other participating countries and
13 in its agreement concluded with the United States under
14 section 15. The Administrator shall terminate the provision
15 of assistance under this Act to any participating country
16 whenever he determines that (1) such country is not adher-
17 ing to its agreement concluded under section 15, or is divert-
18 ing from the purposes of this Act assistance provided
19 hereunder, and that in the circumstances remedial action
20 other than termination will not more effectively promote
21 the purposes of this Act or (2) because of changed con-
22 ditions, assistance is no longer consistent with the national
23 interest of the United States.

24 EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

25 SEC. 19. When the President determines it to be in

1 furtherance of the purposes of this Act, the functions author-
2 ized under this Act may be performed without regard to
3 such provisions of law regulating the making, performance,
4 amendment, or modification of contracts and the expendi-
5 ture of Government funds as the President may specify.

6 EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO
7 EMPLOYMENT

8 SEC. 20. Service of an individual as a member of the
9 Public Advisory Board (other than the Administrator)
10 created by section 7 (a), as a member of an advisory
11 committee appointed pursuant to section 7 (b), as an expert
12 or consultant under section 4 (d), or as an expert, con-
13 sultant, or technician under section 24 (d), shall not be
14 considered as service or employment bringing such indi-
15 vidual within the provisions of sections 109 or 113 of the
16 Criminal Code (U. S. C., title 18, secs. 198 and 203), of
17 section 190 of the Revised Statutes (U. S. C., title 5, sec.
18 99), or of section 19 (e) of the Contract Settlement Act
19 of 1944, or of any other Federal law imposing restrictions,
20 requirements, or penalties in relation to the employment of
21 persons, the performance of services, or the payment or
22 receipt of compensation in connection with any claim, pro-
23 ceeding, or matter involving the United States.

24 UNITED NATIONS

25 SEC. 21. (a) The President is authorized to request

1 the cooperation of or the use of the services and facilities
2 of the United Nations, its organs and specialized agen-
3 cies, or other international organizations, in carrying out the
4 purposes of this Act, and may make payments, by advance-
5 ments or reimbursements, for such purpose, out of funds
6 made available for the purposes of this Act, as may be neces-
7 sary therefor, to the extent that special compensation is
8 usually required for such services and facilities.

9 (b) The President shall cause to be transmitted to the
10 Secretary General of the United Nations copies of reports
11 to Congress on the operations conducted under this Act.

12 (c) Any agreements concluded between the United
13 States and participating countries, or groups of such coun-
14 tries, in implementation of the purposes of this Act, shall be
15 registered with the United Nations if such registration is
16 required by the Charter of the United Nations.

17 TERMINATION OF PROGRAM

18 SEC. 22. (a) After June 30, 1952, or after the date of
19 the passage of a concurrent resolution by the two Houses of
20 Congress before such date, which declares that the powers
21 conferred on the Administrator by or pursuant to subsection
22 (a) of section 11 of this Act are no longer necessary for the
23 accomplishment of the purposes of this Act, whichever shall
24 first occur, none of the functions authorized under such pro-
25 visions may be exercised; except that during the twelve

1 months following such date commodities and services with
2 respect to which the Administrator had, prior to such date,
3 authorized procurement for, shipment to, or delivery in a par-
4 ticipating country, may be transferred to such country, and
5 funds appropriated under authority of this Act may be obli-
6 gated during such twelve-month period for the necessary ex-
7 penses of procurement, shipment, delivery, and other activi-
8 ties essential to such transfer, and shall remain available
9 during such period for the necessary expenses of liquidating
10 operations under this Act.

11 (b) At such time as the President shall find appro-
12 priate after such date and prior to the expiration of the
13 twelve months following such date, the powers, duties, and
14 authority of the Administrator under this Act may be
15 transferred to such other departments, agencies, or estab-
16 lishments of the Government as the President shall specify,
17 and the relevant funds, records, and personnel of the Admin-
18 istration may be transferred to the departments, agencies,
19 or establishments to which the related functions are
20 transferred.

21 REPORTS TO CONGRESS

22 SEC. 23. The President from time to time, but not less
23 frequently than once every calendar quarter through June
24 30, 1952, and once every year thereafter until all opera-
25 tions under this Act have been completed, shall transmit

1 to the Congress a report of operations under this Act.
2 Reports provided for under this section shall be transmitted
3 to the Secretary of the Senate or the Clerk of the House of
4 Representatives, as the case may be, if the Senate or the
5 House of Representatives, as the case may be, is not in
6 session.

7 JOINT CONGRESSIONAL COMMITTEE

8 SEC. 24. (a) There is hereby established a joint con-
9 gressional committee to be known as the Joint Committee
10 on Foreign Economic Cooperation (hereinafter referred to
11 as the committee), and to be composed of seven Members
12 of the Senate to be appointed by the President of the Senate,
13 and seven Members of the House of Representatives to be
14 appointed by the Speaker of the House. In each instance,
15 not more than four members shall be members of the same
16 political party. A vacancy in the membership of the com-
17 mittee shall be filled in the same manner as the original
18 selection. The President of the Senate and the Speaker of
19 the House, acting jointly, shall appoint a chairman and a
20 vice chairman from among the members of the committee.

21 (b) It shall be the function of the committee to make a
22 continuous study of the programs of United States economic
23 assistance to foreign countries, and to review the progress
24 achieved in the execution and administration of such pro-
25 grams. Upon request, the committee shall aid the several

1 standing committees of the Congress having legislative juris-
2 diction over any part of the programs of United States
3 economic assistance to foreign countries; and it shall make a
4 report to the Senate and the House of Representatives, from
5 time to time, concerning the results of its studies, together
6 with such recommendations as it may deem desirable. The
7 Administrator, at the request of the committee, shall consult
8 with the committee from time to time with respect to his
9 activities under this Act.

10 (c) The committee, or any duly authorized subcom-
11 mitte thereof, is authorized to hold such hearings, to sit and
12 act at such times and places, to require by subpoena or other-
13 wise the attendance of such witnesses and the production of
14 such books, papers, and documents, to administer such oaths,
15 to take such testimony, to procure such printing and binding,
16 and to make such expenditures as it deems advisable. The
17 cost of stenographic services to report such hearings shall
18 not be in excess of 25 cents per hundred words. The pro-
19 visions of sections 102 to 104, inclusive, of the Revised
20 Statutes shall apply in case of any failure of any witness
21 to comply with any subpoena or to testify when summoned
22 under authority of this subsection.

23 (d) The committee is authorized to appoint and, with-
24 out regard to the Classification Act of 1923, as amended, fix
25 the compensation of such experts, consultants, technicians,

1 and organizations thereof, and, clerical and stenographic
2 assistants as it deems necessary and advisable.

3 ~~(c)~~ There are hereby authorized to be appropriated
4 such sums as may be necessary to carry out the provisions of
5 this section, to be disbursed by the Secretary of the Senate
6 on vouchers signed by the chairman.

7 SEPARABILITY CLAUSE

8 SEC. 25. If any provision of this Act or the applica-
9 tion of such provision to any circumstances or persons shall
10 be held invalid, the validity of the remainder of the Act
11 and the applicability of such provision to other circumstances
12 or persons shall not be affected thereby.

13 *That this Act may be cited as the "Foreign Assistance Act*
14 *of 1948".*

15 TITLE I

16 SEC. 101. *This title may be cited as the "Economic*
17 *Cooperation Act of 1948".*

18 FINDINGS AND DECLARATION OF POLICY

19 SEC. 102. (a) *Recognizing the intimate economic and*
20 *other relationships between the United States and the nations*
21 *of Europe, and recognizing that disruption following in the*
22 *wake of war is not contained by national frontiers, the Con-*
23 *gress finds that the existing situation in Europe endangers the*
24 *establishment of a lasting peace, the general welfare and*
25 *national interest of the United States, and the attainment of*

1 the objectives of the United Nations. The restoration or
2 maintenance in European countries of principles of individual
3 liberty, free institutions, and genuine independence rests
4 largely upon the establishment of sound economic and
5 political conditions, stable international economic and
6 political relationships, and the achievement by the countries
7 of Europe of a healthy economy independent of extraor-
8 dinary outside assistance. The accomplishment of these
9 objectives calls for a plan of European recovery, open
10 to all such nations which cooperate in such plan, based
11 upon a strong production effort, the expansion of for-
12 eign trade, the creation and maintenance of internal
13 financial stability, and the development of economic coopera-
14 tion, including all possible steps to establish and maintain
15 equitable rates of exchange and to bring about the progressive
16 elimination of trade barriers. Mindful of the advantages
17 which the United States has enjoyed through the existence
18 of a large domestic market with no internal trade barriers,
19 and believing that similar advantages can accrue to the
20 countries of Europe, it is declared to be the policy of the
21 people of the United States to encourage these countries
22 through a joint organization to exert sustained common efforts
23 as set forth in the report of the Committee of European
24 Economic Cooperation signed at Paris on September 22,
25 1947, which will speedily achieve that economic cooperation

1 in Europe which is essential for lasting peace and pros-
2 perity. It is further declared to be the policy of the people
3 of the United States to sustain and strengthen principles
4 of individual liberty, free institutions, and genuine inde-
5 pendence in Europe through assistance to those countries
6 of Europe which participate in a joint recovery program
7 based upon self-help and mutual cooperation: Provided,
8 That no assistance to the participating countries herein
9 contemplated shall seriously impair the economic stability
10 of the United States. It is further declared to be the policy
11 of the United States that continuity of assistance provided
12 by the United States should, at all times, be dependent upon
13 continuity of cooperation among countries participating in
14 the program.

15 PURPOSES OF TITLE

16 (b) It is the purpose of this title to effectuate the
17 policy set forth in subsection (a) of this section by furnishing
18 material and financial assistance to the participating coun-
19 tries in such a manner as to aid them, through their own
20 individual and concerted efforts, to become independent of
21 extraordinary outside economic assistance within the period
22 of operations under this title, by—

23 (1) promoting industrial and agricultural produc-
24 tion in the participating countries;

1 (2) *furthering the restoration or maintenance of*
2 *the soundness of European currencies, budgets, and*
3 *finances; and*

4 (3) *facilitating and stimulating the growth of inter-*
5 *national trade of participating countries with one an-*
6 *other and with other countries by appropriate measures*
7 *including reduction of barriers which may hamper such*
8 *trade.*

9 PARTICIPATING COUNTRIES

SEC. 103. (a) As used in this title, the term “participating country” means—

(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

22 provided such country adheres to, and for so long as it
23 remains an adherent to, a joint program for European re-
24 covery designed to accomplish the purposes of this title.

25 (b) *Until such time as the Free Territory of Trieste*

1 or either of its zones becomes eligible for assistance under
2 this title as a participating country, assistance to the Free
3 Territory of Trieste, or either of its zones, is hereby author-
4 ized under the Foreign Aid Act of 1947 until June 30,
5 1949, and the said Foreign Aid Act of 1947 is hereby
6 amended accordingly, and not to exceed \$20,000,000 out
7 of funds authorized to be advanced by the Reconstruction
8 Finance Corporation under subsection (a) of section 114
9 of this title may be utilized for the purposes of this subsection:
10 Provided, That section 11 (b) of the Foreign Aid Act
11 of 1947 shall not apply in respect of the Free Territory of
12 Trieste or either of its zones: And provided further, That
13 the provisions of section 115 (b) (6) of this title shall apply
14 to local currency deposited pursuant to section 5 (b) of that
15 Act.

16 ESTABLISHMENT OF ECONOMIC COOPERATION

17 ADMINISTRATION

18 SEC. 104. (a) There is hereby established, with its prin-
19 cipal office in the District of Columbia, an agency of the
20 Government which shall be known as the Economic Coop-
21 eration Administration, hereinafter referred to as the Admin-
22 istration. The Administration shall be headed by an Ad-
23 ministrator for Economic Cooperation, hereinafter referred
24 to as the Administrator, who shall be appointed by the
25 President, by and with the advice and consent of the Senate,

1 and who shall receive compensation at the rate of \$20,000
2 per annum. The Administrator shall be responsible to the
3 President and shall have a status in the executive branch
4 of the Government comparable to that of the head of an
5 executive department. Except as otherwise provided in this
6 title, the administration of the provisions of this title is
7 hereby vested in the Administrator and his functions shall be
8 performed under the control of the President.

9 (b) There shall be in the Administration a Deputy
10 Administrator for Economic Cooperation who shall be ap-
11 pointed by the President, by and with the advice and con-
12 sent of the Senate, and shall receive compensation at the
13 rate of \$17,500 per annum. The Deputy Administrator for
14 Economic Cooperation shall perform such functions as the
15 Administrator shall designate, and shall be Acting Adminis-
16 trator for Economic Cooperation during the absence or dis-
17 ability of the Administrator or in the event of a vacancy
18 in the office of Administrator.

19 (c) The President is authorized, pending the appoint-
20 ment and qualification of the first Administrator or Deputy
21 Administrator for Economic Cooperation appointed here-
22 under, to provide, for a period of not to exceed thirty days
23 after the date of enactment of this Act, for the performance
24 of the functions of the Administrator under this title through
25 such departments, agencies, or establishments of the United

1 *States Government as he may direct. In the event the*
2 *President nominates an Administrator or Deputy Admin-*
3 *istrator prior to the expiration of such thirty-day period, the*
4 *authority conferred upon the President by this subsection*
5 *shall be extended beyond such thirty-day period but only*
6 *until an Administrator or Deputy Administrator qualifies*
7 *and takes office.*

8 *(d) (1) The Administrator, with the approval of the*
9 *President, is hereby authorized and empowered to create a*
10 *corporation with such powers as the Administrator may deem*
11 *necessary or appropriate for the accomplishment of the*
12 *purposes of this title.*

13 *(2) If a corporation is created under this section—*

14 *(i) it shall have the power to sue and be sued, to*
15 *acquire, hold, and dispose of property, to use its revenues,*
16 *to determine the character of and necessity for its obli-*
17 *gations and expenditures and the manner in which they*
18 *shall be incurred, allowed and paid, and to exercise such*
19 *other powers as may be necessary or appropriate to*
20 *carry out the purposes of the corporation;*

21 *(ii) its powers shall be set out in a charter which*
22 *shall be valid only when certified copies thereof are filed*
23 *with the Secretary of the Senate and the Clerk of the*
24 *House of Representatives and published in the Federal*

1 *Register, and all amendments to such charter shall be*
2 *valid only when similarly filed and published;*

3 (iii) *it shall not have succession beyond June 30,*
4 *1952, except for purposes of liquidation, unless its life*
5 *is extended beyond such date pursuant to Act of*
6 *Congress; and*

7 (iv) *it shall be subject to the Government Corpora-*
8 *tion Control Act to the same extent as wholly owned*
9 *Government corporations listed in section 101 of such*
10 *Act.*

11 (3) *All capital stock of the corporation shall be of one*
12 *class, be issued for cash only, and be subscribed for by the*
13 *Administrator. Payment for such capital stock shall be made*
14 *from funds available for the purposes of this title.*

15 (e) *Any department, agency, or establishment of*
16 *the Government (including, whenever used in this*
17 *title, any corporation which is an instrumentality of the*
18 *United States) performing functions under this title is au-*
19 *thorized to employ, for duty within the continental limits of*
20 *the United States, such personnel as may be necessary to*
21 *carry out the provisions and purposes of this title, and funds*
22 *available pursuant to section 114 of this title shall be avail-*
23 *able for personal services in the District of Columbia and*
24 *elsewhere without regard to section 14 (a) of the Federal*
25 *Employees Pay Act of 1946 (60 Stat. 219). Of such*

1 personnel employed by the Administration, not to exceed sixty
2 may be compensated without regard to the provisions of the
3 Classification Act of 1923, as amended, of whom not more
4 than ten may be compensated at a rate in excess of \$10,000
5 per annum, but not in excess of \$15,000 per annum. Experts
6 and consultants or organizations thereof, as authorized by
7 section 15 of the Act of August 2, 1946 (U. S. C., title 5,
8 sec. 55a), may be employed by the Administration, and indi-
9 viduals so employed may be compensated at rates not in excess
10 of \$50 per diem and while away from their homes or regular
11 places of business, they may be paid actual travel expenses
12 and not to exceed \$10 per diem in lieu of subsistence and
13 other expenses while so employed.

14 (f) The Administrator may, from time to time, promul-
15 gate such rules and regulations as may be necessary and
16 proper to carry out his functions under this title, and he may
17 delegate authority to perform any of such functions to his
18 subordinates, acting under his direction and under rules and
19 regulations promulgated by him.

20 GENERAL FUNCTIONS OF ADMINISTRATOR

21 SEC. 105. (a) The Administrator, under the control of
22 the President, shall in addition to all other functions vested
23 in him by this title—

24 (1) review and appraise the requirements of par-

1 *ticipating countries for assistance under the terms of this*
2 *title;*

3 *(2) formulate programs of United States assistance*
4 *under this title, including approval of specific projects*
5 *which have been submitted to him by the participating*
6 *countries;*

7 *(3) provide for the efficient execution of any such*
8 *programs as may be placed in operation; and*

9 *(4) terminate provision of assistance or take other*
10 *remedial action as provided in section 118 of this title.*

11 *(b) In order to strengthen and make more effective the*
12 *conduct of the foreign relations of the United States—*

13 *(1) the Administrator and the Secretary of State*
14 *shall keep each other fully and currently informed on*
15 *matters, including prospective action, arising within the*
16 *scope of their respective duties which are pertinent to*
17 *the duties of the other;*

18 *(2) whenever the Secretary of State believes that*
19 *any action, proposed action, or failure to act on the part*
20 *of the Administrator is inconsistent with the foreign-*
21 *policy objectives of the United States, he shall consult*
22 *with the Administrator and, if differences of view are*
23 *not adjusted by consultation, the matter shall be referred*
24 *to the President for final decision;*

25 *(3) whenever the Administrator believes that any*

1 *action, proposed action, or failure to act on the part*
2 *of the Secretary of State is inconsistent with the pur-*
3 *poses and provisions of this title, he shall consult with*
4 *the Secretary of State and, if differences of view are*
5 *not adjusted by consultation, the matter shall be referred*
6 *to the President for final decision.*

7 *(c) The Administrator and the department, agency,*
8 *or officer in the executive branch of the Government exer-*
9 *cising the authority granted to the President by section*
10 *6 of the Act of July 2, 1940 (54 Stat. 714), as amended,*
11 *shall keep each other fully and currently informed on matters,*
12 *including prospective action, arising within the scope of their*
13 *respective duties which are pertinent to the duties of the*
14 *other. Whenever the Administrator believes that any action,*
15 *proposed action, or failure to act on the part of such depart-*
16 *ment, agency, or officer is inconsistent with the purposes and*
17 *provisions of this title, he shall consult with such depart-*
18 *ment, agency, or officer and, if differences of view are not*
19 *adjusted by consultation, the matter shall be referred to the*
20 *President for final decision.*

21 *NATIONAL ADVISORY COUNCIL*

22 *SEC. 106. Section 4 (a) of the Bretton Woods Agree-*
23 *ments Act (59 Stat. 512, 513) is hereby amended to read*
24 *as follows:*

25 *"SEC. 4. (a) In order to coordinate the policies and*

1 operations of the representatives of the United States on the
2 Fund and the Bank and of all agencies of the Government
3 which make or participate in making foreign loans or which
4 engage in foreign financial, exchange or monetary trans-
5 actions, there is hereby established the National Advisory
6 Council on International Monetary and Financial Problems
7 (hereinafter referred to as the 'Council'), consisting of the
8 Secretary of the Treasury, as Chairman, the Secretary of
9 State, the Secretary of Commerce, the Chairman of the
10 Board of Governors of the Federal Reserve System, the
11 Chairman of the Board of Directors of the Export-Import
12 Bank of Washington, and during such period as the Economic
13 Cooperation Administration shall continue to exist, the Ad-
14 ministrator for Economic Cooperation."

15 PUBLIC ADVISORY BOARD

16 SEC. 107. (a) There is hereby created a Public Ad-
17 visory Board, hereinafter referred to as the Board, which
18 shall advise and consult with the Administrator with respect
19 to general or basic policy matters arising in connection with
20 the Administrator's discharge of his responsibilities. The
21 Board shall consist of the Administrator, who shall be Chair-
22 man, and not to exceed twelve additional members to be
23 appointed by the President, by and with the advice and con-
24 sent of the Senate, and who shall be selected from among
25 citizens of the United States of broad and varied experience

1 in business, labor, agriculture, the professions, and in
2 matters affecting the public interest, other than officers and
3 employees of the United States (including any agency or
4 instrumentality of the United States) who, as such, regularly
5 receive compensation for current services. The Board shall
6 meet at least once a month and at other times upon the call
7 of the Administrator or when three or more members of the
8 Board request the Administrator to call a meeting. Not
9 more than a majority of two of the members shall be ap-
10 pointed to the Board from the same political party. Mem-
11 bers of the Board, other than the Administrator, shall
12 receive, out of funds made available for the purposes of
13 this title, a per diem allowance of \$50 for each day spent
14 away from their homes or regular places of business, for
15 the purpose of attendance at meetings of the Board, or at
16 conferences held upon the call of the Administrator, and in
17 necessary travel, and while so engaged, they may be paid
18 actual travel expenses and not to exceed \$10 per diem in
19 lieu of subsistence and other expenses.

20 (b) The Administrator may appoint such other advisory
21 committees as he may determine to be necessary or desirable
22 to effectuate the purposes of this title.

23 UNITED STATES SPECIAL REPRESENTATIVE ABROAD

24 SEC. 108. There shall be a United States Special Repre-
25 sentative in Europe who shall (a) be appointed by the Presi-

1 *dent, by and with the advice and consent of the Senate, (b)*
2 *be entitled to receive the same compensation and allowances*
3 *as a chief of mission, class 1, within the meaning of the Act*
4 *of August 13, 1946 (60 Stat. 999), and (c) have the rank*
5 *of ambassador extraordinary and plenipotentiary. He shall*
6 *be the representative of the Administrator, and shall also*
7 *be the chief representative of the United States Government*
8 *to any organization of participating countries which may be*
9 *established by such countries to further a joint program for*
10 *European recovery, and shall discharge in Europe such addi-*
11 *tional responsibilities as may be assigned to him with the*
12 *approval of the President in furtherance of the purposes of*
13 *this title. He may also be designated as the United States*
14 *representative on the Economic Commission for Europe.*
15 *He shall receive his instructions from the Administrator and*
16 *such instructions shall be prepared and transmitted to him*
17 *in accordance with procedures agreed to between the Ad-*
18 *ministrator and the Secretary of State in order to assure*
19 *appropriate coordination as provided by subsection (b) of*
20 *section 105 of this title. He shall coordinate the activities*
21 *of the chiefs of special missions provided for in section 109*
22 *of this title. He shall keep the Administrator, the Secre-*
23 *tary of State, the chiefs of the United States diplomatic*
24 *missions, the chairmen of the Senate Foreign Relations Com-*
25 *mittee, the House Foreign Affairs Committee, the Senate*

1 *Appropriations Committee, and the House Appropriations*
2 *Committee, and the chiefs of the special missions provided*
3 *for in section 109 of this title currently informed concerning*
4 *his activities. He shall consult with the chiefs of all such*
5 *missions, who shall give him such cooperation as he may*
6 *require for the performance of his duties under this title.*

7 *SPECIAL ECA MISSIONS ABROAD*

8 *SEC. 109. (a) There shall be established for each*
9 *participating country, except as provided in subsection (d)*
10 *of this section, a special mission for economic cooperation*
11 *under the direction of a chief who shall be responsible for*
12 *assuring the performance within such country of operations*
13 *under this title. The chief shall be appointed by the Admin-*
14 *istrator, shall receive his instructions from the Administrator,*
15 *and shall report to the Administrator on the performance of*
16 *the duties assigned to him. The chief of the special mission*
17 *shall take rank immediately after the chief of the United*
18 *States diplomatic mission in such country.*

19 *(b) The chief of the special mission shall keep the chief*
20 *of the United States diplomatic mission fully and currently*
21 *informed on matters, including prospective action, arising*
22 *within the scope of the operations of the special mission and*
23 *the chief of the diplomatic mission shall keep the chief of the*
24 *special mission fully and currently informed on matters*
25 *relative to the conduct of the duties of the chief of the special*

1 mission. The chief of the United States diplomatic mission
2 will be responsible for assuring that the operations of the
3 special mission are consistent with the foreign-policy objec-
4 tives of the United States in such country and to that end
5 whenever the chief of the United States diplomatic mission
6 believes that any action, proposed action, or failure to act
7 on the part of the special mission is inconsistent with such
8 foreign-policy objectives, he shall so advise the chief of the
9 special mission and the United States Special Representative
10 in Europe. If differences of view are not adjusted by
11 consultation, the matter shall be referred to the Secretary of
12 State and the Administrator for decision.

13 (c) The Secretary of State shall provide such office
14 space, facilities, and other administrative services for the
15 United States Special Representative in Europe and his staff,
16 and for the special mission in each participating country, as
17 may be agreed between the Secretary of State and the
18 Administrator.

19 (d) With respect to any of the zones of occupation of
20 Germany and of the Free Territory of Trieste, during the
21 period of occupation, the President shall make appropriate
22 administrative arrangements for the conduct of operations
23 under this title, in order to enable the Administrator to carry
24 out his responsibility to assure the accomplishment of the
25 purposes of this title.

PERSONNEL OUTSIDE UNITED STATES

SEC. 110. (a) *For the purpose of performing functions under this title outside the continental limits of the United States, the Administrator may—*

(1) *employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and*

(2) *recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.*

(b) *For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).*

(c) *No citizen or resident of the United States may be*

1 employed, or if already employed, may be assigned to duties
2 by the Secretary of State or the Administrator under this
3 title until such individual has been investigated as to loyalty
4 and security by the Federal Bureau of Investigation and a
5 report thereon has been made to the Secretary of State and
6 the Administrator: Provided, however, That any present
7 employee of the Government, pending the report as to such
8 employee by the Federal Bureau of Investigation, may be
9 temporarily assigned to duties under this title for the period
10 of six months from the date of its enactment. This subsection
11 shall not apply in the case of any officer appointed by the
12 President by and with the advice and consent of the Senate.

13 NATURE AND METHOD OF ASSISTANCE

14 SEC. 111. (a) The Administrator may, from time to
15 time, furnish assistance to any participating country by pro-
16 viding for the performance of any of the functions set forth
17 in paragraphs (1) through (6) of this subsection when he
18 deems it to be in furtherance of the purposes of this title,
19 and upon the terms and conditions set forth in this title
20 and such additional terms and conditions consistent with the
21 provisions of this title as he may determine to be necessary
22 and proper.

23 (1) Procurement from any source, including Gov-
24 ernment stocks on the same basis as procurement by
25 Government agencies under Public Law 375 (Seventy-

1 *ninth Congress) for their own use, of any commodity*
2 *which he determines to be required for the furtherance*
3 *of the purposes of this title. As used in this title, the*
4 *term "commodity" means any commodity, material, arti-*
5 *cle, merchant vessel authorized to be chartered under*
6 *paragraph (4) of this subsection, supply, or goods neces-*
7 *sary for the purposes of this title.*

8 *(2) Processing, storing, transporting, and repairing*
9 *any commodities, or performing any other services with*
10 *respect to a participating country which he determines*
11 *to be required for accomplishing the purposes of this*
12 *title. The Administrator shall, in providing for the*
13 *procurement of commodities under authority of this title,*
14 *take such steps as may be necessary to assure, so far as is*
15 *practicable, that a substantial portion of the gross tonnage*
16 *of commodities, procured within United States out of*
17 *funds made available under this title and transported*
18 *abroad on dry-cargo ocean vessels, is so transported on*
19 *United States flag vessels to the extent such vessels are*
20 *available at market rates.*

21 *(3) Procurement of and furnishing technical infor-*
22 *mation and assistance.*

23 *(4) With the approval of the President, placing in*
24 *operating condition, and, for periods not extending be-*

1 *yond December 31, 1952, chartering to participating*
2 *countries, not more than two hundred dry-cargo mer-*
3 *chant vessels owned by the United States and not in*
4 *operation at the time of charter. If a vessel of the United*
5 *States is so chartered, its documents as a vessel of the*
6 *United States shall be surrendered and it shall, during*
7 *the charter period, be considered as a foreign vessel for*
8 *the purposes of the navigation and vessel inspection*
9 *laws of the United States. Each charter under this*
10 *paragraph shall be terminable whenever (i) the Presi-*
11 *dent determines that such termination is necessary in the*
12 *interest of national security or (ii) the Administrator,*
13 *pursuant to section 118, terminates the provision of*
14 *assistance to the country to which the vessel is chartered.*
15 *Any vessel chartered under this paragraph shall engage*
16 *primarily in the transportation of commodities supplied*
17 *under this title to the participating countries, and shall*
18 *not otherwise compete with vessels of the United States*
19 *on ship routes served by them unless the charterer certifies*
20 *such service to be necessary to maintain adequate service*
21 *on such routes.*

22 *(5) Transfer of any commodity or service, which*
23 *transfer shall be signified by delivery of the custody*
24 *and right of possession and use of such commodity, or*
25 *otherwise making available any such commodity, or by*

1 *rendering a service to a participating country or to any*
2 *agency or organization representing a participating*
3 *country.*

4 (6) *The allocation of commodities or services to*
5 *specific projects designed to carry out the purposes of*
6 *this title, which have been submitted to the Admin-*
7 *istrator by participating countries and have been*
8 *approved by him.*

9 (b) *In order to facilitate and maximize the use of*
10 *private channels of trade, subject to adequate safeguards*
11 *to assure that all expenditures in connection with such pro-*
12 *curement are within approved programs in accordance with*
13 *terms and conditions established by the Administrator, he*
14 *may provide for the performance of any of the functions*
15 *described in subsection (a) of this section—*

16 (1) *by establishing accounts against which, under*
17 *regulations prescribed by the Administrator—*

18 (i) *letters of commitment may be issued in*
19 *connection with supply programs approved by the*
20 *Administrator (and such letters of commitment,*
21 *when issued, shall constitute obligations of appli-*
22 *cable appropriations);*

23 (ii) *withdrawals may be made by participating*
24 *countries, or agencies or organizations representing*
25 *participating countries, upon presentation of con-*

1 *tracts, invoices, or other documentation specified by*
2 *the Administrator under arrangements prescribed by*
3 *the Administrator to assure the use of such with-*
4 *drawals for purposes approved by the Administrator.*

5 *Such accounts may be established on the books of the*
6 *Administration, or any other department, agency, or*
7 *establishment of the Government specified by the Admin-*
8 *istrator, or, on terms and conditions approved by the*
9 *Secretary of the Treasury, in banking institutions in*
10 *the United States. Expenditures of funds which have*
11 *been made available through accounts so established shall*
12 *be accounted for on standard documentation required*
13 *for expenditures of Government funds: Provided, That*
14 *such expenditures for commodities or services procured*
15 *outside the continental limits of the United States under*
16 *authority of this section may be accounted for exclu-*
17 *sively on such certification as the Administrator may*
18 *prescribe to assure expenditure in furtherance of the*
19 *purposes of this title, and such certification shall be*
20 *binding on the accounting officers of the Government.*

21 *(2) by utilizing the services and facilities of any*
22 *department, agency, or establishment of the Government*
23 *as the President shall direct, or with the consent of the*
24 *head of such department, agency, or establishment, or, in*
25 *the President's discretion by acting in cooperation with*

1 *the United Nations or with other international organ-*
2 *izations or with agencies of the participating countries,*
3 *and funds allocated pursuant to this section to any depart-*
4 *ment, agency, or establishment of the Government shall*
5 *be established in separate appropriation accounts on the*
6 *books of the Treasury.*

7 *(3) by making, under rules and regulations to be*
8 *prescribed by the Administrator, guaranties to any*
9 *person of investments in connection with projects ap-*
10 *proved by the Administrator and the participating coun-*
11 *try concerned as furthering the purposes of this title*
12 *(including guaranties of investments in enterprises pro-*
13 *ducing or distributing informational media: Provided,*
14 *That the amount of such guaranties in the first year*
15 *after the date of the enactment of this Act does not*
16 *exceed \$15,000,000), which guaranties shall terminate*
17 *not later than fourteen years from the date of enactment*
18 *of this Act: Provided, That—*

19 *(i) the guaranty to any person shall not ex-*
20 *ceed the amount of dollars invested in the project*
21 *by such person with the approval of the Adminis-*
22 *trator and shall be limited to the transfer into*
23 *United States dollars of other currencies, or credits*
24 *in such currencies, received by such person as in-*
25 *come from the approved investment, as repayment*

1 or return thereof, in whole or in part, or as com-
2 pensation for the sale or disposition of all or any
3 part thereof: *Provided, That, when any payment is*
4 *made to any person under authority of this para-*
5 *graph, such currencies, or credits in such currencies,*
6 *shall become the property of the United States Gov-*
7 *ernment;*

8 (ii) *the Administrator may charge a fee in an*
9 *amount determined by him not exceeding 1 per*
10 *centum per annum of the amount of each guaranty,*
11 *and all fees collected hereunder shall be available for*
12 *expenditure in discharge of liabilities under guar-*
13 *anties made under this paragraph until such time*
14 *as all such liabilities have been discharged or have*
15 *expired, or until all such fees have been expended*
16 *in accordance with the provisions of this paragraph.*

17 (iii) *as used in this paragraph, the term "per-*
18 *son" means a citizen of the United States or any*
19 *corporation, partnership, or other association created*
20 *under the law of the United States or of any State*
21 *or Territory and substantially beneficially owned*
22 *by citizens of the United States.*

23 *The total amount of the guaranties made under this*
24 *paragraph (3) shall not exceed \$500,000,000, and as*
25 *such guaranties are made the authority to realize funds*

1 from the sale of notes for the purpose of allocating funds
2 to the Export-Import Bank of Washington under para-
3 graph (2) of subsection (c) of this section shall be
4 accordingly reduced. Any payments made to discharge
5 liabilities under guaranties issued under paragraph (3)
6 of this subsection shall be paid out of fees collected under
7 subparagraph (ii) of paragraph (3) of this subsection
8 as long as such fees are available, and thereafter shall
9 be paid out of funds realized from the sale of notes issued
10 under authority of paragraph (2) of subsection (c)
11 of this section, which funds shall be obligated for this
12 purpose at the time each such guaranty is made.

13 (c) (1) The Administrator may provide assistance for
14 any participating country, in the form and under the pro-
15 cedures authorized in subsections (a) and (b), respectively,
16 of this section, through grants or upon payment in cash, or
17 on credit terms, or on such other terms of payment as he
18 may find appropriate, including payment by the transfer to
19 the United States (under such terms and in such quantities
20 as may be agreed to between the Administrator and the
21 participating country) of materials which are required by
22 the United States as a result of deficiencies or potential
23 deficiencies in its own resources. In determining whether
24 such assistance shall be through grants or upon terms of
25 payment, and in determining the terms of payment, he shall

1 *act in consultation with the National Advisory Council on*
2 *International Monetary and Financial Problems, and the*
3 *determination whether or not a participating country should*
4 *be required to make payment for any assistance furnished*
5 *to such country in furtherance of the purposes of this title,*
6 *and the terms of such payment, if required, shall depend*
7 *upon the character and purpose of the assistance and upon*
8 *whether there is reasonable assurance of repayment consid-*
9 *ering the capacity of such country to make such payments*
10 *without jeopardizing the accomplishment of the purposes*
11 *of this title.*

12 (2) *When it is determined that assistance should be*
13 *extended under the provisions of this title on credit terms,*
14 *the Administrator shall allocate funds for the purpose to*
15 *the Export-Import Bank of Washington, which shall, not-*
16 *withstanding the provisions of the Export-Import Bank Act*
17 *of 1945 (59 Stat. 526), as amended, make and administer*
18 *the credit on terms specified by the Administrator in*
19 *consultation with the National Advisory Council on Inter-*
20 *national Monetary and Financial Problems. For the purpose*
21 *of carrying out the provisions of this paragraph during*
22 *the period of one year following the date of enactment*
23 *of this Act, and for the purpose of carrying out the pro-*
24 *visions of paragraph (3) of subsection (b) of this section*
25 *the Administrator is authorized to issue notes from time to*

1 time for purchase by the Secretary of the Treasury in an
2 amount not exceeding in the aggregate \$1,000,000,000.
3 Such notes shall bear such rate of interest as may be deter-
4 mined by the Administrator with the approval of the Secre-
5 tary of the Treasury. The Secretary of the Treasury is
6 hereby authorized and directed to purchase any notes issued
7 hereunder, and for such purpose the Secretary of the Treas-
8 ury is authorized to use as a public-debt transaction the pro-
9 ceeds of any securities hereafter issued under the Second
10 Liberty Bond Act, as amended, and the purposes for which
11 securities may be issued under that Act are hereby extended to
12 include such purpose. Payment under this paragraph of the
13 purchase price of such notes shall be treated as public-debt
14 transactions of the United States. In allocating funds to
15 the Export-Import Bank of Washington under this para-
16 graph, the Administrator shall first utilize such funds realized
17 from the sale of notes authorized by this paragraph as he
18 determines to be available for this purpose, and when such
19 funds are exhausted, or after the end of one year from
20 the date of enactment of this Act, whichever is earlier, he
21 shall utilize any funds appropriated under this title. The
22 Administrator shall make advances to, or reimburse, the
23 Export-Import Bank of Washington for necessary admin-
24 istrative expenses in connection with such credits. Credits
25 made by the Export-Import Bank of Washington with funds

1 so allocated to it by the Administrator shall not be considered
2 in determining whether the bank has outstanding at any one
3 time loans and guaranties to the extent of the limitation im-
4 posed by section 7 of the Export-Import Bank Act of 1945
5 (59 Stat. 529), as amended. Amounts received in repay-
6 ment of principal and interest on any credits made under
7 this paragraph shall be deposited into miscellaneous receipts
8 of the Treasury: Provided, That, to the extent required
9 for such purpose, amounts received in repayment of principal
10 and interest on any credits made out of funds realized from
11 the sale of notes authorized under this paragraph shall be
12 deposited into the Treasury for the purpose of the retirement
13 of such notes.

14 PROTECTION OF DOMESTIC ECONOMY

15 SEC. 112. (a) The Administrator shall provide for the
16 procurement in the United States of commodities under this
17 title in such a way as to (1) minimize the drain upon the
18 resources of the United States and the impact of such pro-
19 curement upon the domestic economy, and (2) avoid im-
20 pairing the fulfillment of vital needs of the people of the United
21 States.

22 (b) The procurement of petroleum and petroleum
23 products under this title shall, to the maximum extent
24 practicable, be made from petroleum sources outside the
25 United States; and, in furnishing commodities under the

1 provisions of this title, the Administrator shall take fully
2 into account the present and anticipated world shortage of
3 petroleum and its products and the consequent undesirability
4 of expansion in petroleum-consuming equipment where the
5 use of alternate fuels or other sources of power is practicable.

6 (c) In order to assure the conservation of domestic
7 grain supplies and the retention in the United States of by-
8 product feeds necessary to the maintenance of the agricultural
9 economy of the United States, the amounts of wheat and
10 wheat flour produced in the United States to be transferred
11 by grant to the participating countries shall be so determined
12 that the total quantity of United States wheat used to produce
13 the wheat flour procured in the United States for transfer
14 by grant to such countries under this title shall not be less
15 than 25 per centum of the aggregate of the unprocessed
16 wheat and wheat in the form of flour procured in the United
17 States for transfer by grant to such countries under this title.

18 (d) The term "surplus agricultural commodity" as used
19 in this section is defined as any agricultural commodity, or
20 product thereof, produced in the United States which is
21 determined by the Secretary of Agriculture to be in excess
22 of domestic requirements. In providing for the procurement
23 of any such surplus agricultural commodity for transfer by
24 grant to any participating country in accordance with the
25 requirements of such country, the Administrator shall, insofar

1 *as practicable and where in furtherance of the purposes of*
2 *this title, give effect to the following:*

3 (1) *The Administrator shall authorize the procurement*
4 *of any such surplus agricultural commodity only within the*
5 *United States: Provided, That this restriction shall not be*
6 *applicable (i) to any agricultural commodity, or product*
7 *thereof, located in one participating country, and intended*
8 *for transfer to another participating country, if the Adminis-*
9 *trator, in consultation with the Secretary of Agriculture,*
10 *determines that such procurement and transfer is in further-*
11 *ance of the purposes of this title, and would not create a*
12 *burdensome surplus in the United States or seriously preju-*
13 *dice the position of domestic producers of such surplus agri-*
14 *cultural commodities, or (ii) if, and to the extent that any*
15 *such surplus agricultural commodity is not available in the*
16 *United States in sufficient quantities to supply the require-*
17 *ments of the participating countries under this title.*

18 (2) *In providing for the procurement of any such sur-*
19 *plus agricultural commodity, the Administrator shall, inso-*
20 *far as practicable and applicable, and after giving due con-*
21 *sideration to the excess of any such commodity over domestic*
22 *requirements, and to the historic reliance of United States*
23 *producers of any such surplus agricultural commodity upon*
24 *markets in the participating countries, provide for the pro-*
25 *curement of each class or type of any such surplus agricul-*

1 tural commodity in the approximate proportion that the
2 Secretary of Agriculture determines such classes or types
3 bear to the total amount of excess of such surplus agricul-
4 tural commodity over domestic requirements.

5 (e) Whenever the Secretary of Agriculture determines
6 that any quantity of any surplus agricultural commodity,
7 heretofore or hereafter acquired by Commodity Credit Cor-
8 poration in the administration of its price-support programs,
9 is available for use in furnishing assistance to foreign coun-
10 tries, he shall so advise all departments, agencies, and estab-
11 lishments of the Government administering laws providing
12 for the furnishing of assistance or relief to foreign countries
13 (including occupied or liberated countries or areas of such
14 countries). Thereafter the department, agency, or establish-
15 ment administering any such law shall, to the maximum
16 extent practicable, consistent with the provisions and in
17 furtherance of the purposes of such law, and where for trans-
18 fer by grant and in accordance with the requirements of such
19 foreign country, procure or provide for the procurement of
20 such quantity of such surplus agricultural commodity. The
21 sales price paid as reimbursement to Commodity Credit
22 Corporation for any such surplus agricultural commodity shall
23 be in such amount as Commodity Credit Corporation deter-
24 mines will fully reimburse it for the cost to it of such surplus
25 agricultural commodity at the time and place such surplus

1 agricultural commodity is delivered by it, but in no event
2 shall the sales price be higher than the domestic market price
3 at such time and place of delivery as determined by the
4 Secretary of Agriculture, and the Secretary of Agriculture
5 may pay not to exceed 50 per centum of such sales price as
6 authorized by subsection (f) of this section.

7 (f) Subject to the provisions of this section, but not-
8 withstanding any other provision of law, in order to encour-
9 age utilization of surplus agricultural commodities pursuant
10 to this or any other Act providing for assistance or relief to
11 foreign countries, the Secretary of Agriculture, in carrying
12 out the purposes of clause (1), section 32, Public Law 320,
13 Seventy-fourth Congress, as amended, may make payments,
14 including payments to any Government agency procuring
15 or selling such surplus agricultural commodities, in an amount
16 not to exceed 50 per centum of the sales price (basis free
17 along ship or free on board vessel, United States ports), as
18 determined by the Secretary of Agriculture, of such surplus
19 agricultural commodities. The rescission of the remainder
20 of section 32 funds by the Act of July 30, 1947 (Public
21 Law 266, Eightieth Congress), is hereby canceled and such
22 funds are hereby made available for the purposes of section
23 32 for the fiscal year ending June 30, 1948.

24 (g) No export shall be authorized pursuant to authority
25 conferred by section 6 of the Act of July 2, 1940 (54 Stat.

1 714), including any amendment thereto, of any commodity
2 from the United States to any country wholly or partly
3 in Europe which is not a participating country, if the Sec-
4 retary of Commerce determines that the supply of such
5 commodity is insufficient (or would be insufficient if such
6 export were permitted) to fulfill the requirements of partici-
7 pating countries under this title as determined by the Ad-
8 ministrator: Provided, however, That such export may be
9 authorized if the Secretary of Commerce determines that
10 such export is otherwise in the national interest of the United
11 States.

12 (h) In providing for the performance of any of the
13 functions described in subsection (a) of section 111, the
14 Administrator shall, to the maximum extent consistent with
15 the accomplishment of the purposes of this title, utilize private
16 channels of trade.

17 REIMBURSEMENT TO GOVERNMENT AGENCIES

18 SEC. 113. (a) The Administrator shall make reimburse-
19 ment or payment, out of funds available for the purposes of
20 this title, for any commodity, service, or facility procured
21 under section 111 of this title from any department, agency,
22 or establishment of the Government. Such reimbursement
23 or payment shall be made to the owning or disposal agency,
24 as the case may be, at replacement cost, or, if required
25 by law, at actual cost, or at any other price authorized

1 by law and agreed to between the Administrator and
2 such agency. The amount of any reimbursement or payment
3 to an owning agency for commodities, services, or facilities
4 so procured shall be credited to current applicable appropria-
5 tions, funds, or accounts from which there may be procured
6 replacements of similar commodities or such services or
7 facilities: Provided, That such commodities, services, or
8 facilities may be procured from an owning agency only with
9 the consent of such agency: And provided further, That
10 where such appropriations, funds, or accounts are not reim-
11 bursable except by reason of this subsection, and when the
12 owning agency determines that replacement of any com-
13 modity procured under authority of this section is not neces-
14 sary, any funds received in payment therefor shall be covered
15 into the Treasury as miscellaneous receipts.

16 (b) The Administrator, whenever in his judgment the
17 interests of the United States will best be served thereby,
18 may dispose of any commodity procured out of funds made
19 available for the purposes of this title, in lieu of trans-
20 ferring such commodity to a participating country, (1) by
21 transfer of such commodity, upon reimbursement, to any de-
22 partment, agency, or establishment of the Government for use
23 or disposal by such department, agency, or establishment as
24 authorized by law, or (2) without regard to provisions of
25 law relating to the disposal of Government-owned property,

1 *when necessary to prevent spoilage or wastage of such com-*
2 *modity or to conserve the usefulness thereof. Funds realized*
3 *from such disposal or transfer shall revert to the respective*
4 *appropriation or appropriations out of which funds were*
5 *expended for the procurement of such commodity.*

6 *AUTHORIZATION OF APPROPRIATIONS*

7 *SEC. 114. (a) Notwithstanding the provisions of any*
8 *other law, the Reconstruction Finance Corporation is au-*
9 *thorized and directed, until such time as an appropriation*
10 *shall be made pursuant to subsection (c) of this section,*
11 *to make advances not to exceed in the aggregate \$1,000,-*
12 *000,000 to carry out the provisions of this title, in such*
13 *manner, at such time, and in such amounts as the President*
14 *shall determine, and no interest shall be charged on advances*
15 *made by the Treasury to the Reconstruction Finance Cor-*
16 *poration for this purpose. The Reconstruction Finance*
17 *Corporation shall be repaid without interest from appro-*
18 *priations authorized under this title for advances made*
19 *by it hereunder.*

20 *(b) Such part as the President may determine of the*
21 *unobligated and unexpended balances of appropriations or*
22 *other funds available for the purposes of the Foreign Aid*
23 *Act of 1947 shall be available for the purpose of carrying*
24 *out the purposes of this title.*

1 (c) In order to carry out the provisions of this title
2 with respect to those participating countries which adhere
3 to the purposes of this title, and remain eligible to receive
4 assistance hereunder, such funds shall be available as are
5 hereafter authorized and appropriated to the President from
6 time to time through June 30, 1952, to carry out the provi-
7 sions and accomplish the purposes of this title: Provided, how-
8 ever, That for carrying out the provisions and accomplishing
9 the purposes of this title for the period of one year following
10 the date of enactment of this Act, there are hereby authorized
11 to be so appropriated not to exceed \$4,300,000,000. Nothing
12 in this title is intended nor shall it be construed as an express
13 or implied commitment to provide any specific assistance,
14 whether of funds, commodities, or services, to any country
15 or countries. The authorization in this title is limited to the
16 period of twelve months in order that subsequent Congresses
17 may pass on any subsequent authorizations.

18 (d) Funds made available for the purposes of this
19 title shall be available for incurring and defraying all neces-
20 sary expenses incident to carrying out the provisions of this
21 title, including administrative expenses and expenses for
22 compensation, allowances and travel of personnel, including
23 Foreign Service personnel whose services are utilized pri-
24 marily for the purposes of this title, and, without regard
25 to the provisions of any other law, for printing and binding,

1 and for expenditures outside the continental limits of the
2 United States for the procurement of supplies and services
3 and for other administrative purposes (other than compensa-
4 tion of personnel) without regard to such laws and regula-
5 tions governing the obligation and expenditure of govern-
6 ment funds, as the Administrator shall specify in the interest
7 of the accomplishment of the purposes of this title.

8 (e) The unexpended portions of any deposits which may
9 have been made by any participating country pursuant to
10 section 6 of the joint resolution providing for relief assistance
11 to the people of countries devastated by war (Public Law 84,
12 Eightieth Congress) and section 5 (b) of the Foreign Aid
13 Act of 1947 (Public Law 389, Eightieth Congress) may be
14 merged with the deposits to be made by such participating
15 country in accordance with section 115 (b) (6) of this title,
16 and shall be held or used under the same terms and conditions
17 as are provided in section 115 (b) (6) of this title.

18 (f) In order to reserve some part of the surplus of
19 the fiscal year 1948 for payments thereafter to be made
20 under this title, there is hereby created on the books of
21 the Treasury of the United States a trust fund to be known
22 as the Foreign Economic Cooperation Trust Fund. Not-
23 withstanding any other provision of law, an amount of
24 \$3,000,000,000, out of sums appropriated pursuant to the
25 authorization contained in this title shall, when appropri-

1 ated, be transferred immediately to the trust fund, and shall
2 thereupon be considered as expended during the fiscal year
3 1948, for the purpose of reporting governmental expenditures.
4 The Secretary of the Treasury shall be the sole trustee of the
5 trust fund and is authorized and directed to pay out of the
6 fund such amounts as the Administrator shall duly requisition.
7 The first expenditures made out of the appropriations
8 authorized under this title in the fiscal year 1949 shall be
9 made with funds requisitioned by the Administrator out of
10 the trust fund until the fund is exhausted, at which time such
11 fund shall cease to exist. The provisions of this subsection
12 shall not be construed as affecting the application of any
13 provisions of law which would otherwise govern the obligation
14 of funds so appropriated or the auditing or submission
15 of accounts of transactions with respect to such funds.

16 *BILATERAL AND MULTILATERAL UNDERTAKINGS*

17 *SEC. 115. (a) The Secretary of State, after consultation*
18 *with the Administrator, is authorized to conclude, with*
19 *individual participating countries or any number of such countries*
20 *or with an organization representing any such countries,*
21 *agreements in furtherance of the purposes of this title.*
22 *The Secretary of State, before an Administrator or Deputy*
23 *Administrator shall have qualified and taken office, is authorized*
24 *to negotiate and conclude such temporary agreements in*
25 *implementation of subsection (b) of this section as he may*

1 *deem necessary in furtherance of the purposes of this title.*

2 *Provided, That when an Administrator or Deputy Adminis-*

3 *trator shall have qualified and taken office, the Secretary of*

4 *State shall conclude the basic agreements required by subsec-*

5 *tion (b) of this section only after consultation with the Ad-*

6 *ministrator or Deputy Administrator, as the case may be.*

7 *(b) The provision of assistance under this title results*

8 *from the multilateral pledges of the participating countries*

9 *to use all their efforts to accomplish a joint recovery program*

10 *based upon self-help and mutual cooperation as embodied*

11 *in the report of the Committee of European Economic Co-*

12 *operation signed at Paris on September 22, 1947, and is*

13 *contingent upon continuous effort of the participating*

14 *countries to accomplish a joint recovery program through*

15 *multilateral undertakings and the establishment of a con-*

16 *tinuing organization for this purpose. In addition to con-*

17 *tinued mutual cooperation of the participating countries*

18 *in such a program, each such country shall conclude an*

19 *agreement with the United States in order for such country*

20 *to be eligible to receive assistance under this title. Such*

21 *agreement shall provide for the adherence of such country*

22 *to the purposes of this title and shall, where applicable, make*

23 *appropriate provision, among others, for—*

24 *(1) promoting industrial and agricultural produc-*

25 *tion in order to enable the participating country to*

1 *become independent of extraordinary outside economic*
2 *assistance; and submitting for the approval of the Ad-*
3 *ministrator, upon his request and whenever he deems*
4 *it in furtherance of the purposes of this title, specific*
5 *projects proposed by such country to be undertaken in*
6 *substantial part with assistance furnished under this title,*
7 *which projects, whenever practicable, shall include proj-*
8 *ects for increased production of coal, steel, transportation*
9 *facilities, and food;*

10 *(2) taking financial and monetary measures neces-*
11 *sary to stabilize its currency, establish or maintain a*
12 *valid rate of exchange, to balance its governmental*
13 *budget as soon as practicable, and generally to restore or*
14 *maintain confidence in its monetary system;*

15 *(3) cooperating with other participating countries in*
16 *facilitating and stimulating an increasing interchange of*
17 *goods and services among the participating countries and*
18 *with other countries and cooperating to reduce barriers*
19 *to trade among themselves and with other countries;*

20 *(4) making efficient and practical use, within the*
21 *framework of a joint program for European recovery,*
22 *of the resources of such participating country, including*
23 *any commodities, facilities, or services furnished under*
24 *this title, which use shall include, to the extent practi-*
25 *cable, taking measures to locate and control, in further-*

1 *ance of such program, assets, and earnings therefrom,*
2 *which belong to the citizens of such country and which*
3 *are situated within the United States, its Territories and*
4 *possessions;*

5 *(5) facilitating the transfer to the United States by*
6 *sale, exchange, barter, or otherwise for stock-piling pur-*
7 *poses, for such period of time as may be agreed to and*
8 *upon reasonable terms and in reasonable quantities, of*
9 *materials which are required by the United States as a*
10 *result of deficiencies or potential deficiencies in its own*
11 *resources, and which may be available in such participat-*
12 *ing country after due regard for reasonable requirements*
13 *for domestic use and commercial export of such country;*

14 *(6) placing in a special account a deposit in the*
15 *currency of such country, in commensurate amounts and*
16 *under such terms and conditions as may be agreed to*
17 *between such country and the Government of the*
18 *United States, when any commodity or service is made*
19 *available through any means authorized under this*
20 *title, and is furnished to the participating country on*
21 *a grant basis. Such special account, together with the*
22 *unexpended portions of any deposits which may have*
23 *been made by such country pursuant to section 6 of the*
24 *joint resolution providing for relief assistance to the*
25 *people of countries devastated by war (Public Law 84,*

1 *Eightieth Congress) and section 5 (b) of the Foreign*
2 *Aid Act of 1947 (Public Law 389, Eightieth Congress),*
3 *shall be held or used within such country for such pur-*
4 *poses as may be agreed to between such country and the*
5 *Administrator in consultation with the National Advisory*
6 *Council on International Monetary and Financial Prob-*
7 *lems, and the Public Advisory Board provided for in*
8 *section 107 (a) for purposes of internal monetary and*
9 *financial stabilization, for the stimulation of productive*
10 *activity and the exploration for and development of new*
11 *sources of wealth, or for such other expenditures as may*
12 *be consistent with the purposes of this title, including*
13 *local currency administrative expenditures of the United*
14 *States incident to operations under this title, and under*
15 *agreement that any unencumbered balance remaining in*
16 *such account on June 30, 1952, shall be disposed of*
17 *within such country for such purposes as may, subject to*
18 *approval by Act or joint resolution of the Congress,*
19 *be agreed to between such country and the Government*
20 *of the United States;*

21 *(7) publishing in such country and transmitting to*
22 *the United States, not less frequently than every calendar*
23 *quarter after the date of the agreement, full statements*
24 *of operations under the agreement, including a report*

1 *of the use of funds, commodities, and services received*
2 *under this title;*

3 *(8) furnishing promptly, upon request of the United*
4 *States, any relevant information which would be of*
5 *assistance to the United States in determining the nature*
6 *and scope of operations and the use of assistance provided*
7 *under this title;*

8 *(9) recognizing the principle of equity in respect to*
9 *the drain upon the natural resources of the United States*
10 *and of the recipient countries, and (a) providing for a*
11 *future schedule of availabilities to the United States for*
12 *future purchase and delivery of a fair share of strategic*
13 *materials at world market prices so as to protect the*
14 *access of United States industry to an equitable share*
15 *of such materials either in percentages of production or*
16 *in absolute quantities from the territories and posses-*
17 *sions of the participating countries, and (b) agreeing*
18 *to negotiate suitable protection for the right of access for*
19 *United States enterprise in the development of such*
20 *materials on terms of treatment equivalent to those*
21 *afforded to the nationals of the country concerned, and*
22 *(c) providing an agreed schedule of increased production*
23 *of such materials where practicable in the Territories*
24 *or possessions of such participating countries and for*

1 *delivery of an agreed percentage of such increased pro-*
2 *duction in repayment on a long-term basis of grants or*
3 *loans made by the Administrator to such countries.*

4 *(10) submitting for the decision of the International*
5 *Court of Justice or of any arbitral tribunal mutually*
6 *agreed upon any case espoused by the United States*
7 *Government involving compensation of a national of the*
8 *United States for governmental measures affecting his*
9 *property rights, including contracts with or concessions*
10 *from such country.*

11 *(c) Notwithstanding the provisions of subsection (b)*
12 *of this section, the Administrator, during the three months*
13 *after the date of enactment of this Act, may perform with*
14 *respect to any participating country any of the functions*
15 *authorized under this title which he may determine to be*
16 *essential in furtherance of the purposes of this title, if*
17 *(1) such country has signified its adherence to the purposes*
18 *of this title and its intention to conclude an agreement*
19 *pursuant to subsection (b) of this section, and (2) he finds*
20 *that such country is complying with the applicable provisions*
21 *of subsection (b) of this section: Provided, That, notwith-*
22 *standing the provisions of this subsection, the Administrator*
23 *may, through June 30, 1948, provide for the transfer of food,*
24 *medical supplies, fibers, fuel, petroleum and petroleum prod-*
25 *ucts, fertilizer, pesticides, and seed to any country of Europe*

1 *which participated in the Committee of European Economic*
2 *Cooperation and which undertook pledges to the other par-*
3 *ticipants therein, when the Administrator determines that*
4 *the transfer of any such supplies to any such country is essen-*
5 *tial in order to make it possible to carry out the purposes*
6 *of this title by alleviating conditions of hunger and cold*
7 *and by preventing serious economic retrogression.*

8 *(d) The Administrator shall encourage the joint or-*
9 *ganization of the participating countries referred to in*
10 *subsection (b) of this section to insure that each par-*
11 *ticipating country makes efficient use of the resources of*
12 *such country, including any commodities, facilities, or serv-*
13 *ices furnished under this title, by observing and reviewing*
14 *such use through an effective follow-up system approved by*
15 *the joint organization.*

16 *(e) The Administrator shall encourage arrangements*
17 *among the participating countries looking toward the largest*
18 *practicable utilization of manpower available in any of the*
19 *participating countries in furtherance of the accomplishment*
20 *of the purposes of this title. Such utilization of manpower*
21 *shall include integration into the various recovery programs*
22 *of the participating countries of a fair share of displaced per-*
23 *sons who are the responsibility of the International Refugee*
24 *Organization, under reasonable terms to be established in*
25 *cooperation with that organization, in number and under*

1 conditions negotiated by the Administrator with the respec-
2 tive participating countries. The Administrator will request
3 the Secretary of State to seek to obtain the agreement of those
4 countries concerned that such capital equipment as is
5 scheduled for removal as reparations from the three western
6 zones of Germany be retained in Germany if such retention
7 will most effectively serve the purposes of the European
8 recovery program.

9 (f) It is the understanding of the Congress that, in
10 accordance with agreements now in effect, prisoners of war
11 remaining in participating countries shall, if they so freely
12 elect, be repatriated prior to January 1, 1949.

13 WESTERN HEMISPHERE COUNTRIES

14 SEC. 116. The President shall take appropriate steps to
15 encourage all countries in the Western Hemisphere to make
16 available to participating countries such assistance as they
17 may be able to furnish.

18 OTHER DUTIES OF THE ADMINISTRATOR

19 SEC. 117. (a) The Administrator, in furtherance of the
20 purposes of section 115 (b) (5), and in agreement with a
21 purposes of section 115 (b) (5), and in agreement with a
22 participating country, shall, whenever practicable, promote,
23 by means of funds made available for the purposes of this
24 title, an increase in the production in such participating
25 country of materials which are required by the United States

1 as a result of deficiencies or potential deficiencies in the re-
2 sources within the United States.

3 (b) The Administrator, in cooperation with the Secre-
4 tary of Commerce, shall facilitate and encourage, through
5 private and public travel, transport, and other agencies, the
6 promotion and development of travel by citizens of the United
7 States to and within participating countries.

8 (c) In order to further the efficient use of United States
9 voluntary contributions for relief in participating countries
10 receiving assistance under this title in the form of grants or
11 any of the zones of occupation of Germany for which assist-
12 ance is provided under this title and the Free Territory
13 of Trieste or either of its zones, funds made available for
14 the purposes of this title may be used, in the discretion of
15 the Administrator, and under rules and regulations pre-
16 scribed by him, to pay port charges in the United States
17 and ocean freight charges from a United States port to
18 a designated foreign port of entry (1) of supplies donated
19 to, or purchased by, United States voluntary nonprofit
20 relief agencies registered with and recommended by the
21 Advisory Committee on Voluntary Foreign Aid for opera-
22 tions in Europe, or (2) of relief packages conforming to
23 such specified size, weight, and contents, as the Adminis-
24 trator may prescribe originating in the United States and
25 consigned to an individual residing in a participating country

1 receiving assistance under this title in the form of grants
2 or any of the zones of occupation of Germany for which
3 assistance is provided under this title and the Free Territory
4 of Trieste or either of its zones. The Administrator may
5 make an agreement with such country for the use of a portion
6 of the deposit of local currency placed in a special account
7 pursuant to paragraph (6) of subsection (b) of section 115
8 of this title, for the purpose of defraying the transportation
9 cost of such supplies and relief packages from the port of
10 entry of such country to the designated shipping point of
11 consignee.

12 (d) The Administrator is directed to refuse delivery to
13 participating countries of commodities or products which go
14 into the production of commodities or products for delivery
15 to any country which has announced its intention to attempt
16 to prevent the success of the European recovery program,
17 which commodities or products would be refused export
18 licenses to those countries by the United States.

19 **TERMINATION OF ASSISTANCE**

20 **SEC. 118.** The Administrator, in determining the form
21 and measure of assistance provided under this title to any
22 participating country, shall take into account the extent to
23 which such country is complying with its undertakings em-
24 bodied in its pledges to other participating countries and
25 in its agreement concluded with the United States under

1 section 115. The Administrator shall terminate the pro-
 2 vision of assistance under this title to any participating
 3 country whenever he determines that (1) such country is not
 4 adhering to its agreement concluded under section 115, or is
 5 diverting from the purposes of this title assistance provided
 6 hereunder, and that in the circumstances remedial action
 7 other than termination will not more effectively promote
 8 the purposes of this title or (2) because of changed con-
 9 ditions, assistance is no longer consistent with the national
 10 interest of the United States. Termination of assistance to
 11 any country under this section shall include the termination
 12 of deliveries of all supplies scheduled under the aid program
 13 for such country and not yet delivered.

14 EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

15 SEC. 119. When the President determines it to be in
 16 furtherance of the purposes of this title, the functions author-
 17 ized under this title may be performed without regard to
 18 such provisions of law regulating the making, performance,
 19 amendment, or modification of contracts and the expendi-
 20 ture of Government funds as the President may specify.

21 EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO

22 EMPLOYMENT

23 SEC. 120. Service of an individual as a member of the
 24 Public Advisory Board (other than the Administrator)
 25 created by section 107 (a), as a member of an advisory

1 committee appointed pursuant to section 107 (b), as an ex-
2 pert or consultant under section 104 (e), shall not be con-
3 sidered as service or employment bringing such individual
4 within the provisions of section 109 or 113 of the Criminal
5 Code (U. S. C., title 18, secs. 198 and 203), of section
6 190 of the Revised Statutes (U. S. C., title 5, sec. 99),
7 or of section 19 (e) of the Contract Settlement Act of 1944,
8 or of any other Federal law imposing restrictions, require-
9 ments, or penalties in relation to the employment of persons,
10 the performance of services, or the payment or receipt of
11 compensation in connection with any claim, proceeding, or
12 matter involving the United States.

13 UNITED NATIONS

14 SEC. 121. (a) The President is authorized to request
15 the cooperation of or the use of the services and facilities
16 of the United Nations, its organs and specialized agen-
17 cies, or other international organizations, in carrying out the
18 purposes of this title, and may make payments, by ad-
19 vancements or reimbursements, for such purpose, out of funds
20 made available for the purposes of this title, as may be neces-
21 sary therefor, to the extent that special compensation is usually
22 required for such services and facilities. Nothing in this
23 title shall be construed to authorize the Administrator to
24 delegate to or otherwise confer upon any international or
25 foreign organization or agency any of his authority to decide

1 the method of furnishing assistance under this title to any
2 participating country or the amount thereof.

3 (b) The President shall cause to be transmitted to the
4 Secretary General of the United Nations copies of reports
5 to Congress on the operations conducted under this title.

6 (c) Any agreements concluded between the United States
7 and participating countries, or groups of such countries, in
8 implementation of the purposes of this title, shall be registered
9 with the United Nations if such registration is required by
10 the Charter of the United Nations.

11 TERMINATION OF PROGRAM

12 SEC. 122. (a) After June 30, 1952, or after the date
13 of the passage of a concurrent resolution by the two Houses
14 of Congress before such date, which declares that the powers
15 conferred on the Administrator by or pursuant to subsection
16 (a) of section 111 of this title are no longer necessary
17 for the accomplishment of the purposes of this title, which-
18 ever shall first occur, none of the functions authorized
19 under such provisions may be exercised; except that during
20 the twelve months following such date commodities and services
21 with respect to which the Administrator had, prior to such
22 date, authorized procurement for, shipment to, or delivery
23 in a participating country, may be transferred to such
24 country, and funds appropriated under authority of this

1 title may be obligated during such twelve-month period for
2 the necessary expenses of procurement, shipment, delivery,
3 and other activities essential to such transfer, and shall remain
4 available during such period for the necessary expenses of
5 liquidating operations under this title.

6 (b) At such time as the President shall find appro-
7 priate after such date, and prior to the expiration of the
8 twelve months following such date, the powers, duties, and
9 authority of the Administrator under this title may be trans-
10 ferred to such other departments, agencies, or establishments
11 of the Government as the President shall specify, and the
12 relevant funds, records, and personnel of the Administration
13 may be transferred to the departments, agencies, or establish-
14 ments to which the related functions are transferred.

15 REPORTS TO CONGRESS

16 SEC. 123. The President from time to time, but not less
17 frequently than once every calendar quarter through June
18 30, 1952, and once every year thereafter until all opera-
19 tions under this title have been completed, shall transmit
20 to the Congress a report of operations under this title,
21 including the text of bilateral and multilateral agreements
22 entered into in carrying out the provisions of this title.
23 Reports provided for under this section shall be transmitted
24 to the Secretary of the Senate or the Clerk of the House of
25 Representatives, as the case may be, if the Senate or the

1 *House of Representatives, as the case may be, is not in*
2 *session.*

3 *SEPARABILITY CLAUSE*

4 *SEC. 124. If any provision of this Act or the applica-*
5 *tion of such provision to any circumstances or persons shall*
6 *be held invalid, the validity of the remainder of the Act*
7 *and the applicability of such provision to other circumstances*
8 *or persons shall not be affected thereby.*

9 *TITLE II*

10 *SEC. 201. This title may be cited as the "International*
11 *Children's Emergency Fund Assistance Act of 1948".*

12 *SEC. 202. It is the purpose of this title to provide for*
13 *the special care and feeding of children by authorizing addi-*
14 *tional moneys for the International Children's Emergency*
15 *Fund of the United Nations.*

16 *SEC. 203. The President is hereby authorized and di-*
17 *rected any time after the date of the enactment of this Act*
18 *and before July 1, 1949, to make contributions (a) from*
19 *sums appropriated to carry out the purposes of this title and*
20 *(b) from funds made available pursuant to the proviso in*
21 *the first paragraph of the first section of the joint resolution*
22 *of May 31, 1947 (Public Law 84, Eightieth Congress),*
23 *as amended, to the International Children's Emergency Fund*
24 *of the United Nations for the special care and feeding of*
25 *children.*

1 *SEC. 204. No contribution shall be made pursuant to*
2 *this title or such joint resolution of May 31, 1947, which*
3 *would cause the sum of (a) the aggregate amount contrib-*
4 *uted pursuant to this title and (b) the aggregate amount*
5 *contributed by the United States pursuant to such joint*
6 *resolution of May 31, 1947, to exceed whichever of the*
7 *following sums is the lesser:*

8 *(1) 50 per centum of the total resources contrib-*
9 *uted after May 31, 1947, by all governments for pro-*
10 *grams carried out under the supervision of such fund;*
11 *or*

12 *(2) \$100,000,000.*

13 *SEC. 205. No contribution shall be made pursuant to*
14 *this title or such joint resolution of May 31, 1947, unless,*
15 *at the time of such contribution, governments other than*
16 *the United States Government have provided for use in*
17 *the world program for the special care and feeding of*
18 *children under the supervision of the fund at least 20*
19 *per centum of the total resources contributed by govern-*
20 *ments for such use after May 31, 1947.*

21 *SEC. 206. Funds made available pursuant to such joint*
22 *resolution of May 31, 1947, shall remain available through*
23 *June 30, 1949.*

24 *SEC. 207. There is hereby authorized to be appropriated*

1 to carry out the purposes of this title for the fiscal year end-
2 ing June 30, 1949, the sum of \$60,000,000.

3 TITLE III

4 SEC. 301. This title may be cited as the "Greek-Turkish-
5 Chinese Assistance Act of 1948".

6 SEC. 302. Paragraph (2) of section 1 of the Act en-
7 titled "An Act to provide assistance to Greece and Turkey"
8 (61 Stat. 103), is hereby amended to read as follows:

9 "(2) by detailing to the United States Missions
10 to Greece or Turkey or China under this Act, or to the
11 governments of those countries in implementation of the
12 purposes of this Act, any persons in the employ of the
13 Government of the United States; and while so detailed,
14 any such persons shall be considered, for the purpose of
15 preserving his rights and privileges as such, as an officer
16 or employee of the Government of the United States
17 and of the department or agency from which detailed.
18 Traveling expenses of such personnel to and from the
19 place of detail shall be paid by the Government of the
20 United States. Such personnel, and personnel detailed
21 pursuant to paragraph (3) of this section, may receive
22 such station allowances or additional allowances as the
23 President may prescribe; and payments of such allow-
24 ances heretofore made are hereby validated. No citizen

1 or resident of the United States may be employed, or if
2 already employed, may be assigned to duties by the
3 Secretary of State under this Act until such individual
4 has been investigated as to loyalty and security by the
5 Federal Bureau of Investigation and a report thereon
6 has been made to the Secretary of State: Provided, how-
7 ever, That any present employee of the Government,
8 pending the report as to such employee by the Federal
9 Bureau of Investigation, may be temporarily assigned
10 to duties under this Act for the period of six months from
11 the date of the enactment of the Greek-Turkish-Chinese
12 Assistance Act of 1948. The preceding sentence shall
13 not apply in the case of any officer appointed by the
14 President by and with the advice and consent of the
15 Senate;”.

16 SEC. 303. Paragraph (3) of section 1 of the Act en-
17 titled “An Act to provide assistance to Greece and Turkey”
18 (61 Stat. 103), is hereby amended to read as follows:

19 “(3) by detailing to the United States Missions to
20 Greece or Turkey or China under this Act, or to the
21 governments of those countries in implementation of the
22 purposes of this Act, a limited number of members of the
23 military services of the United States to assist those
24 countries, in an advisory capacity only; and the pro-
25 visions of the Act of May 19, 1926 (44 Stat. 565), as

1 amended, applicable to personnel detailed pursuant to
2 such Act, as amended, shall, except as otherwise pro-
3 vided herein, be applicable to personnel detailed pursuant
4 to this paragraph;”.

5 SEC. 304. (a) Subsection (a) of section 4 of the Act
6 entitled “An Act to provide assistance to Greece and
7 Turkey” (61 Stat. 103), is hereby amended by adding at
8 the end thereof the following: “The Reconstruction Finance
9 Corporation is authorized and directed to make additional
10 advances, not to exceed in the aggregate \$50,000,000 to
11 carry out the provisions of this Act in such manner and in
12 such amounts as the President shall determine. No interest
13 shall be charged on advances made by the Treasury to the
14 Reconstruction Finance Corporation for this purpose.”

15 (b) Subsection (b) of section 4 of the Act entitled “An
16 Act to provide assistance to Greece and Turkey” (61 Stat.
17 103), is hereby amended by deleting “\$400,000,000” and
18 inserting in lieu thereof “\$675,000,000” and by inserting
19 after the word “repaid” the following: “without interest”.

20 (c) There is hereby authorized to be appropriated to the
21 President not to exceed \$150,000,000 to carry out the provi-
22 sions of the Act of May 22, 1947 (Public Law 75, Eightieth
23 Congress), as amended, in relation to China.

24 SEC. 305. The Act entitled “An Act to provide assist-
25 ance to Greece and Turkey” (61 Stat. 103), including the

1 title thereof, is amended by inserting before the word "Greece",
2 wherever appearing therein, the following: "China,": Pro-
3 vided, however, That this section shall apply neither to the
4 preamble of such Act nor to the amendments to such Act made
5 by sections 302 and 303 of this title.

6 TITLE IV

7 SEC. 401. This title may be cited as the "China Aid
8 Act of 1948".

9 SEC. 402. Recognizing the intimate economic and other
10 relationships between the United States and China, and
11 recognizing that disruption following in the wake of war is
12 not contained by national frontiers, the Congress finds that
13 the existing situation in China endangers the establishment
14 of a lasting peace, the general welfare and national interest
15 of the United States, and the attainment of the objectives
16 of the United Nations. It is the sense of the Congress that
17 the further evolution in China of principles of individual
18 liberty, free institutions, and genuine independence rests
19 largely upon the continuing development of a strong and
20 democratic national government as the basis for the estab-
21 lishment of sound economic and political conditions and for
22 stable international economic and political relationships.
23 Mindful of the advantages which the United States has en-
24 joyed through the existence of a large domestic market with
25 no internal trade barriers, and believing that similar ad-

1 *vantages can accrue to China, it is declared to be the policy*
2 *of the people of the United States to encourage the Republic*
3 *of China and its people to exert sustained common efforts*
4 *which will speedily achieve the internal peace and economic*
5 *stability in China which are essential for lasting peace and*
6 *prosperity in the world. It is further declared to be the*
7 *policy of the people of the United States to encourage the*
8 *Republic of China in its efforts to maintain the genuine*
9 *independence and the administrative integrity of China, and*
10 *to sustain and strengthen principles of individual liberty and*
11 *free institutions in China through a program of assistance*
12 *based on self-help and cooperation: Provided, That no*
13 *assistance to China herein contemplated shall seriously im-*
14 *pair the economic stability of the United States. It is*
15 *further declared to be the policy of the United States that*
16 *assistance provided by the United States under this title*
17 *should at all times be dependent upon cooperation by the*
18 *Republic of China and its people in furthering the program:*
19 *Provided further, That assistance furnished under this title*
20 *shall not be construed as an express or implied assumption*
21 *by the United States of any responsibility for policies, acts,*
22 *or undertakings of the Republic of China or for conditions*
23 *which may prevail in China.*

24 *SEC. 403. In addition to the amount authorized by*
25 *section 11 (a) of the Foreign Aid Act of 1947 (Public*

1 *Law 389, Eightieth Congress), appropriations in the*
2 *amount of \$420,000,000 are hereby authorized for assistance*
3 *to China under such Act until June 30, 1949, and such*
4 *Act is hereby amended accordingly: Provided, That—*

5 *(a) paragraphs (1), (2), and (3) of section 4,*
6 *section 10, and section 11 (b) of the Foreign Aid Act*
7 *of 1947 shall not apply with respect to China;*

8 *(b) the agreement provided for by section 5 of*
9 *the Foreign Aid Act of 1947 (1) shall, to the extent*
10 *practicable, make appropriate provision for the matters*
11 *covered by paragraphs (1), (2), (4), (5), (7),*
12 *(8), (9), and (10) of subsection (b) of section 115 of*
13 *title I; and (2) may contain such other undertakings*
14 *by China as are necessary to improve commercial rela-*
15 *tions between China and the United States, consistent*
16 *with the purposes of this title: Provided, That the pro-*
17 *vision for the disposal of any unencumbered balance of*
18 *local currency deposits provided for in section 5 (b)*
19 *of the Foreign Aid Act of 1947 shall not be effective*
20 *with respect to China until September 30, 1949;*

21 *(c) the authority to procure or provide for the*
22 *procurement of commodities for China shall include*
23 *authority to procure or provide for the procurement of*
24 *such other commodities and services in addition to those*
25 *specified in section 3 (a) of the Foreign Aid Act of*

1 1947 and for the furnishing of technical assistance as
2 the President deems necessary for the accomplishment
3 of the purposes of this title;

4 (d) without regard to the provisions of section 5
5 of the Foreign Aid Act of 1947, assistance under such
6 Act may be provided for China during the three months
7 following the date of enactment of this Act when the
8 President determines it to be essential in furtherance
9 of the purposes of this title;

10 (e) the provisions of sections 104, 105, 107, 110,
11 111 (c) (1), 112, 113, 117, 119, and 121 of the Eco-
12 nomic Cooperation Act of 1948 shall be applicable to
13 the furnishing of assistance for China under the For-
14 eign Aid Act of 1947 in the same manner and to the
15 same extent as such provisions are applicable to the fur-
16 nishing of assistance to participating countries under the
17 Economic Cooperation Act of 1948;

18 (f) when it is determined that assistance should
19 be extended under the provisions of this title on credit
20 terms, the Administrator for Economic Cooperation shall
21 allocate funds for the purpose to the Export-Import Bank
22 of Washington, which shall, notwithstanding the provi-
23 sions of the Export-Import Bank Act of 1945 (59 Stat.
24 526), as amended, make and administer the credit on
25 terms specified by the Administrator in consultation

1 with the National Advisory Council on Interna-
2 tional Monetary and Financial Problems. The Ad-
3 ministrator shall make advances to, or reimburse, the
4 Export-Import Bank of Washington for necessary ad-
5 ministrative expenses in connection with such credits.
6 The bank shall deposit into the Treasury of the United
7 States, as miscellaneous receipts, amounts received by
8 the bank in repayment of principal and interest on any
9 such credits. Credits made by the Export-Import Bank
10 of Washington with funds so allocated to it by the
11 Administrator shall not be considered in determining
12 whether the bank has outstanding at any one time loans
13 and guaranties to the extent of the limitation imposed by
14 section 7 of the Export-Import Bank Act of 1945 (59
15 Stat. 529), as amended;

16 (g) notwithstanding the appropriation made by the
17 Third Supplemental Appropriation Act, 1948, for for-
18 eign aid, the provisions of section 11 (d) of the Foreign
19 Aid Act of 1947 shall be applicable for carrying out the
20 provisions of this Act;

21 (h) not less than 5 per centum nor more than 10
22 per centum of the funds made available for the purposes
23 of this title shall be used to carry out the purposes of
24 section 404.

25 SEC. 404. The Secretary of State, after consultation with

1 *the Administrator, is hereby authorized to conclude an agree-*
2 *ment with China establishing a Joint Commission on Rural*
3 *Reconstruction in China, to be composed of two citizens of*
4 *the United States appointed by the President of the United*
5 *States and three citizens of China appointed by the President*
6 *of China. Such Commission shall, subject to the direction*
7 *and control of the Administrator, formulate and carry out a*
8 *program for reconstruction in rural areas of China, which*
9 *shall include such research and training activities as may be*
10 *necessary or appropriate for such reconstruction: Provided,*
11 *That assistance furnished under this section shall not be*
12 *construed as an express or implied assumption by the United .*
13 *States of any responsibility for making any further contribu-*
14 *tions to carry out the purposes of this section.*

15 *SEC. 405. There shall be established in China a special*
16 *mission under the direction of a chief who shall be responsible*
17 *for assuring the performance within China of operations*
18 *under this title, and who shall take rank immediately after*
19 *the chief of the United States diplomatic mission in China.*
20 *The chief shall be appointed by the Administrator, shall*
21 *receive his instructions from the Administrator, and shall*
22 *report to the Administrator on the performance of the duties*
23 *assigned to him. He shall keep the chief of the United*
24 *States diplomatic mission in China fully and currently in-*
25 *formed on matters, including prospective action, arising*

1 *within the scope of the operations of the special mission;*
2 *and the chief of the diplomatic mission in China shall keep*
3 *the chief of the special mission fully and currently*
4 *informed on matters relative to the conduct of the duties of*
5 *the chief of the special mission. The chief of the special*
6 *mission shall also keep the Administrator, the Secretary of*
7 *State, the chairmen of the Senate Foreign Relations Com-*
8 *mittee, the House Foreign Affairs Committee, the Senate*
9 *Appropriations Committee, and the House Appropriations*
10 *Committee currently informed concerning his activities.*
11 *The chief of the United States diplomatic mission will be*
12 *responsible for assuring that the operations of the special*
13 *mission are consistent with the foreign policy objectives*
14 *of the United States in China and to that end whenever the*
15 *chief of the United States diplomatic mission believes that*
16 *any action, proposed action, or failure to act on the part*
17 *of the special mission is inconsistent with such foreign policy*
18 *objectives, he shall so advise the chief of the special mission.*
19 *If differences of view are not adjusted by consultation, the*
20 *matter shall be referred to the Secretary of State and the*
21 *Administrator for decision.*

Amend the title so as to read: "An Act to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of

conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States.”

Passed the Senate March 13 (legislative day, February 2), 1948.

Attest:

CARL A. LOEFFLER,

Secretary.

80TH CONGRESS
2d Session

S. 2202

[Report No. 1585]

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

MARCH 15, 1948

Referred to the Committee on Foreign Affairs

MARCH 20, 1948

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

FOREIGN ASSISTANCE ACT OF 1948

REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS ON S. 2202

A BILL TO PROMOTE THE GENERAL WELFARE,
NATIONAL INTEREST, AND FOREIGN POLICY
OF THE UNITED STATES THROUGH NECESSARY
ECONOMIC AND FINANCIAL ASSISTANCE TO
FOREIGN COUNTRIES WHICH UNDERTAKE TO
COOPERATE WITH EACH OTHER IN THE ESTAB-
LISHMENT AND MAINTENANCE OF ECONOMIC
CONDITIONS ESSENTIAL TO A PEACEFUL AND
PROSPEROUS WORLD



MARCH 20, 1948.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1948

THE END OF THE WORLD IS AT HAND

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Union Calendar No. 738

80TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 1585

FOREIGN ASSISTANCE ACT OF 1948

MARCH 20.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. EATON, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany S. 2202]

The Committee on Foreign Affairs, to whom was referred the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

I. GENERAL PURPOSES OF THE BILL

This bill provides for the conditioned participation of the United States in a program of foreign assistance that covers (1) European recovery, (2) a continuation of assistance to the International Children's Emergency Fund, (3) military-type aid to Greece, Turkey, and China, and (4) economic aid to China. The European recovery program is intended, if its provisions are met, to continue until June 30, 1952, with annual review, both for authorizations and appropriations, by the Congress.

The bill recognizes that military security and domestic tranquillity are necessary prerequisites to economic recovery and the maintenance of peace and free institutions, to the degree that it makes provision for military-type aid to those areas which are most beset by the dangers of externally sponsored communism. The bill authorizes a total of \$6,205,000,000 for all the purposes included in the proposed act.

A. PROPOSED AUTHORIZATIONS LISTED

Title I authorizes \$5,300,000,000 for European recovery, including the 16 nations which accepted the conditions of the Paris report of the Committee on European Economic Cooperation in September 1947, the occupied zones of Germany (by Russian choice only the western), and Trieste. Of this amount, \$1,000,000,000 may be advanced by the Reconstruction Finance Corporation prior to the action of the Congress on 4.3 billion dollars which is authorized for appropriations either for grants or loans. One billion dollars of the total of \$5,300,000,000 authorized is to be for guaranties up to \$500,000,000 and for loans made through the Export-Import Bank financed by public-debt transactions.

Title II has a conditioned authorization for the International Emergency Children's Fund for \$60,000,000.

Title III authorizes \$275,000,000 for primarily military-type aid to Greece and Turkey, under amendments to the Foreign Aid Act of 1947, and \$150,000,000 for primarily military-type aid to China, by adding China to this title.

Title IV authorizes \$420,000,000 for primarily economic aid to China.

B. OBJECTIVES AND SAFEGUARDS

The economic aspects of the program are intended to encourage the recovery of Europe and to assist China on the road to stabilization of its exhausted and still war-torn economy. To this end, a new agency, the Economic Cooperation Administration, is created, with the responsibility and control vested in a single Administrator, who is to be given a rank equivalent to that of the heads of executive departments. The Administrator is provided with the powers to establish a corporation as an instrument for accomplishing his policy objectives.

Both the military and economic aid are to be coordinated into the broad foreign policy objectives of the United States by establishing proper channels of consultation for the Economic Cooperation Administration with the Secretary of State, both at home and abroad, and by vesting control of funds for all foreign aid in the hands of the President.

A number of safeguards have been introduced to assure that the money appropriated to both ends will be administered properly and will be adequately accounted for. Other conditions have been attached to secure protection of the domestic economy of the United States from impairment. Still other conditions for fulfillment by the recipient countries have been attached to both the initiation of aid and its continuation.

Primary emphasis is placed throughout the bill on encouraging the participating nations to help themselves and each other. The Administrator is charged with securing through the agreements negotiated by the Department of State the protection of the primary purposes of the bill, including also recognition of the drain of this program on the natural resources of the United States, the equitable access of private enterprise to the development and purchase of raw materials abroad, and repayment, insofar as practicable, through the development of new or increased production of strategic materials

for stock-piling by the United States, or by other means. It is recognized, however, that the larger portion of foreign aid must be in terms of what amount to grants, for which payment is not made, since the local currencies received are to be used only for the benefit of the countries receiving the aid, and on terms to which both they and the United States agree.

II. BACKGROUND

Almost 3 years after VE-day, the peace and freedom for which the largest-scale war in history was fought are seriously endangered. Many of the nations which were freed from the yoke of Hitler in the west or of Japan in the east either have already fallen or are in danger of falling under the domination of communism controlled by Russia.

The exhaustion into which Europe and China particularly have fallen has had added to it the additional burden of resisting aggression in new and subtle forms, through the use of fifth columns, aided by intimidation and in some cases by armed incursions from outside. These incursions have been most obvious in the case of Greece, but the same pattern is rapidly developing in China and Korea and may be expected wherever weakness and internal divisions give a prospect of its success.

The United States, which has sacrificed more than \$300,000,000,000 in achieving victory in the war and has already devoted sums approximating \$20,000,000,000 in the postwar efforts to establish peace and prosperity, is now called upon to make an effort less extensive in scope and magnitude but of equally critical importance to the survival of a free world.

A. THE NEED OF AID

The pressing character of the time factor for action is illustrated in each succeeding day's headlines. The danger of the pervasion of all Europe by a sense of fear and hopelessness in the face of the by now completely obvious tactics of communism can only be met by a firm decision and a willingness to adopt at once the necessary measures to reverse this trend. Approaching elections in European countries will be of the most critical character yet confronted in the postwar period. The assurance of immediate and further aid by the United States, coupled with the unmistakable intention to assist those areas most in danger of military incorporation or civil war, inspired and sustained from outside, will be perhaps a determining factor in the outcome of these critical elections.

It is unnecessary to paint the picture of the alternative with which this country would be faced, should the few great critical barriers to the march of communism disappear. Past and present sacrifices of an economic character would be small indeed compared to the burden which this Nation would have to assume in such a world. The very survival of the United States would be more seriously at stake than at any other time in its history. Faced with this prospect, there can be but one choice: to extend the aid necessary in both economic and military spheres. A calculated risk, it has been called. But such a risk is no risk, compared to the grim certainty of the alternative.

The committee is convinced that aid of a military character to Greece, Turkey, and China is absolutely essential at this time to protect

the conditions without which economic aid may be completely futile. It is for that reason that it has incorporated the military aid in the same bill with the economic. It has also felt the necessity for putting into the bill the major programs for economic aid which demand integration under a single administrator and the swiftest possible initiation. It calls attention, however, to the fact that other programs of aid are still in prospect for consideration in this session of the Congress. The sum total of aid for the mere prevention of disease and unrest in Germany and the other occupied areas will exceed 1.4 billion dollars.

There are additional programs of which the administration has given notice which may involve an increase of the capital of the Export-Import Bank by an amount of \$500,000,000 for loans to Latin America, and the request for additional funds for recovery in Japan and Korea over and above the administration's GARIOA program, which is included in the disease and unrest figures above, amounts to \$220,000,000. The sum total of aid proposed for authorization for the 12-month period including the cost of maintaining our present military establishment abroad is about \$9,000,000,000, as detailed in the authorization section of this report.

The committee recommends the present bill and authorization as the immediately necessary combination of military and economic aid. At the same time the committee is convinced of the utility as well as the high moral obligation to continue the only current effort in international relief under the aegis of the United Nations—its proportionate contribution to the International Emergency Children's Fund. This fund is keeping alive 4,000,000 children for the future. It is the irrefutable proof, to those it reaches despite the iron curtain, of the peaceful and humane aims of the United States.

B. DEVELOPMENT OF AMERICAN POLICY SINCE THE WAR

The effort to achieve stability in the world has included making available on order paid to foreign countries four main categories of aid to date: (1) The completing of pipe line lend-lease in the postwar period; (2) the disposal of tremendous quantities of surplus war assets and property abroad at very low figures; (3) the relief assistance given through UNRRA, through private channels of relief (running into sums approximately one-fifth as large as the United States contribution to UNRRA itself); (4) assistance to prevent disease and unrest assistance in occupied areas; and (5) loans made either through the Export-Import Bank, the Bank of International Reconstruction and Development operating primarily with American capital, through private investment, and through the contributions of the United States to the International Monetary Fund, which has so far come into only limited use.

These efforts have not succeeded in arresting deterioration in some countries, though they have brought others to a production level equal to or greater than that of prewar. Against the background of destruction and loss of capital assets by these nations, however, this production has not been adequate both to make good the starved level of years of wartime privation and deterioration and at the same time to reestablish the necessary exports to achieve a healthy balance of trade. The relief efforts of the United States have prevented

what would otherwise have been mass starvation and complete collapse of the economies both in the countries now under Russian domination and in those liberated during the war and still free.

Almost 3 years have now been spent in trying to secure a basis of peace and free cooperation from Russia in the rebuilding of these economies with a record of continuing frustration and of the draining of resources by Russia from the countries which the United States was at the same time aiding. The contributing factor of the continuing stagnation of the German economy, more serious even than that of Japan and the Far East in its effect on the general level of world prosperity, deserves serious attention and immediate remedy.

This state of affairs now seems belatedly to have been recognized, though the necessary steps to implement the major decisions of policy remain to be taken. Without the restoration of German productivity, there will be not only a continuing drain on the taxpayer of the United States, but also an irremediable gap in the chain of the necessary factors leading to European and world recovery.

C. CONGRESSIONAL ACTION

The recognition by Congress of the true nature of developments in Europe and an analysis of the critical defects in the attacks being made on European recovery problems can be verified by a long succession of congressional reports, proceeding from both standing and select committees of both Houses. Authorized by a House resolution adopted July 17, 1945, a Committee on Foreign Affairs subcommittee made a study trip in the fall of that year and reported to the Congress its findings on political and economic conditions in eastern Europe and the Mediterranean area.

The Committee on Foreign Affairs, prior to the Harvard speech of Secretary of State Marshall in June 1947, had initiated an inquiry among the executive departments. This inquiry resulted in the publication of the report of its subcommittee No. 2 on foreign economic policy, Needs, Limits, and Sources of American Aid to Foreign Countries; Supplementary Sources From Self-Help and Other Countries, shortly after Secretary Marshall's proposal. The House established also, in July 1947, the Select Committee on Foreign Aid, proposed by House Resolution 296, introduced on April 12, 1947, by Representative Christian Herter. This committee, under the chairmanship of the chairman of the Foreign Affairs Committee, was established to study the actual and prospective needs for foreign aid; the resources and facilities available to meet such needs, both within and without the United States; existing or contemplated agencies of all types qualified to deal with such needs; and measures to assist in assessing relative needs and correlating United States assistance without weakening the domestic economy.

Studies by the House Committee on Foreign Affairs, particularly those on the political conditions in Europe, the Middle East, on the tactics and strategy of world communism, and on Japan, Korea, and China, as well as the numerous reports of the Select Committee on Foreign Aid, have provided information on which Congress has been able to assess the proposals of the administration and the several studies proceeding from the executive departments (the Krug report,

the Harriman report, and the report of the Council of Economic Advisers).

President Truman, by his special messages to Congress in December 1947, requested the authorization of a program amounting to \$17,000,000,000 for the period April 1, 1948, to June 30, 1952, and with recommendation of an appropriation of 6.8 billion dollars for the 15-month period April 1, 1948, to June 30, 1949.

The Congress, in response to his request of November 17, 1947, for \$597,000,000 for interim aid to France, Italy, Austria, appropriated \$522,000,000 of \$597,000,000 authorized, with the additional inclusion of China in the program.

The Senate, in response to the President's request for the appropriation of 6.8 billion dollars for the 15-month period, passed, on March 13, this bill authorizing the appropriation of 5.3 billion dollars for a 12-month period, of which \$3,000,000,000 was to be taken from this year's Treasury surplus and put in a special trust fund. It added to the recommendations of the President, as to administration, the types of agreements to be made and financial arrangements to be embodied in the new program. Numerous additional safeguards were included; and the Administrator, as head of an independent agency, was put on a parallel with the heads of the existing executive departments. Certain provisions were inserted to assure that, while the Department of State should be adequately protected in its control of foreign policy, the resolution of possible differences between that Department, in its concern for over-all foreign policy, and the Administrator, in his preoccupation with economic matters, should be referred to the President for settlement. It added a public advisory body to consult with the Administrator on the performance of his functions and policies in connection therewith. The Senate bill formed the basis for the revisions and amendments which are contained in the bill now reported to the House.

The Committee on Foreign Affairs at the beginning of the regular session in January adopted the following motion:

That the committee proceed with hearings on United States foreign policy for a postwar recovery program, and that the first step be consideration of proposals for a European recovery program, including H. R. 4840 and H. R. 4579 and similar measures.

The committee had before it at that time both the administration bill (H. R. 4840) which accompanied the President's message and was introduced by the committee's chairman, Mr. Eaton, and the Herter bill (H. R. 4579). The decision to treat the whole problem of the restoration of war-torn economies, to include China as well as Europe, came not only from logical considerations but also from the painful experience of the committee in receiving from the administration a long succession of "piecemeal" programs, each with a separate timetable of emergency, without any adequate total program, either as to scope or commitments.

The committee held hearings from December 17 to March 10, inclusive.

Appendix I contains a description of the hearings and lists the witnesses.

D. DOCUMENTATION

In addition to the reports of the executive department, of the President's committee, which included distinguished public figures, and of the studies made by the House committees mentioned above; congressional experience in the previous foreign-aid legislation, such as postwar lend-lease, UNRRA, interim aid, and so forth, had afforded a broad background of experience in assessing the foreign claims. Of particular value, however, were the extensive studies of the availabilities of items in short supply both in the United States and in the world, and the elaborate documentation by the Department of State in the presentation of the administration program following the report of the 16 countries of the Committee on European Economic Cooperation meeting in Paris. This included a break-down both in terms of commodities and countries. (See tables in appendix II.)

The sheer bulk of this material reached proportions probably never before achieved in a congressional study of pending legislation and its brief analysis into simple components has presented great difficulties. The subsequent analysis that is offered in this report of the dollar requirements of European countries and of a few selected commodities, as well as the dollar availabilities and the capacity of other countries to assist in the programs for European and world recovery, will serve to show the inevitable range of legitimate difference between the upper and lower limits which might be either requested or authorized. Price factors alone could account for a sizable variation in the major items that may run, in the case of foodstuffs, to as much as 20 percent.

The amount of assistance that may be forthcoming, without dollar payments from other countries of the Western Hemisphere for a 12-month period is reckoned at \$700,000,000 in the estimates of the Department of State, but a larger figure might conceivably be achieved. Similarly limited availabilities of steel and petroleum and perhaps the impossibility of scheduling capital equipment at the rate anticipated might considerably reduce requirements for the first 12-month period.

On the other hand, the variations in price may go up because of a bad crop year, as well as down, and any delays in the inauguration of the program or an interruption to the pipe line of supplies, or serious political disturbances in the countries concerned might render more aid necessary. It also seems likely that estimates for exports from certain of these countries have been exaggerated, and the same conclusion may be reached as to the figures for imports to CEEC countries from eastern Europe.

On the whole the committee took the view that, from its study of the documents concerned, the safe plan was to rely upon sound administration not to spend the sums appropriated wastefully or inefficiently, and therefore to cover the reasonable requirements in full so as to allow for the margin of error possible in any such large-scale program in so unsettled a world. Sums not expended during the first year would reduce the need of appropriations in subsequent years.

On the other hand, the speed and efficiency with which capital development could be achieved and maximum restoration of economies encouraged by the earliest possible application of aid, would serve to decrease the need in later years. The best safeguard for the

success of the program would therefore be adequate aid as rapidly as possible.

The studies on the administrative aspect of the program which have been made by the Select Committee on Foreign Aid as well as by the Harriman committee and the executive departments were supplemented by the report submitted by the Brookings Institution at the request of the chairman of the Committee on Foreign Relations of the Senate.

The hearings of the Committee on Foreign Affairs served very usefully to develop and criticize the proposals made in these various studies, both with respect to the adequacy of the machinery proposed and the powers that would have to be vested in the Administrator. It was as a result of these hearings that the committee reached their decision to empower the Administrator, in his discretion, to set up under his policy control, a corporation, in order to perform in as businesslike a manner as possible functions and responsibilities imposed upon him by this bill.

A selection of the major tables which will be of use to the House in its study of the proposed legislation is attached as appendix II to this report, together with maps showing the extension of Communist control in Europe and in Asia, appendix III.

E. DIFFICULTIES AND PROGRESS IN EUROPE

In addition to the exhaustion and destruction of the war which has affected directly and indirectly all the countries involved in the legislation, the factors noted below have contributed to the continuing distress of the European economy:

(a) The first factor is the systematic efforts of Russia to disrupt the economies and unsettle or destroy the governments which were not under its direction—the open intention to frustrate in every possible way the recovery program cooperatively undertaken by the countries of western Europe at Paris was revealed by the countermanding of efforts of several of the countries of eastern Europe to participate in the program. This intention was underlined by the characteristic attack made by one of the leading members of the Politburo, Mr. Zhdanov, in inaugurating the Cominform in Warsaw in October 1947. The immobilization of Germany has resulted in major part from the impossibility of securing the cooperation of Russia. Action in the western zones and the settlement of the reparations problem have been delayed, and the usual tactics of Communist-inspired strikes and political sabotage have been pursued in all the key countries of Europe. Eastern Europe has been effectively diverted from its normal channels of trade to the great loss of the west.

(b) The second factor involves displacement of population, including the pushing of millions of nonproductive Germans from the eastern zone into the western zones; the 8-percent increase in the population of Europe in spite of the destruction of war; the dislocation of numerous refugees from totalitarianism, both Fascist and Communist; the detention of millions of war prisoners in Russia and a very large number in France and England, even up to the present time; and the lack of free movement for needed manpower from countries with a surplus like Italy to nations in serious need, have all contributed to economic distress. The particular distress of Greece can be illustrated by the

fact that nearly 500,000 refugees from the territories subject to Communist incursion constitute a problem that renders any purely economic solution impossible.

(c) The third factor rises from the fact that agricultural production has been subject not only to the inevitable deterioration of soil due to lack of fertilizer and overuse during the war, but, during the last 2 years, to severe drought and in the last year to a devastating winter with subsequent floods. The agricultural production of eastern Europe as well as the food production of some colonial areas of previous importance were also lost in considerable measure. The former was due to the cutting-off of any surplus from export by the trade policies imposed, and the surpluses themselves tended to disappear because of the quartering on these areas of large numbers of Russian soldiers or the building up of so-called local security forces and armies under Soviet control. In addition, the land policy with its division of holdings into very small units tended to reduce the exportable agricultural surpluses.

(d) The fourth factor involves the physical deterioration of a war-strained machinery and the overuse in many cases approximated the destruction of actual war damage. The loss of productive skills was a peculiarly serious factor in mining, as the recruitment of young and strong miners had been seriously affected by the war mobilization and by the subsequent movement of populations.

(e) The fifth factor, the inevitable concomitant of all the above factors, is inflation, the product of political instability and lack of production, as well as the inability to move goods from normal trade channels. The standards of production of western Europe were, next to our own and those of Canada, probably the highest in the world in the prewar period. Under the impact of the factors mentioned above, the 250,000,000 people, in round figures, who are contained in western Europe, produce less than one-half of our own national income. Since Europe was on balance necessarily heavily dependent on imports, the world-wide inflation which had increased the costs of primary products particularly, has borne heavily upon the whole European economy. The result has been an overwhelming demand for the few sound currencies remaining in existence and in particular the dollar, since it represented the productive capacity which all nations needed.

The countries of Europe today are existing on a dietary level below the standard which permits an adequate day's labor. In Germany the level is below that of a bare subsistence diet and in all the countries of Europe inflation has prevented the farmer from being willing to supply the city dweller with the food which was available. Unless and until more goods can be produced, no remedy is possible for black-market conditions and for general inflation with its attendant political dangers.

It would be a very one-sided picture, however, to suggest that Europe has not made substantial and steady progress toward putting its own house in order. Italy, under the most difficult conditions and with an industrial production level still only about 75 percent of prewar, has brought inflation under some control and has actually begun to move toward a stable currency. The French position has been improved in spite of the serious strikes and political disorders which parallel the Communist attempts in Italy and were timed mainly at the very outset of the interim-aid program in December.

The Scandinavian countries have made substantial and steady progress toward recovery and the three countries which comprise the Benelux union (Belgium, Netherlands, Luxemburg) have made remarkable progress toward economic recovery and political stability.

England, in spite of the severe difficulties due to the lack of adequate exports, the loss of India and Burma, and the sacrifice of its foreign holdings through the war, together with the creation of a tremendous debt in blocked sterling, has with the help of large-scale American aid, increased its industrial production 20 percent above the prewar level and maintains complete political stability.

The production of western Germany, which has reached only about 35 percent of its prewar level, served to bring down the whole production index of the countries of western Europe which had, in the main, achieved roughly parity with prewar production, although with the increase in population the per capita national income of the participating countries fell considerably below the 1938 level.

Throughout western Europe steady progress was made in the restoration of transportation, including ocean shipping, and in the output of coal and the production of hydroelectric power. Actually hydroelectric power in 1948 was increased on the continent of Europe by nearly 40 percent over 1938. With the development of the colonies of Europe and the restoration of trade with countries with exportable surpluses of food and primary products, particularly with Latin America and the British Dominions, the need for extraordinary outside aid should tend progressively to disappear. If political and economic stability can be achieved in Europe, the Middle and Far East, we can look forward to the resumption of a normal and healthy trade which will permit the maintenance of high levels of production in this country as well as the rest of the world. Serious difficulties will, of course, remain until coal production is increased according to the programs set forth in the CEEC report. Petroleum, too, will furnish peculiar difficulties which are not rendered easier by the existing threats of political chaos in the Middle East, centering on Palestine. The whole European recovery program depends in considerable measure on the development of the exportable oil of the Middle East in the next 3 or 4 years, since, without oil, not only its industrial users but transportation will be seriously crippled.

The important point is that all the problems which Europe faces are capable of solution at least if the western half of Europe acts in cooperation and with an increasing measure of political and economic unity. In order to be able to defend itself against the encroachments of communism it must have the basic conditions of political security and economic health. The recovery of Europe, painfully initiated since the war, is now at a critical turning point. It may go forward with increasing tempo or it may lose ground with appalling rapidity.

F. JOINT MEASURES

The report of the Select Committee on Foreign Aid, What Western Europe Can Do For Itself (preliminary Rept. No. 14), showed a number of examples of steps already taken by European countries to facilitate joint efforts toward recovery. The functioning of the Inland Transport Organization, although beset with difficulties in the return of cars from eastern Europe and by the blocking of much inland water

transport, has nevertheless made substantial progress toward the goal of restoring the operating rail system of Europe as an integrated whole, at least in the CEEC countries. Efforts are also being made with some success to integrate developmental schemes for the transmission of electric power through a grid system organized by western Europe, though with insufficient emphasis on the German participation in such a development.

In addition to these practical efforts at integrating the economy in some of its most basic factors, the following steps have been taken:

(a) A study committee on customs union, established first at the CEEC conference, has been set up to examine the possibility of a common customs union among all the countries represented. This effort is in its initial stages and is encountering the natural difficulties, but it has been supplemented by the actual entering into effect of the Benelux customs union on January 1, 1948. Denmark, Iceland, Norway, and Sweden are also projecting a similar customs union, and France and Italy, as well as Greece and Turkey, are undertaking bilateral negotiations to the same effect. In times when the government regulation of imports through the application of quota systems and foreign-exchange controls is so rigid as is almost necessarily the case with strained economies and general dangers of inflation, the mere initiation of a customs union does not accomplish sweeping economic effects. It is, however, a necessary step in the direction of progress toward real economic unity which will provide free movement of manpower, labor, capital, and goods across national frontiers.

It is noteworthy that a recognition of the political corollary has already been recognized in the recent meeting of the five countries—Britain, France, Belgium, Netherlands, Luxembourg—which on March 17, 1948, entered into a 50-year mutual-assistance pact, which included both provisions for mutual defense against aggression in Europe and for increased measures of economic and political cooperation.

(b) The Economic Commission for Europe of the United Nations has taken over the European Coal Organization and the Inland Transport Organization, and has engaged in some measure of studying the possibilities of systematic cooperation between European countries, particularly those of western Europe. Five of the sixteen countries of CEEC are not members of the United Nations, but they have nevertheless been invited to the committee meetings of the Economic Commission for Europe.

It seems unlikely, however, that an organization under the aegis of the United Nations can provide the close cooperation and stronger central organization that is an obvious requisite for western European economic recovery as well as adequate defense against the threat from the east.

Recognition of this fact and of the possible desirability of readmitting Spain to the family of western European nations seems to be growing among the countries of western Europe and is certainly manifesting itself in opinion in the United States.

Any such European union or western union, as it has been called by Mr. Bevin, the British Secretary of State for Foreign Affairs, in a highly significant recent speech, would require for its success the effective mobilization and joint development of colonial resources, including free and equal access to United States private enterprise.

Unless the European colonial countries are able and willing to open up their colonies for such joint development, any western European union will lack the necessary resources. Similarly, the failure to mobilize the full productive capacity of the Ruhr would be a fatal block to recovery.

(c) The clearinghouse which was set up on the recommendation of the Financial Committee of the CEEC conference for intra-European balances has been initiated since January 19, 1948. Although it is so far operating in only a limited way through the Bank for International Settlements, it shows the possibility of a development which will be tremendously facilitated by the European recovery program.

G. SUMMARY

As a result of the study of the foregoing factors, the committee has set forth as the object of the recovery program the purposes stated in the preamble of the bill. It has included the conditions undertaken by the CEEC countries voluntarily in their Paris Conference. It recognizes that the success of the program rests upon the willingness and good faith of these countries in carrying out their pledges both to help themselves and to help each other. It specifically provides that the continuance of the program depends upon the fulfillment of these pledges.

The committee has concluded that the program is necessary to prevent the United States from being confronted with a world so unbalanced and hostile as to present almost insuperable burdens to the people of the United States in the future, if Europe is not once more rendered free and adequately strong, both in its political and economic life. The same consideration has led the committee to include China as a barrier in the Far East against the further encroachments of communism and the domination of the world by Moscow.

The committee is convinced that in cases where civil war and Communist aggression are present, as in China and Greece, and external threats are dangerous, as in Greece and Turkey, military-type aid is required to insure the effectiveness of economic aid. It has therefore concluded that the prompt enactment of the comprehensive program embodied in the Foreign Assistance Act of 1948, as amended by your committee, is essential to the security and prosperity of the United States and to the establishment and preservation of world peace.

III. ESTIMATES OF PROPOSED AUTHORIZATIONS

A. AUTHORIZATIONS SUMMARIZED

The House bill would provide for authorizations of appropriations amounting to \$5,205,000,000 to cover the following:

	Amount	Period
European recovery program.....	\$4,300,000,000	12 months following enactment.
Economic assistance to China.....	420,000,000	15 months ending June 30, 1949.
Greek-Turkish aid.....	275,000,000	Added to existing authorization; no terminal date specified.
Military aid to China.....	150,000,000	15 months ending June 30, 1949.
International Children's Fund.....	60,000,000	12 months ending June 30, 1949 (contingent upon contributions by other countries).

In addition, the bill provides for an increase of \$1,000,000,000 in the borrowing power of the Export-Import Bank, bringing the total number of new dollars to be made available for foreign aid under this legislation to \$6,205,000,000.

The bill does not cover the cost of the "disease and unrest" program in occupied areas, the cost of the present United States military establishment abroad, nor increased lending capacity of the Export-Import Bank for loans to Latin America. The present bill, together with these additional programs, involves a total of \$9,316,000,000.

Recapitulation of estimated cost of existing and contemplated foreign financial commitments

1. Proposed "Foreign Assistance Act of 1948":

European recovery program:	Million
Authorization of appropriations.....	\$4, 300
For loans by Export-Import Bank.....	1, 000
China:	
Economic assistance.....	420
Military assistance.....	150
Greek-Turkish aid.....	275
International Children's Fund.....	60

Total..... \$6, 205

2. Disease and unrest program in occupied areas ¹ (included in the Army's budget):

Germany.....	\$836
Japan and Ryukyus.....	487
Korea.....	134
Austria.....	8
Trieste.....	16
All others.....	2

Total..... 1, 483

(Approximately \$95,000,000 of this represents administrative costs; the remainder is for the purchase of relief supplies.)

3. Present U. S. Military Establishment abroad (included in the President's budget for fiscal 1949):

Germany.....	\$256
Austria.....	36
Japan and Ryukyus.....	344
Korea.....	122
Estimated Air Corps cost.....	150

Total..... 908

4. Other contemplated economic foreign aid:

Economic reconstruction (Japan and Korea).....	\$220
Export-Import Bank (increase in lending capacity for Latin-American loans).....	500

Total..... 720

Grand total..... 9, 316

NOTE.—While not all of these are 12-month authorizations and expenditures from others are contingencies, the total represents an amount which should be considered as a possible 1-year expenditure for foreign activities.

¹ These estimates for the April to April period are based on the assumption that the \$150,000,000 remaining of the 1948 authorization is appropriated (now before House Appropriations Committee) and that the 1948-49 authorization (\$1,250,000,000) is approved.

The administration requested \$570,000,000 for economic aid for China for the next 15 months. The present bill cuts this to \$420,000,000, but adds \$150,000,000 for military assistance.

Other contemplated economic aid, including \$220,000,000 for Korea and Japan and an increase in the lending power of the Export-Import Bank for Latin-American loans amounting to \$500,000,000 are not included in the bill since they are of less urgency than the needs therein specified.

The President has asked the Congress to appropriate \$55,000,000 of interim aid funds already authorized but not yet appropriated to take care of urgent western European needs from April 1, 1948, to the effective date of the European recovery program. Since this is already authorized it is not included in the recapitulation presented above.

B. DOLLAR REQUIREMENTS OF THE EUROPEAN RECOVERY PROGRAM

Estimates of the volume and kinds of commodities that will, in fact, be required to enable the countries of western Europe to effect economic reconstruction are necessarily subject to wide margins of error owing to the variety of assumptions upon which the estimates are made, including possible changes in prices, crop conditions, and availability of supplies.

"Economic reconstruction" is a concept that can, and does, serve as a useful over-all target. In and of itself, however, it provides no yardstick as to detailed requirements. "Recovery" does not mean that Europe should recover exactly what it had before the war. Indeed, in certain respects, the prewar economies of certain European countries left much to be desired. At the very heart of the philosophy of the European recovery program lies the hope that western Europe will develop on a continental, or at least a group, basis rather than along the lines of national self-sufficiencies. What is hoped for is voluntary action on the part of those countries that will make them economically self-supporting as opposed to economically self-sufficient.

For such an objective there clearly can be no advance pattern. To have one, and to establish the controls and means of enforcement that would be necessary to bring it into being, would necessitate the use of some of the very kinds of outside pressures to which the United States and other democratic nations are unalterably opposed.

C. WORK OF THE PARIS CONFERENCE

When the representatives of the 16 participating European countries met in Paris, following the suggestion made by Secretary of State Marshall in his speech of June 5, 1947, they were confronted by the necessity of working out a joint program for their own recovery. They then had to match the commodity and equipment requirements of such a program against their own resources so as to arrive at estimates of needs from non-European sources.

The remarkable fact is, not that the figures that their experts worked up can in many cases be questioned, nor that they left much to be desired in allowing for regional, as opposed to nationalistic, development, but rather that they were able to agree upon anything at all definitive. Equally noteworthy was the fact that they were able to do it in a relatively short time. The speed with which the report was turned out undoubtedly accounts for its omissions and ambiguities.

Such an accomplishment was made possible by the establishment of a number of technical subcommittees which, largely through the

use of questionnaires addressed to the participating countries, prepared reports on requirements and production in the fields of food and agriculture, fuels and power, iron and steel, transport, timber, and manpower. The final report of the Paris Conference (known as the Report of the Committee of European Economic Cooperation or, more briefly, as the CEEC report) was transmitted to the United States Department of State on September 22, 1947, and shortly thereafter was made public.

The reports and findings of the technical subcommittees were turned over to a Balance-of-Payments Subcommittee that used them to construct an over-all balance-of-payments picture. Comparison of the various sections of the CEEC report is rendered difficult for a number of reasons, an important one of which is that the reports of the technical commodity subcommittees included estimates of the needs and availabilities of the dependent overseas territories of the United Kingdom, France, Netherlands, and Belgium, whereas the over-all balance-of-payments figures apply to the mother countries only. Comparison of the various parts of the CEEC report with one another, or with the Administration's "Outline" (Proposals of the U. S. Executive Departments), which includes the dependent territories in its estimates of requirements, is therefore a difficult task.

The Paris Conference estimated that the 16 participating countries would have a net balance-of-payments deficit with the American Continent in 1948 amounting to approximately 7.6 billion dollars. It was estimated that, in addition, the combined deficit of their overseas dependent territories would amount to \$460,000,000 bringing the total deficit of the participating countries and their overseas territories to a little more than 8.0 billion dollars.

They then estimated that the International Bank for Reconstruction and Development would be able to finance capital equipment (other than agricultural and mining machinery) amounting to about \$900,000,000, thereby leaving to be financed a net over-all deficit of 7.1 billion dollars.

D. SCREENING BY UNITED STATES EXPERTS

Experts in the various departments of the United States Government were immediately impressed by the fact that the requirement figures had been inadequately screened, both in the light of the needs themselves and the availabilities of certain of the items in short supply. In fact, because of the nature and speed of the operation, about all that the Paris Conference had been able to do was to add up the individual country estimates of commodity requirements and present the totals as the needs of the entire area. Such a procedure, obviously, fails to discount the natural tendency to overstate national requirements. It also tends to inflate the requirements of national economic ambition as contrasted with the needs of the nations as members of a closely coordinated economic group.

Upon receipt of the report of the Paris Conference the State Department created a number of interdepartmental commodity committees to review the data. In general they paralleled the technical committees that had been set up at Paris with several additions. All of them except that on petroleum, were headed by experts from either the Department of Agriculture or the Department of Commerce.

The data on petroleum were reviewed by the already-existing interdepartmental committee headed by an expert from the Department of State. Interdepartmental "country" committees were also established together with a working group on the over-all balance of payments picture.

The commodity committees first concentrated on minimum requirements without regard to availabilities. With regard to food, account was taken of the needs of the various populations on the bases of calorie intake, the need of proteins and fats and oils, and of historical differences in living standards. Emphasis was then shifted to estimates of European indigenous production and the possibilities of intra-European trade. The net requirements of the 16 countries, as a group, were finally set against estimated global availabilities.

In some cases the requirement figures were scaled down because of world shortages and substitutions of goods in more abundant supply made. Thus, the requirements figure for bread grains was cut to 79 percent of the CEEC figure, but the figure for processed milk was increased over the CEEC estimate by 44 percent. Similarly, the estimated requirement of 1,400,000 tons of steel scrap was eliminated altogether and in substitution for it the estimated requirement for finished steel was increased from 449,000 to 1,200,000 tons.

To assist in this phase of the work a number of the European technical experts who had assembled the original CEEC data at Paris were called to Washington to answer questions by the United States experts.

Throughout all of the work the experts relied heavily upon the reports of the Krug, Nourse, and Harriman committees. In some cases supplemental questionnaires were circulated to the participating countries in order to round out what had been provided by the experts at Paris. In general, estimates were first made in terms of physical quantities which were later translated into dollar equivalents.

The work of these committees served as the basis of the administration's Outline of European Recovery Program which was submitted by the Department of State to the Congress, together with the administration's proposed draft legislation, on December 19, 1947.

E. THE ADMINISTRATION PROGRAM

Consideration of the problem of United States financing of the European recovery program for the first 10 months involves five basic factors:

(a) The estimated dollar deficit of the participating countries over the 15-month period, April 1948 to June 30, 1949, with the Western Hemisphere.

(b) Dollar funds which the participating countries might be expected to obtain from sources other than new United States funds.

(c) Additional funds (\$200,000,000) needed to build up the volume of shipments from the Western Hemisphere to western Europe.

(d) Segregation of authorized funds as between the Department of the Army and the Economic Cooperation Administration.

(e) Reducing the financial requirements from a 15-month basis, as presented by the executive branch, to a 12-month period.

The estimated balance-of-payments deficit of the participating countries, including western Germany, with the Western Hemisphere for the 15-month period, April 1, 1948, to June 30, 1949, is 8.5 billion dollars. An additional \$200,000,000 was included to cover a portion of the uncovered deficit of bizonal Germany with nonparticipating countries outside the Western Hemisphere. The dollar deficit of the participating countries to be financed, therefore, is about 8.7 billion dollars.

The executive branch estimated that almost 1.3 billion dollars of dollar funds could be obtained in this 15-month period from the International Bank, the Export-Import Bank, private investors, and by credits extended by other Western Hemisphere countries and certain of the participating countries. Deducting that 1.3 billion dollars from the uncovered dollar deficit of 8.7 billion dollars leaves 7.4 billion dollars of financing which would have to be met by new funds from the United States.

The executive branch, in rounding out its estimates, also had to take account of the increased flow of goods from the Western Hemisphere to the participating countries. Of the shipments going forward in the 15-month period, an estimated \$600,000,000 was in the pipe line at the start of this period. The rate of shipments would increase during the period. In order to sustain that increased rate of shipments, the executive branch estimated that \$800,000,000 would be in the pipe line as of June 30, 1949. This net increase of \$200,000,000 in the pipe line would also have to be financed with new United States funds, making 7.6 billion dollars in all.

This dollar deficit of 7.6 billion dollars for the 15-month period, the executive branch recommended, should be financed by appropriating about \$800,000,000, as part of the Department of the Army's budget to prevent disease and unrest in occupied areas, and 6.8 billion dollars to the European recovery program.

F. ADJUSTING THE FINANCIAL REQUIREMENTS FROM 15 TO 12 MONTHS

The executive branch also submitted estimates of an illustrative pattern of obligations, shipments, and expenditures which might take place in the actual operation of a 6.8 billion dollar European recovery program in the 15-month period. Estimated shipments financed by new United States funds under the European recovery program would amount to 1.5 billion dollars in the 1949 April-June quarter. Consequently, when the Senate reduced the initial period of the program from 15 to 12 months, this 1.5 billion dollars was deducted from the requested authorization of 6.8 billion dollars for the first 15 months.

In authorizing 5.3 billion dollars for the European recovery program for the first 12-month period, this committee recommends that the executive branch's requested authorization be accepted and that the period be adjusted from a 15- to a 12-month basis. In this manner the basic request of the executive branch for the European recovery program will be preserved.

IV. DOLLAR REQUIREMENTS AND AVAILABILITIES

A. NATURE OF THE PROBLEM

Even though both the Paris Conference report and the administration program approach the import requirements of the 16 participating countries from the point of view of individual commodity needs, the total requirements of United States financial assistance are closely related to the estimated combined net deficit in the balance of international payments of those countries with the Western Hemisphere. The 6.8 billion dollars requested to be authorized in the administration program for the initial 15-month period was derived from the estimated balance-of-payment deficit based on estimated commodity needs, exports, and other factors as follows:

Summary of proposed financing of balance-of-payments deficit of the participating countries, 15 months, Apr. 1, 1948, to June 30, 1949

[In millions of dollars]

1.	Deficit with Western Hemisphere of all countries including western Germany:	
	(a) In July 1, 1947, prices	(7, 962)
	(b) In current prices	8, 527
2.	Uncovered deficit of Bizonal Germany with nonparticipating countries outside the Western Hemisphere	200
3.	Total to be financed	8, 727
The deficit is to be met:		
4.	From sources other than new U. S. Treasury funds:	
	(a) From International Bank and other sources in the United States ¹	500
	(b) From other Western Hemisphere countries	700
	(c) From participating countries on cash basis ²	85
	Subtotal	1, 285
5.	From new U. S. Treasury funds:	
	(a) Grants and loans for procurement in the United States	3, 805
	(b) Assistance for offshore procurement	2, 615
	(c) Department of the Army GARIOA ³	822
	Subtotal	7, 242
6.	Uncovered deficit of Bizonal Germany (same as item 2 above)	200
7.	Total U. S. Treasury financing with new funds	7, 442
8.	Authority to obligate funds for procurement of items to be delivered in subsequent years	200
9.	Total authorization for ERP	7, 642
10.	Of which to be covered by Department of Army's appropriation for GARIOA	822
11.	Authorization requested for ECA	6, 820
	Above in round amount	6, 800

¹ Includes disbursements from unutilized balances of existing Export-Import Bank credits as well as new private investment and disbursements from International Bank loans whether new or already granted.

² Represents the deficits with the Western Hemisphere of Portugal, Turkey, and Switzerland, where such are recorded, adjusted to account for price changes. Surpluses of these countries with the Western Hemisphere are not deducted from the gross amount of the recorded deficits.

³ Government and relief in occupied areas. This is that portion of appropriation requests to be made by the Department of the Army to meet requirements to prevent disease and unrest in the bizonal area of Germany.

Some question might be raised as to whether the balance-of-payments approach is the most satisfactory approach to the problem. Merely to balance the accounts of a country that finds itself in continued financial difficulties would not, in and of itself, assure that fundamental and necessary corrective measures will be taken. There is danger that if dollars are too easily forthcoming to balance the accounts, the western European nations will fail to make the fundamental adjustments in their economies that are necessary to assure essential improvement in productive efficiency. These steps include an increase in domestic production, the lowering of trade barriers against intra-European trade, the mitigation of exchange controls and other devices of a nationalistic economic character, the integration of inland transport, and the rationalization of power resources. The above estimates were based on the assumption that these steps will be taken.

The fundamental needs of western Europe for materials and capital equipment to accomplish some of these broad economic objectives should be filled as promptly as possible. Such an approach shifts the emphasis of the argument away from the precise number of dollars needed over into the area of the general nature and administration of the program. The corrective cooperative steps that the western European countries should take throughout the period of recovery are at this juncture necessarily indeterminate. Certain generalizations can be made regarding the desirability of working together, but the precise measures that should be undertaken in each of the lines of activity can be answered only as time passes. An alert, practical-minded administration, therefore, is the prime requisite for the success of the European recovery program. The more that our thinking is geared into the "real wealth" aspects of the problem, and not merely the financial aspects, the greater will be the likelihood that the objectives of the program will be attained.

B. MOBILIZATION OF EXISTING DOLLAR RESOURCES

The administration's program estimates that \$1,285,000,000 of the \$8,727,000,000 to be financed during the first 15 months of ERP can be met from sources other than new United States Government funds. Of this amount, \$700,000,000 is expected to be contributed in the form of loans and grants to European recovery program countries by Western Hemisphere countries other than the United States. Unutilized balances of existing Export-Import Bank credits, new private investment and disbursements from International Bank loans (new or already granted) are estimated at \$500,000,000. The remaining \$85,000,000 represents cash settlement of the expected deficits of Portugal, Turkey, and Switzerland, whose resources of dollars are ample.

The administration's estimate that not more than \$1,285,000,000 can be mobilized, without the liquidation of foreign investments, seems conservative. Of course, no one can now tell to what extent private capital can be induced to enter the foreign lending field. Much depends upon the psychological factors involved.

(a) *The International Bank.*—The administration outline lumps together the resources of the International Bank and the Export-Import Bank and estimates that together they can provide only

\$500,000,000. In the light of information already made public this appears to be a conservative estimate. Total gold and dollar assets of the International Bank, as of December 31, 1947, totaled \$687,000,000. Of this amount about \$197,000,000 represented loans authorized but not disbursed, leaving a net free United States dollar balance of \$490,000,000. The United States is committed to a guaranty toward repayment of securities of the Bank up to a total of \$3,175,000,000, of which \$885,000,000 have been issued to date. The remaining free United States guaranty thus amounts to \$2,290,000,000, and the total actual and potential United States resources of the Bank amount to \$2,780,000,000.

Although there has been testimony by qualified experts to the effect that it will not be feasible for the International Bank to finance more than 200 to 250 million dollars of the cost of foreign economic recovery in the initial 12-month period, the committee believes that this figure is too conservative and that the Bank may well be able to support a larger figure. Much depends, of course, upon the condition of the bond market.

There is merit in the view that the authorizations of the recovery program should not be cut too low, in reliance upon other agencies. But, to err in the opposite direction and to minimize the likely effectiveness of instrumentalities that have already been established for dealing with this sort of problem would be poor policy.

(b) *Export-Import Bank*.—No figure is given in the administration's plan for the Export-Import Bank as such. Its potential contribution is lumped together with that of the International Bank in the \$500,000,000 figure for the initial 15-month figure.

The net free lending balance of the Export-Import Bank on December 31, 1947, amounted to \$497,000,000. Scheduled repayments of loans outstanding for three quarters of 1948 and one-half of 1949 (15 months) amount to \$136,000,000, and the undisbursed balance of outstanding loans to the CEEC countries amounts to over \$312,000,000. Total available dollar resources of the Export-Import Bank, as of December 31, thus amounted to approximately \$845,000,000.

Relative conservatism will naturally be exercised in the extension of Export-Import credit as such. Even so, the inclusion of \$200,000,000 as a likely estimate of dollar funds that might be made available to the ERP countries by the Bank does not seem unreasonable.

(c) *Collateral loans*.—Collateral already pledged by the United Kingdom against a loan by the Reconstruction Finance Corporation in 1941 is presently valued at \$900,000,000, although the loan itself has been amortized from the original \$425,000,000 to \$176,000,000. It has been estimated that the collateral could support a loan of as much as \$700,000,000. In addition, long-term investments in the United States of the 16 ERP countries have been estimated by the National Advisory Council at over 4.9 billion dollars, divided about equally between securities and other types of property holdings.

An estimate that sufficient of this collateral might be mobilized to service new loans amounting to \$500,000,000 would seem to be conservative.

It does not follow from this, however, that all or any of these foreign-held investments should be liquidated to help finance the recovery program, unless to do so would improve the balance-of-payments

position of the foreign nations who hold them. To illustrate, if investments held by foreign nations to the amount of \$1,000,000,000 yield an income of, say, \$40,000,000 per annum, they provide an "invisible" transfer of that amount, each year, which helps pay for imports from the United States. If such securities were to be liquidated and transferred to American ownership it would eliminate this annual foreign credit. The only justification for such liquidation would be if the transfer of the investment to other fields were to yield a return greater than \$40,000,000 per year. Even then, it would have to remain in foreign ownership if the annual balance-of-payments credit were not to be eliminated. Wholesale liquidation would thus represent a brand of "living on capital" that might do considerable harm to the over-all international balance-of-payments picture and to the economic recovery of western Europe.

This is not to say, however, that foreign-held securities should not be used as collateral for loans by the United States. But, even so, unless the loans are non-interest-bearing, or almost so, some of the same objection would apply as in the case of outright liquidation. If the annual income-yield of the collateral is used up in servicing the new loans, the balance-of-payments credit represented by the annual income is impaired and future income is mortgaged for currently expendable dollars.

(d) *Other Western Hemisphere countries.*—Information and estimates regarding the part that the remainder of the Western Hemisphere, particularly Latin America, is expected to play in the European recovery program are scarce.

The \$700,000,000 included in the administration program as the share to be borne by other Western Hemisphere countries seems rather low in the light of the favorable international position of certain of the Latin-American countries (notably Cuba, Argentina, and Brazil), and in view of the plans to spend 1.7 billion dollars of the 6.8 billion dollars in offshore procurement in Latin-American countries.

(e) *Gold and dollar balances in excess of currency reserve.*—According to United States Treasury officials the "excess" gold and dollar balances of Switzerland, Portugal, and Turkey amount to 1.5 billion dollars. Since this is "free" gold, in the sense that it is not needed as currency reserve, it might advantageously be used to help implement the ERP philosophy of mutual aid. These three countries were all participants in the Paris Conference and it is to be hoped that some of this might be available in the form of long-term loans to participating countries that are experiencing serious balance-of-payments difficulties.

C. RANGE OF VARIABLES IN ESTIMATING REQUIREMENTS

There are so many variables with regard to crop conditions, prices, and availabilities of certain commodities that anything approaching a firm estimate of the over-all dollar requirements of ERP would be quite illusory. These variables are present regardless of the competency of the technical experts who make the estimates; they are inherent in the situation itself.

Thus, with regard to agricultural and food products alone, the 15-month requirement figure of which is in the neighborhood of 4.3 billion dollars, the price situation is so uncertain that a 20-percent

rise or fall would occasion a plus or minus difference in the estimate of \$800,000,000, or a range of variation of 1.6 billion dollars.

Should favorable reports regarding crop conditions in Europe and north Africa materialize it is possible that this year's harvest might reach 85 percent of prewar. On the other hand, should the dry phase of the climatic cycle become a reality in 1948 in the Northern Hemisphere, the supply situation might again become acute and prices rise accordingly. A 20-percent rise or fall in price, therefore, seems conservative.

Although steel and petroleum are of vital importance to the European recovery program, as well as to our own economy, the dollar volume is relatively small in the total program. In view of the tight supply situation in steel a substantial cut, percentagewise, might be necessary. But, since the dollar volume is so small (\$453,000,000 in the CEEC report and \$325,000,000 in the administration program) even a 50-percent revision in the figure would amount to only a little over \$200,000,000.

In view of the present situation confronting this country with regard to petroleum supplies, it seems likely that even the revised requirement figures might prove to be too high. Therefore, a downward variation of as much as \$200,000,000 might materialize.

There is also a wide range between the amounts that it would seem economically possible for the other Western Hemisphere countries, particularly Latin America, to contribute to the program and what experience tells us will actually materialize.

Undoubtedly the range of variables in many of the other estimates would be proportionally as great as the ones here mentioned. The variations herein discussed cover a range of anything from a \$1,000,000,000 increase in the cost of the program to a decrease of as much as \$1,000,000,000. The fact that in a program of this size a possible range of as much as \$2,000,000,000 appears possible illustrates how futile it is to spend too much time debating the exact size of the program. No one can tell now whether in the 12 months before us 5.3 billion dollars will be necessary or whether it can be cut back safely to 4.3 billion dollars, or whether even without a further turn for the worse in European political events the contemplated program might cost as much as \$6,000,000,000 or \$7,000,000,000.

But, this much we do know—that, in view of the overriding importance of the objectives sought, it will be much safer for the Administrator to have access to too many, rather than too few, dollars.

D. WHERE WILL THE MONEY BE SPENT?

The so-called "Illustrative Composition of Imports and Commodities and Services from the Western Hemisphere, April 1, 1948, through June 30, 1949, and Possible Sources and Distribution of Financing," issued as a press release by the Department of State on January 20, 1948, shows how the 6.8 billion dollars sought for the European recovery program might be spent among the recipient countries, by commodity categories. In view of all the circumstances, including availabilities and usual trade channels, it shows, by country, how many of the new dollars might go for the various commodities and how much might be purchased out of the countries' own earnings and other dollar resources. The figures are illustrative only and in

all probability vary widely from what will probably actually occur. Nevertheless, they are based on guesses by informed experts and are useful as an indication of what might occur.

The figures show that for the 15-month period under consideration total imports of the CEEC countries are estimated at 11.8 billion dollars. Other dollar payments, including estimated freight, bring their total dollar payments to 12.9 billion dollars. It is estimated that, under the European recovery program, these dollar demands will be met as follows:

	<i>Billion</i>
From the countries' own dollar earnings from exports and services.....	\$4. 9
From dollar sources other than new United States funds (International Bank, etc.).....	1. 2
From new U. S. Government funds.....	6. 8

The commodity categories are not given in as great detail as one would like to see, and a large amount (4.2 billion dollars) is left unclassified in the "other imports" classification. Nevertheless, the break-down is fairly complete so far as food, fuel, and fertilizer items are concerned.

These data, summarized from the State Department's Illustrative Composition, are as follows:

[In millions of dollars]

Category	Method of financing			Total
	By own dollar earnings	Sources other than new United States funds	New United States funds	
Food, fuel, fertilizer.....	755	618	4, 185	5, 558
Other raw materials.....	383	80	986	1, 448
Listed capital equipment.....	36	53	489	578
Other imports.....	3, 211	408	609	4, 228
Other dollar payments.....	¹ 555		² 592	1, 147
Total.....	4, 940	1, 159	6, 861	12, 960

¹ \$236,000,000 freight and \$319,000,000 other dollar payments.

² All freight

NOTE.—See tables in the appendix II for detailed break-down.

E ECONOMIC AID FOR CHINA

China's economy has deteriorated steadily since the defeat of Japan. This deterioration has been due to the devastation which civil warfare has added to the disorganization and destruction brought about by the war against Japan, and to the difficulties faced by China, in the circumstances, in mobilizing effectively its available resources. It has taken place despite large amounts of foreign aid extended or available to China since VJ-day. The United States alone has extended aid to China amounting to somewhat over 1.4 billion dollars since VJ-day. In addition, the Chinese Government has expended more than \$700,000,000 of its own foreign exchange holdings.

The civil warfare in China has seriously dislocated economic activity in two major respects. First, its physical impact has been felt through the destruction and dislocation of transportation and industrial facilities, and in the isolation of raw material, fuel, and food sources from centers of consumption and ports of export. Second, the mone-

tary and financial impact of civil war is felt throughout the entire economy in the disruptive consequences of inflation resulting from the issuance of paper currency in order to finance mounting Government deficits caused mainly by military expenditures. Inflation impedes the production and movement of goods for domestic consumption and export, and stimulates speculation and hoarding. It thus intensifies existing scarcities, and requires ever-larger Government appropriations.

China needs economic assistance if she is to be able to purchase essential imports and to undertake urgent reconstruction projects.

Her essential commodity needs, for the 15-month period ending June 30, 1949, as set forth by the Department of State, amount to \$510,000,000. The items, and their estimated cost, including insurance and freight, are as follows:

Cereals (wheat and rice)-----	\$130, 000, 000
Cotton-----	150, 000, 000
Petroleum and petroleum products-----	110, 000, 000
Fertilizer-----	30, 000, 000
Tobacco-----	28, 000, 000
Metals-----	24, 000, 000
Pharmaceuticals-----	5, 000, 000
Coal-----	3, 000, 000
Replacement articles for existing capital equipment-----	30, 000, 000
Total -----	510, 000, 000

The cost of essential reconstruction projects in China has been estimated at \$60,000,000.

Although the authorization for economic assistance to China in the current bill falls short of the requested \$570,000,000, it adds \$150,000,000 for military assistance, thereby bringing the total authorization for China for both economic and military-type assistance back to the \$570,000,000 figure.

V. ANALYSIS OF TITLE I OF THE BILL: EUROPEAN RECOVERY PROGRAM

A. BASIC OBLIGATIONS ASSUMED AS CONDITIONS OF PARTICIPATION IN THE EUROPEAN PROGRAM

The nations within the scope of this program will qualify for assistance through the steps, first, of joining with the other nations concerned in the program of cooperation for restoration of the European economy and, second, of signing a bilateral agreement with the United States.

The basic agreements will be specific and intricate. They must be predicated on and derived from the details applicable to each respective participating country. The work of negotiating them necessarily will be postponed until the Congress has finally determined the basic conditions. To afford the time necessary for the making of proper agreements and yet to avoid a hiatus in getting the program under way, provision is made for limited interim assistance.

The bill as originated by the President specifies that for 3 months any country signifying by definite action its intention of going along with the program may be extended any appropriate aid authorized by the program. The bill as it comes from the Senate, in addition to the above, specifies that any CEEC nation may be extended relief-type aid through June 30, 1948.

The substance of the cooperative pledge is of such importance as to merit specific review. It is stated as follows in the CEEC report:

■ In order to insure that the recovery program is carried out, the 16 participating countries pledge themselves to join together, and invite other European countries to join with them, in working to this end. This pledge is undertaken by each country with respect to its own national program, but it also takes into account similar pledges made by the other participating countries. In particular, each country undertakes to use all its efforts:

- (i) to develop its production to reach the targets, especially for food and coal;
- (ii) to make the fullest and most effective use of its existing productive capacity and all available manpower;
- (iii) to modernize its equipment and transport, so that labor becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;
- (iv) to apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability while maintaining in each country a high level of employment;
- (v) to cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft charter for an International Trade Organization;
- (vi) to remove progressively the obstacles to the free movement of persons within Europe;
- (vii) to organize together the means by which common resources can be developed in partnership.

As provided in the requirements for the bilateral pledges to be undertaken by the recipient countries with the United States, the substance of virtually all the above undertakings are made integral parts of the structure of the program envisaged by this proposed act. The basic objectives considered immediately below are those which will involve virtually every participating nation. Others will apply in specific instances and are considered in relevant parts of the report.

The bill in its present form, and as it comes from the Senate, makes the undertaking of cooperation with the other nations of Europe a more specific condition precedent than does the draft proposed by the President or does the Herter bill.

The pledges to be required in the bilateral agreements include the undertaking of steps necessary to eliminate abnormal outside aid. This is the basic requirement in regard to production. The committee found that the bill as it comes from the Senate, the bill as proposed by the President, and the Herter bill were alike in principle on this basic requirement.

The pledges to be required in regard to money and finance were likewise similar in the three bills. As proposed by the President, the undertakings would be in the direction of stable currency, proper exchange rates, and restored confidence in the national currencies.

The bill as it comes from the Senate and as now reported adopts approximately the same language, changing the word "proper" to "valid" and specifying balanced budgets as a goal. The Herter bill specifies the arrest of inflation as an objective, but in general conforms to the language of the other bills. In the committee's judgment, the language of any of the bills would suffice as a directive for the bilateral agreements.

During the hearings the committee's attention was drawn to the idea of stipulating the methods by which the fiscal objectives should be reached. A formula more explicit than the words of the bill as

reported and yet cut to a pattern to fit all participating nations appeared impracticable. In this respect, as in many others, the quality of the result to be produced must be left to the judgment and the energy with which the program is administered. It cannot be predetermined by nice definition.

Regarding international trade, the basic terms of the bilateral agreements will require cooperation to increase the interchange of goods and services and to reduce trade barriers. The language is like that originally proposed by the President. It differs from that of the Herter bill principally in applying such cooperation in commerce to trade with all nations rather than to commerce with other participants.

One of the significant basic obligations is that which refers to the proper use of the resources of the participating country, including those made available under the program. The bill as proposed by the administration emphasizes this aim. The bill as it comes from the Senate adds language obligating the participating nations to take measures to locate and control assets in the United States owned by their nations.

The committee gave mature consideration to varied proposals for forcing the participating nations to take explicit measures to pledge the assets of their nations as security or otherwise to bring them actively to the support of the program. In the last analysis the committee was restrained by the consideration that more specific requirements might force the wholesale liquidation of such assets and thus unwittingly conduce to the destruction of a seedbed of private initiative. Here again, in the committee's judgment, the results must depend on the force and wisdom of the administration and the good faith of the participants rather than upon rigid prescriptions.

Also related to the proper use of resources is the aspect of possible reexport of goods made available under this program to nations that are hostile to its objectives, thus contributing to the frustration of the program's objectives and impairing the interests of the United States. Specific language adopted by the committee and herewith recommended to the consideration of the House charges the Administrator to interdict the shipment to participating countries of commodities or products to be used in the production of commodities or products which are intended for export from the participating countries to nations which have declared their hostility to the European recovery program and which are of the type which the United States, under its export-control policies, would not ship to such nations. It would be a paradox if the resources of the program were to be employed to strengthen the hands of its enemies. It is this paradox, of such serious implication not only to the integrity of the program but also to the security of this nation, that the committee seeks to avoid.

The committee, in the course of hearings, heard many other suggestions for inclusion of special terms in the basic agreements.

The idea of imposing special conditions to protect private initiative against the threats of collectivism was brought up by several witnesses. Some of them urged stipulations that the participating countries must pledge not to nationalize industry or take any measures to impair free, private, competitive enterprise. In view of the delicacy of attempting to interfere with internal constitutional provisions, others urged that the committee avoid conditions which, because of their repugnance to the recipient countries as interference in their domestic

concerns, might defeat the very ends the program is intended to promote.

The committee has elected to depend upon the spirit of administration rather than upon rigid initial bargains. It has added a provision, however, intended to protect the interests of American business operating in the participating countries. It would require the recipient countries to pledge to submit to arbitration questions involving compensation of American nationals in event of governmental measures affecting property rights and concessions—subject to espousal of the claim by this Government.

The special place of Germany in any plans for restoration of Europe is apparent in any objective consideration of the problems. The point need not be labored here that German recovery is a great factor in western European revival. The crux is the issue on dismantling of German industrial plants. The committee is not of a unified view as to the merits of what has been done and as to the merits of what should be done. The evidence on dismantling was mixed. None can deny, however, that the dismantling program was undertaken as a reparations measure before a joint program for European recovery had been brought into reality. Few would dispute that the new circumstances of the recovery program would justify a reexamination of the merits of dismantling. Nevertheless, the reparations program is based upon international agreements to which this Nation has adhered. A national statute is of limited effect in upsetting an international agreement. The committee, in recognition of the relevance of German plants to German recovery, and of German recovery to European recovery, has directed the seeking of agreements wherein the participating countries will undertake to subordinate their property rights in reparations equipment to the principle of locating plants in the areas where they will contribute most effectively to the restoration of European productivity.

The inclusion of the zones of western Germany in the CEEC program is itself a significant step in the direction of improving western German conditions. A second matter in solving the problems of peculiar importance to Germany and of general importance to Europe as a whole is that of distribution of manpower. The committee has not proposed to write conditions in this respect into the basic agreements. It does propose, however, to direct the Administrator to seek agreements for the most effective use of manpower. The objective includes the integration into the recovery programs of the various participating countries of a fair share of the displaced persons who, because of the conditions of the postwar world, are kept from becoming effective participants in economic life. The authority of the International Refugee Organization as the agency whose mandate it is to see to the protection of these homeless people is recognized in the provision. It is anticipated that if brought into effective use, this provision will assist in contributing to the solution of the displaced persons problem. It is the hope that arrangements will be worked out whereunder resettlement in family groups will be undertaken rather than emphasizing the resettlement only of the strongest and ablest of the displaced persons.

Finally, as it comes from the Senate and as recommended to the House, the bill includes a statement of the understanding that the nations still holding German prisoners of war are undertaking to

repatriate them by the end of this year. This is the case. It is not intended to intervene in a repatriation schedule based upon international agreement. It is intended only to indicate the watchfulness of the United States over the performance under such agreement.

Finally, there is the matter of special publicity. The Herter bill includes the idea of making full publicity of American assistance a condition for the basic agreements. A number of witnesses supported this view. Others pointed out that the United States can, with better effectiveness, undertake to see to the adequacy of publicity through its own devices. The bill as originated and as now recommended includes an obligation to make available full information regarding assistance. It does not name specific publicity undertakings. The committee has added a provision that would extend the guarantee of convertibility of the return on approved American investments to information media already operating.

A suggestion made recurringly to the committee was the idea of including in the basic agreements an undertaking of a defensive alliance. In the committee's view, notwithstanding the arguments that can be brought to support the idea of an alliance, it would be inadvisable to attempt to provide it here. The Administrator should confine his negotiations to economic interests; he should not be charged with undertaking military security.

Another recurring idea suggested for inclusion in the basic agreements was that of bringing about definite steps toward political amalgamation. The Union of Europe is a consummation devoutly to be wished. But the impulse must come from the participants. It is inherent in the entire European recovery program that it is a gesture of encouragement to such an end. This is stated at several points in the bill.

B. THE MECHANICS OF THE PROGRAM

The bills considered by the committee were alike in the scope and variety of aid to be permissible under the contemplated programs. Commodities of all kinds, transportation, storage, repairs, all kinds of service, the expenses of persons hired as technicians in the economies concerned—such were the things which the United States was to make available to impoverished Europe. No restriction as to source was to be provided other than a directive, explicit in all but the President's bill in its original form, to avoid a drain on United States resources. (This provision is particularly emphatic with respect to the procurement of petroleum.)

Flexibility in purchasing is provided. In the administration bill the participating countries, private importers in the participating countries, agencies of this Government, international agencies, and private investors may do the purchasing with funds and credits to be made available.

Withdrawals from the funds available for the administration of the program may be made by advances or reimbursements to the recipient countries, by reimbursements to United States Government agencies, or reimbursements or advances to international agencies, and by making guaranties to private investors spending money on projects approved as conducing to the purposes of the bill up to the amount of money they put up—these guaranties being limited only to con-

vertibility into dollars of what they earn and not extended to business risk.

In the bill as approved by the Senate and as now recommended by this committee, the Administrator is granted great flexibility in making arrangements whereby private channels of trade may be used to the maximum extent in this program. Withdrawals of funds on letters of commitment and upon presentation of contracts, invoices, and other validated business documentation is permitted. This committee has added language directing attention to the maximum use of private trade channels subject to safeguards for the purposes of the program.

Flexibility in accounting, contracting, and like aspects is provided. This is essential to the working of the program in a businesslike fashion. It is obvious that statutory requirements that usually would apply prohibiting advance payments out of public funds for purchases, requiring advertising on bids for purchases, requiring the opportunity for bidders to be present at the opening of contracts, restricting purchases to United States-produced goods, limiting employment on Government contracts to an 8-hour day, and the like—have no place in a program that must work in a variety of conditions and countries.

Accordingly, an escape from provisions that would hamper the program and serve no public interest—subject to Presidential discretion—is included. It is believed that this will give the Economic Cooperation Administration flexibility equivalent to that obtainable under a corporate form. In addition, the Administrator is authorized to set up a corporate instrumentality if such is found necessary. Settlement of accounts for procurement abroad on documents as prescribed by the Administrator is provided.

A novel provision in the bill related to the encouragement of private efforts to relieve suffering in Europe. As originated in the Senate, this provision authorizes the Administrator to defray ocean freight charges of relief supplies forwarded by voluntary agencies and of relief packages sent by private individuals. The subsidy is confined to ocean freight charges in the Senate bill. The committee has added domestic port charges. It applies only to packages and supplies destined for countries on a grant basis in the program in the Senate bill. The committee has extended it to western Germany and Trieste. The committee has also written in a provision for registration with and approval by the Advisory Committee on Voluntary Foreign Aid of the Department of State insofar as voluntary agencies are concerned. A further encouragement to voluntary foreign aid is provided in a permissive power for the Administrator to make agreements with participating countries for using for local transportation costs the local currency deposits provided for in the grant provisions of the title.

C. ECONOMIC IMPACT OF THE FOREIGN-AID PROGRAM ON THE UNITED STATES ECONOMY

The economic impact of the foreign-aid program upon the United States economy as a whole, as opposed to its effect upon individual commodities and industries, needs to be considered from both the short-term and the long term point of view. The short-term view is concerned primarily with the effects of the advance of substantial amounts of goods and funds at a time when the Nation is in the infla-

tionary phase of the economic cycle. The longer-term view is concerned with some of the implications of the aid program on the international economic position of the United States, particularly with regard to commercial policy.

Generally speaking, the outstanding characteristic of an inflationary situation is an excessive demand for goods, expressed in terms of effective money demand, relative to the supplies of goods available. Such a situation can be brought about by either expansion of credit and increases in the supply of money or by decreases in the supplies of goods, or both.

Most countries today find themselves in an inflationary spiral. In war-devastated areas, notably Europe, acute deficiencies in the output of food, coal, steel, clothing, and other articles for immediate consumption are still widespread. Although physical production in certain countries is already close to, or even above, the prewar rate the tremendous vacuum of goods has not yet been filled. The shortages, furthermore, are frequently in the very lines that are needed most to increase production, such as coal and steel. The pent-up demand for consumer goods throughout the war period when a large proportion of productive effort was applied to war goods is now making itself felt.

Not only are goods scarce but the supply of money is large. During the war years countries financed themselves by the traditional borrowing methods that resulted in substantial increases in their monetary supplies and bases for credit expansion. The phenomenon is applicable, but is not confined to, the United States; it is world-wide.

No development could contribute more to alleviate world-wide inflationary pressures than the achievement of the objectives of the foreign-aid program. It is the purpose of the program to provide such temporary help as may be needed to restore the economic production of war-devastated countries, particularly of the countries of western Europe. If it is successful, it will relieve immediately those aspects of the inflationary problem which reflect inadequate production. Greatly increased production of food, coal, and steel in Europe, once the world's workshop, would go far to remove the most acute shortages that are pushing up prices throughout the world.

Although the causes of inflation in the United States are mainly internal, deliveries of goods abroad under the foreign-aid program inevitably will add somewhat to existing domestic inflationary pressures. Until its economy is again self-supporting, the survival of western Europe on an independent basis will require large net imports of foodstuffs, raw materials, and manufactured goods. The need for these deliveries falls on this country at a time when it is going through a period of strong internal inflationary pressures. In these circumstances any foreign demand for our products in excess of our imports is necessarily inflationary in its immediate impact. Net merchandise exports grew to approximately \$9,000,000,000 in 1947, and this has been a factor that has accentuated domestic inflationary forces.

In the aggregate our gross national product in 1947 was \$232,000,000,000 and our net merchandise exports to all countries of approximately \$9,000,000,000 constituted 4 percent of the gross product.

When the problem is considered from this point of view, that is, in its aggregate impact, it is apparent that the over-all amounts involved in the foreign-aid program in and of themselves do not impinge criti-

cally on our ability to supply, especially as compared with total exports in 1947. Any net export of goods is, of course, a subtraction from the amount that might otherwise be available, and to this extent diminishes the amount of goods in the home market. The extent of this subtraction, as an aggregate, however, is not of sufficient size to indicate a critical situation, particularly when it is remembered that our total net exports in 1948, with a foreign-aid program, will not vary greatly from the amounts exported in 1947, and that in 1947 the volume of goods remaining available for consumption within the United States after exports exceeded all previous levels. From an aggregate point of view, therefore, it is apparent that the prevalence of broad inflationary pressures in the American market is primarily internal in origin.

Optimistic though the picture is, so far as the basic wealth of the Nation is concerned, there is grave danger in failing to look beyond the relationship of aggregates and into some of the details.

Although the export surplus, both recent and likely under a new foreign-aid program, is small in relation to the real income and the basic resources of the country, the impact of exports happens to be greatest in those very fields in which commodity shortages both here and abroad are the most serious; namely, food (principally grains), coal, fertilizer, and iron and steel.

It is precisely because food and coal constitute an important share of the consumer's budget, and because the "cost of living" and the price of coal and steel constitute such an important part of the cost of all manufacturing, that price rises in these commodities are dangerously inflationary. When consumers find their living costs mounting higher and higher, and manufacturers similarly are confronted with rising costs of production, the pressure for higher wages and higher selling prices breaks beyond the resistance point. Unless the familiar wage-price-cost spiral is halted the consequences are likely to be serious.

It is essential, therefore, that the country be aware of the inflationary dangers that we shall face if we allow the demands for goods in tight supply to have unrestrained impact on the limited supplies of those goods. This impact is out of all proportion in its inflationary effects to the dollar volume involved.

It is from this aspect that the foreign-aid program requires meticulous analysis and special precautions to minimize its inflationary implications on the American economy. Those implications do not arise out of the aggregate size of the export surplus, which is clearly within the capacity of the American economy, but out of the export of specific commodities in critically short supply from an economy in which a considerable part of the inflationary potential created by the war is still present.

These specific inflationary impacts of the foreign-aid program can be mitigated or neutralized to a considerable extent by administrative programing procedures such as were developed during the war. It would be the purpose of such measures to maximize available supplies, to insure that the supplies produced were made available in fact for the most essential uses, and that other uses were deferred if acceptable substitutes were not available.

Although our war experience will be of great aid in devising and executing such programs for specific commodities, the general eco-

conomic problem which is posed to this country is not at all analogous to that presented by the war. Then, because the war was a total war, the estimated needs of the fighting services superimposed on essential domestic needs tended to exceed the capacity of the economy to produce. Given this basic problem, administrative measures such as the above could not be restricted to a few commodities in critically short supply. All resources were potentially short and war controls inevitably spread over an ever-widening area as the war progressed. The effect of such controls, furthermore, as it was related to prices was confined in the main to minimizing the actual current price inflation. Inflationary potential in the form of the gradual accumulation of excessive liquid assets continued to mount. In fact, the success of those controls depended in no small measure on the fact that the public was willing to accumulate excessive liquid assets. Current inflation was held in check in considerable part by accumulating an inflationary potential that was bound to present future problems.

The current economic problem, however, is different. The American economy has given ample demonstration during the past year that it has the capacity in the aggregate to provide simultaneously (1) for a very high level of internal civilian consumption, (2) for a very high rate of internal investment and, consequently, for an even higher level of future potential consumption, and (3) for the essential exports required abroad for rehabilitation and reconstruction. Under these circumstances, there is no reason to expect that the adoption of administrative measures to program the use of particular commodities in critically short supply would create a situation which would require spreading such controls over wide sectors of the economy.

The inflationary impacts of critical shortages can be minimized by measures designed to program their use without thereby further accentuating the inflationary potential. Such measures need not be extended over wide areas of the economy; in fact, if they were to be broadly extended, their success would be likely to be purchased at the expense of a further increase in the inflationary spending potential.

In markets as active as those in the United States at the present time, any outlay of funds for foreign aid will add to the existing excess of internal buying power unless it is offset by a withdrawal of potentially active funds in equivalent volume. Purchases by foreign governments out of their own financial resources, as, for example, through the delivery of gold to this country or through checks drawn upon hitherto idle deposit balances, will also have inflationary effects.

If the expenditures are covered by additional taxation or by a decision to forego an equivalent tax reduction, the inflationary effect of the expenditures is offset by the deflationary effect of the equivalent tax receipts. Unless they are offset by taxation, however, dollars spent by the Treasury to acquire commodities remain in the hands of the public while the commodities go out. There are thus fewer goods left in the internal market to satisfy the demands of an undiminished supply of dollars. If purchases of commodities are made outside of the country, dollars are made available to foreigners which they are only too anxious to use to purchase in our markets under present conditions of dollar scarcity. Unless these funds are raised by taxation, or out of genuine savings, the inflationary impact on the domestic economy remains.

The inflationary impact of the present bill is lessened by the fact that the bulk of the aid will be in the form of grants and the money with which the commodities are purchased from producers in the United States will come out of regular Government revenues. It will tend to be deflationary from the point of view of the recipient country to the extent that local currency is given up in exchange for commodity imports that enter into the country's economy, thereby increasing, at least temporarily, the ratio of goods to money since the imports require no offsetting exports.

Regardless of the short-run effects of the foreign-aid program on the United States economy, there are certain longer-run implications of great consequence. The permanent economic recovery of western Europe will depend, in no small measure, upon her obtaining and holding foreign markets for her merchandise. Europe traditionally has been the workshop of the Old World, but to be a workshop she needs markets for her wares in order to be able to pay for her imported raw materials, including food.

There is, in final analysis, only one way that western Europe can acquire dollars, and that is from the United States. This does not mean that the United States must provide the dollars direct to Europe, but simply that via multiangular trade the United States must export dollars to some foreign countries. Before the war, the accustomed pattern was for the United States to send more goods to Europe than it bought from Europe and for Europe to send more goods to Latin America and other raw-material-producing countries than it bought from them, and for these countries in turn to send more to the United States than they purchased from it. Thus, the debits and credits were offset in a triangular, or multilateral, trade pattern.

The only ways, in the long run, that the United States can provide dollars is either by buying foreign-produced goods with them or by giving them away. To the extent that we choose to continue to give the dollars away, there will of course be no exchange problem. To the extent that we lend the dollars, we shall build up claims against the rest of the world which, it is to be expected, will someday be repaid. The only way that these debts can be repaid, however, is in terms of goods. For a considerable time, it is true that ultimate settlement can be postponed by the continuance of foreign lending operations in sufficient volume to offset the interest and other servicing charges on existing indebtedness.

A real danger confronting this country is that, particularly in the event of an economic recession, the pressures toward increasing our barriers against foreign-produced merchandise will be too great to resist and that our debtors will find themselves in the position in which our post-World War I debtors found themselves. The difficulty then was more our unwillingness to accept payment in goods than their ability to pay.

The position of the United States in the world today is vastly different from what it was prior to the First World War. Changes then ushered in were not recognized to exist, while we continued to pursue the traditional export philosophy of a debtor nation. Two world wars have changed this picture. The United States now is due to become the largest creditor nation in the world's history. The implications have not yet become clear to all, and therein lies a

great danger to the foreign recovery program. For a creditor nation must import more than it exports, eventually and in the long run, or it will cease to be a creditor nation.

D. THE USE OF PLENTIFUL COMMODITIES AND PRIVATE SERVICES

The program is supposed to involve the procurement of large quantities of supplies of many kinds and is supposed, at the same time, to avoid undue impact upon the normal economy of the United States. This in itself means that there is a vast range of possible calculation as to how to get the best value for the program from the money spent and, at the same time, how to avoid causing shortages and too severe price reactions in the United States.

Such calculations may be performed by almost every interested party. This was reflected in the large number of suggestions submitted to the committee. Some of these called the attention of the committee to the presence of excessive stocks of some commodities that might well be unloaded through this program, with advantage to all concerned, though in some cases price factors might be such as to require a subsidy through some mechanism or other. Other suggestions, in the view of the committee, were based upon an effort to preserve the expanded position of some industry or business resulting from the war. Whereas the principle of minimizing the impact of the program upon the domestic economy was expressed by the Congress in connection with the Foreign Aid Act of 1947, and has been fully accepted by this committee, it has seemed in some cases that the purpose of a proposal was rather to maximize the impact of the program in order to preserve an economically oversized business from the impact of peace.

The most meritorious of the suggestions in this general field seemed to be the one for disposal of surplus commodities now in the hands of the Government, at prices based on their value as substitutes for ordinarily cheaper foods. The Secretary of Agriculture is specifically charged with functions in relation to this aspect of the program by section 112, subsection (d), (e), and (f). It is not, of course, to be desired that this arrangement should become permanent, with the Government engaged in the purchase of dried fruits or other such foods at high prices, and selling them at prices competitive with wheat and potatoes on a calorie basis. But it would certainly be wasteful if such food supplies already exist, and no better opportunity for sale is in sight, not to arrange for hungry people to eat them up. If such provisions have any tendency to delay necessary postwar economic adjustments in the United States, or to maintain a boom-or-bust philosophy in certain groups, that will remain a concern, and not only of this committee. Provisions in this connection are included in section 112.

Some proposals were rejected by this committee mainly on the argument that they would involve the program in serious impediments due to red tape. Suggestions for using private services "wherever possible" would make for enormous difficulty in the handling of accounts, since proof might be required of fulfillment by the General Accounting Office. Also, in the view of the committee, they would actually have very little effect on the amount of business handled through customary private channels, since this will be governed by practical consideration.

On the other hand, the use of private trade channels "to the maximum extent consistent with the accomplishment of this title" does not provide any such difficulty and serves to indicate intent and as a beneficial stimulus to performance.

E. SHIPS AS A FORM OF AID

Shipping presents a special problem as a form of aid. In the bill originally proposed transfer of merchant ships certified as surplus by the Maritime Commission was to be permitted on Presidential order. In addition, chartering of merchant ships to participating countries, to permit them to sail under foreign flags and thus avoid the higher costs of operation under American standards and the necessity of payment of the crew in dollars, was to be authorized.

The bill as reported to the Senate struck out the provision for transfer and limited chartering to 300 ships in number, dry-cargo ships in type, and June 30, 1952, in term. It was to be required that the ships chartered be not in operation at the time of chartering.

This charter provision was eliminated in the Senate and in lieu thereof was substituted a provision specifying that 50 percent of cargoes originating in the United States and related to the program should be carried in American ships if such should be available at market rates.

A special subcommittee of the Committee on Foreign Affairs was set up during the bill marking stage to look into the problem and to arrive at the crux in the conflict of viewpoints presented in testimony given before the committee.

On the point of national security, the committee was assured by the statement of Secretary of Defense Forrestal that even the original provision for transfer and charter was no threat to American defense interests. On the point of costs, it was clear that the denial of the charter provision and the requirement that half of the gross tonnage be carried in American ships would add to the costs of the operation in requiring payment in dollars, and in tending to drive shipping rates upward. The additional cost, it is apparent, would be considerable. Whether existing rates would hold in the face of the restrictions in the Senate bill was argued at length before the committee. No one denied that the additional cost would be great. Conservative estimates placed the cost of the program at \$100,000,000 for the first year.

To the committee it would be an expensive paradox to divert funds from European recovery to the purpose of maintaining United States maritime operations at a level which all concede is inflated far above the predicted permanent postwar operations. The aim of the program is to restore Europe, not to save American interests from the impact of peace.

Accordingly, the committee struck out the 50 percent requirement and substituted in its place the phrase "a substantial portion." The 50-percent requirement is one that originated in connection with the carrying of cargoes floated by loans incident to American recovery. It is incongruous in a program in which America must sacrifice for the recovery of others. The committee wrote back into the bill the provision for chartering, cutting the number of dry-cargo ships affected to 200, and doubly insuring protection of security interests by specifying the instant revocability of the charters in the interest of national defense.

F. FINANCIAL CONSIDERATIONS OF THE BILL

Loans and guaranties

The hearings showed that 20 to 40 percent of the funds were to be made available as loans and the Senate bill provided that not more than 5 percent should be used for guaranties. The committee determined that at least \$1,000,000,000 of the total 5.3 billion dollars should be available solely for loans and guaranties, and the bill so provides. One billion dollars is available for loans or guaranties, including not to exceed \$500,000,000 for guaranties, as provided in section 111 (b) (3). These guaranties are to facilitate the use, insofar as possible, of private enterprise by insuring the convertibility of local currency receipts from projects approved by the Administrator. Whatever remains in this fund of \$1,000,000,000, after the Administrator has set aside such funds as he desires to earmark against guaranties, would be available for loans through the agency of the Export-Import Bank, to be financed as public-debt transaction.

Division between loans and grants

The remaining 4.3 billion dollars which may be appropriated may be used either for grants or loans as the Administrator deems necessary, acting in consultation with the National Advisory Council on International Monetary and Financial Problems. The determination, therefore, of what shall be a grant and what shall be a loan has been made partly by the setting aside of a maximum amount as an authorization beyond which no grants can be made, but with the assumption that some loans may be authorized within this amount. The determination of the conditions under which loans may be properly made rests, therefore, with the Administrator in consultation with the National Advisory Council, notwithstanding the provisions of the Export-Import Bank Act of 1945. It is provided, however, that these loans will be such as to have a reasonable assurance of repayment which is the same standard currently applicable to Export-Import Bank loans.

It is provided that the Administrator in making loans shall utilize first the funds made available by the \$1,000,000,000 public-debt transaction, before utilizing for loan purposes any funds appropriated under this act.

In conformance with the statutory provisions governing the division of funds as between loans and grants, as above stated, the Administrator may make grants to the participating countries for approved types of assistance. He may require currencies of the participating countries in amounts commensurate to the aid received in this form to be placed in special joint accounts hereafter described, or he may secure, by the language of section 111 (c) (1), section 117 (a), and section 115 (b) (5) and in conformity with section 115 (h) (9) of the provisions of repayment, strategic materials for stock-piling purposes in the United States.

In essence, the aid which is extended for local currencies becomes a grant to the recipient nation, since the disposition of the currencies concerned is made a matter of joint agreement.

G. LOCAL CURRENCY DEPOSITS

The committee strongly believes that local currency funds, wisely administered, can become a major force toward (a) reconstruction, expansion, and modernization of industrial capacity; (b) stabilization of internal financial and monetary conditions, and (c) development and expansion of raw material productive capacity. The funds also shall be available to meet the local administrative expenses of this program. It appears probable that a large part of most of the funds accruing during the first year will be temporarily frozen in order to reduce inflationary pressures; in Greece, however, the local funds must be used for immediately current expenditures due to the disruption resulting from the civil war. This is an example of the varying conditions which must be considered by the Administrator in the various countries.

The committee has examined the possibility of vesting legal title to these funds and detailed control of their use, solely with the United States, but has rejected this concept on the grounds that it would place the United States in the position of primary responsibility for the financial stability of these countries. Such a position would be inconsistent with the objective of strengthening the cooperation and mutual self-help among the participating nations. The committee has, therefore, provided for the establishment of a special account by each country, subject to joint control of its disposition by the recipient country and the United States.

The agreements between the Administrator and the recipient countries on the use of these funds may be as broad or as detailed as necessary in order to provide effective supervision of expenditures. The approval of representatives of both the recipient country and of the Administrator might be required for withdrawals from the fund. Funds so deposited are restricted to uses within the recipient country (including its dependencies).

In order that the use of these funds not be confined solely to the governments of recipient nations and thereby further the trend of nationalization, they should also be available to private industries to facilitate productive enterprise.

This assistance to private firms may take any form mutually agreed upon, including loans or guaranties of loans where applicable. There is no reason why these funds should not be equally available to American as well as to domestic firms.

The bill provides that any unencumbered balances which may remain in any of these funds on July 30, 1952, shall be disposed of within the recipient countries in accordance with agreements between their governments and the Government of the United States and must be approved by the Congress of the United States.

The committee considered the possibility of creating from these funds a foundation fund to encourage creation of a permanent union in western Europe. It was pointed out that this purpose could be implemented by the Administrator if timely opportunity developed under the bill as drafted.

The committee therefore decided not to attempt to write such a requirement into the bill.

H. STOCK-PILING PROVISIONS

One of the points to be covered in the bilateral agreements to be undertaken as a condition for participation in the benefits of this recovery program is stated as "facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling purposes" and under terms and conditions to be agreed upon, of materials that are required by the United States because of deficiencies or potential deficiencies in its own resources (sec. 115 (b) 5). The phrase "otherwise" would indicate the possibility of acquisition as repayment to the United States but this is strengthened by the insertion of paragraph 9 in the same subsection, which makes mandatory upon the participating countries the recognition of the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, through providing a schedule of availabilities for United States purchase of strategic materials at world market prices, in order to secure an equitable share of such materials for United States industry.

Further, the act protects, through an agreement to negotiate, the rights of access by United States enterprise for the development of the materials on terms of national treatment in the territories of the countries concerned, and still further provision for the negotiation of repayment through an agreed percentage of increased production of such materials where practicable (par. 10). Section 111 (c) also deals with stock-piling materials as one of the provisions governing the terms of repayment which the Administrator is authorized to accept for aid. Section 117 (a) provides for funds to be made available by the Administrator to secure by agreement and wherever practical an increase in the production in the participating countries of materials which are needed by the United States because of domestic deficiencies, actual or potential.

Insofar as is legislatively possible, therefore, the bill may be said to encourage stock piling through development, purchase, or repayment through strategic materials—those deficient in the United States.

I. PRIVATE ENTERPRISE AND INVESTMENT

The magnitude of recovery abroad necessitates the use of public credit. However, one of the principal aims of the European recovery program is the reestablishment of private investment in productive enterprise. Since the war, chaotic economic conditions throughout Europe and Asia have prevented this, however, it is anticipated that as recovery gathers impetus important enterprise will once more become the primary force behind the progressive development and expansion of trade abroad.

Until such time as overseas capital is restored sufficiently to assist in financing such trade the principal sources of private investment must be in America. There is evidence of a desire on the part of business to expand abroad. This is limited, however, by the inability to transfer foreign currency into dollars. To meet this difficulty, at least in part, and encourage new investment section 11 of the Senate bill authorized the Administrator to guarantee new loans and investments up to 5 percent of the funds appropriated or \$265,000,000. The House bill in section 11 increases the permissive total to \$500,-

000,000, but levies a charge of not to exceed 1 percent per annum. By almost doubling the amount available for guaranties, the committee hopes that private enterprise may be encouraged still further. On the other hand, the committee believes that by charging a small fee it will limit the use of the guaranty feature to those who most need it. The guaranties need not be used nor any definite figure set aside by the Administrator to cover them. They constitute only a contingent public liability.

The guaranty as in the case of the Senate bill relates to convertibility only and does not apply to normal business risks. Both bills require that any project must further the recovery program and be approved by the Administrator and the participating country.

In section 11 (b) (3) the committee includes a provision of importance in connection with the activities of the United States Information Service which did not appear in the Senate bill. This permits the Administrator to guarantee the convertibility into dollars of funds employed by private United States enterprise in Europe for the dissemination of information about the United States, by means of mass media up to the total of \$15,000,000 during the first year of the recovery program. Any local currency received in exchange for dollar credits is the property of the United States Government. The committee hopes that this will serve to promote through private channels that have been prevented from operating heretofore, a true understanding of American institutions and policy among the nations. Nothing could be more useful in supplementing the activities of our information program overseas.

In deleting the so-called Taft amendment (section 11 (b) (4)) (i and ii) of the Senate bill, the committee felt that it did not carry out the purpose for which it was adopted, namely, to induce the fullest possible participation of the Western Hemisphere countries, other than the United States, in ERP. Furthermore, it was felt that the experiment might be expensive.

The principal points against the amendment are as follows:

(a) There is a limit to the "soft" currencies that can be accepted by the Western Hemisphere countries in financing trade with the participant countries. The figure cannot now be set forth accurately but the administration estimates this to be \$700,000,000. Whatever this exact figure proves to be, no guaranty can very well increase it over and above the saturation point.

(b) The proposed guaranty of 70 percent would influence the sellers in the Western Hemisphere to withhold the normal credit extensions in favor of the 70 percent guaranteed credits.

(c) This procedure might be costly to the United States since it is not a guaranty as to exchange but an actual guaranty as to risk without ascertainable benefit to the program. Should there be default or a failure to repay a sufficient sum to cover the 70-percent guaranty the United States would be required to make up the loss.

In China the present bill has authorized the expenditure by the Administrator of from 5 to 10 percent of the \$420,000,000 earmarked for economic aid to further the advancement of rural reconstruction under a mixed commission. In so doing, the committee feels a project of basic importance for long-term recovery will be undertaken which

in time should encourage private investment and trade development with a corresponding betterment in the present low standard of living.

The committee is of the opinion that business enterprise and technical ability is of the utmost importance in furthering the ERP. Accordingly, it agrees with the provision set forth in the Senate bill authorizing the Administrator to employ consultants and organizations of consultants to help him.

J. DURATION AND LIQUIDATION

What is the duration of this undertaking? A program lasting through June 30, 1952, is envisaged. This does not represent a commitment. This Congress does not attempt to bind future Congresses. The program represents rather an objective whose realization will be contingent upon the practical results achieved by the participating nations. The right of the Congress is stipulated to terminate the program on its independent judgment as stated in a concurrent resolution.

While the committee heard many arguments that the intention behind the undertaking should be stated as only for a 1- or 2-year program, the committee believes that a 4-year goal is necessary to bring about the necessary type and scope of planning and performance.

The bill as originally proposed would allow 3 years beyond June 30, 1952, during which goods procured under the assistance agreements might continue to be shipped. The Senate cut this period to 12 months—a sound step in the direction of avoiding unnecessary protraction. The same limit is placed upon the expiration of the power to allocate funds and upon the life of the central agency, in contrast to 5 years provided in the bill as originally offered by the President. No terminal date for liquidation is specified. It is obvious that liquidation will require a considerable period. The convertibility guaranty provision, for example, will place an obligation upon the United States for some 14 years. The bill as proposed by the President, passed by the Senate, and now recommended to the House, leaves the President to determine the liquidating agency or agencies. This appeared to the committee as preferable to an attempt by the Congress to specify what agency should handle liquidation so far in advance of information as to what the precise requirements may be.

K. RELATION TO INTERNATIONAL ORGANIZATIONS

The bill as originally proposed is ambiguous in regard to relations between the Economic Cooperation Administration and the activities of the many international organizations under the general aegis of the United Nations in fields related to its objectives. It states the authority to establish such relationships as residing both in the Administrator and in the President, with the latter alone authorized to convey funds in connection therewith. The bill as passed by the Senate and now reported confines the authority to the President, as it properly should be. The committee has added a stipulation that in the employment of international organizations in furtherance of the purposes of this act there shall be no conveyance of authority to determine the types and amounts of assistance. This appears advisable in order to preclude the possibility of an UNRRA-type of operation.

In the committee's judgment, the safeguard is adequate. It would be impossible to name in advance the organizations whose personnel and resources might at some stage be brought into the operations contemplated, and it appears highly advisable to leave the door open for the Administrator to draw upon the talents and facilities available among international organizations.

Cooperative endeavors with such organizations as the Coal Committee of the Economic Commission for Europe, the Food and Agriculture Organization, the International Labor Office, the International Bank for Reconstruction and Development, and, if and when it comes into existence, the International Trade Organization, may be anticipated.

Because of the factor of unpredictability, it appeared to the committee unwise to attempt to restrict the amounts of money which might be involved in such endeavors.

The bill provides properly for full reporting of activities to, and registration of agreements with, the United Nations.

A second aspect of relation to international organizations occurs with respect to organizations set up specifically for cooperation in Europe. Participation in the CEEC is made a contingency for assistance. Agreements with groups of participating countries as well as singly are permitted. A Special Representative will represent the United States in dealings with any European organization set up to carry out the program. He will represent the United States on the Economic Commission for Europe (an instrumentality of the United Nations). The participating nations collectively are encouraged to assist the Administrator in seeing that the resources of the program are devoted to its objectives.

L. ASSURING PROPER USE OF AID

Several different provisions of the bill are designed to make sure that the aid given is put to good use by the recipient countries. First, there are detailed requirements for the bilateral agreements to be made by the United States and each participating country. These are embodied in section 115, and require each country to promote industrial and agricultural production, to take measures to stabilize currency to cooperate with other participants toward increasing trade, and to make efficient use of its own resources. There is also the provision for setting up a special deposit in local currency, in amounts commensurate with any aid furnished on a grant basis. This is more fully discussed elsewhere in this report, but must be mentioned as a means of greatly increasing the effect that may be gained by grants, since they will be matched by local funds that will be used in some measure and in various ways to promote recovery.

In addition to the terms that must be embodied in bilateral agreements there are statements of policy embodied in section 102, and connected with the provision for termination of aid in section 118. This puts it within the power of the Administrator to relate the quantity of aid given, and the continuance of aid, to the performance by the recipient of its obligations. He is also directed to refuse delivery to participating countries of commodities or products which go into the production of commodities or products for delivery to any country which has announced its intention to attempt to prevent the success

of ERP which commodities or products would be refused export licenses to those countries by the United States.

Administrative provisions for follow-up on the use of aid are provided in the terms of section 108 setting up a United States Special Representative in Europe and special missions abroad under the Economic Cooperation Administration.

Finally there are the provisions of section 123 concerning reports to the Congress, both current and at stated times. Given the character of the program, as one extending presumably over a number of years, and requiring not only renewed appropriations but also renewed authorization annually, there will be an annual check of which all concerned with, remain conscious, and especially the recipients themselves. Over the long course this may prove to be the most effective of all checks embodied in the program to assure proper and efficient utilization of aid.

M. CONGRESSIONAL CHECKING

The provision in section 23 of the bill as passed by the Senate for the so-called watch-dog committee has now been stricken. The Legislative Reorganization Act of 1946 was specific in avoiding the dangers of creating overlapping jurisdictions and increasing the lack of responsibility for legislative authorization and scrutiny by eliminating special committees of this character. The Committee on Foreign Affairs has been duly vested with and throughout its history has operated in the area of economic foreign policy. The primary responsibility under the Constitution for the initiation of economic measures involving revenues and expenditures rests with the House of Representatives. The function of the Senate Foreign Relations Committee is more primarily that of considering treaties and matters of high policy. It may naturally not be concerned at the creation of a committee which through its scrutiny of economic aspects of foreign policy has devolved by tradition and by constitutional usage, in considerable measure, on the House, and through the House Committee on Foreign Affairs. This committee is therefore the proper agency for performing for the House of Representatives the functions vested by the Senate bill in the Joint Congressional Committee on Foreign Economic Cooperation. The authorizing committees of Congress have the duty to review the performance under their authorizations.

Long experience with joint committees of the character of the one proposed by the Senate has proved and continues to prove that they are more attractive in theory than in practice. They do not command the responsibility which goes with the legislative duties and undivided responsibility of a standing committee.

N. THE CENTRAL AGENCY

It is essential to the success of the program that it be allowed to get under way without delay. No less essential is the necessity of getting precisely the right man to head it. This involves a possible conflict. The necessary care in selecting the Administrator may result in a slight postponement of the establishment of the central agency of administration. Accordingly, the President is authorized to select any agency of the Government to take the initial steps,

pending the qualification of the Administrator or his Deputy. The interval for such administration is limited to 30 days and may be extended if the President has nominated an Administrator or a Deputy Administrator and if neither has qualified. This limitation, aimed to produce rapid action in establishing the permanent agency, was added by the Senate. The committee decided to concur in this general provision after weighing several possible alternatives. The Herter bill has no provision for interim administration.

The permanent agency proposed in the administration bill, accepted in the Senate bill, and now recommended by this committee, is an administratively independent establishment of the executive branch, noncorporate in form. It will be known as the Economic Cooperation Administration.

The principal alternative is that proposed in the Herter bill—a corporate agency to be known as the Emergency Reconstruction Authority.

No question was given more searching examination by this committee, in the deliberations upon the bill, than the question of corporate as against noncorporate administration. The committee heard arguments of singular persuasiveness on both sides of this issue.

For the corporation, there were the arguments that it would tend to insure businesslike administration, that the Administrator's judgment would be tempered by a board of directors, that freedom from the usual restrictions upon accounting and contracting by Federal agencies would be eliminated.

For the noncorporate form there were the arguments that it would insure the direct responsibility of its chief to the President, that it could work in closer liaison with the regular departments of the Federal Government which are of similar form, and that freedom from the hampering restrictions upon practices of Federal agencies could be eliminated by specific exemptions in the act.

The committee was most strongly impressed by the argument of direct responsibility to the Chief Executive in an operation involving, as this program will, considerations of the utmost delicacy in the execution of major policies of this country, both domestic and foreign. Mindful, however, of the advantages claimed for the corporate form, the committee decided to permit the chartering of a corporation for business operations in this program when such might be found by the Administrator to be conducive to the success of the program. It so recommends to the House.

O. THE ADMINISTRATOR

The Administrator's qualities and abilities will largely determine the success of the undertaking here envisaged. He must combine tact, force, and experience. He will be called upon to perform a public duty the critical character of which has seldom if ever been surpassed in the history of the Nation.

The Administrator and his Deputy will be nominated by the President, subject to senatorial confirmation. The Administrator will have Cabinet rank.

The committee heard many interesting suggestions brought forth in testimony, including administration by a Cabinet secretariat, a board of four with a requirement for the concurrence of three in any

action taken, a committee of Presidential appointees who must be businessmen, and a split administration with one head for programming and another for supply and distribution. The committee concluded that a single chief was preferable to such alternatives.

To whom will the Administrator be responsible? The bill as proposed by the President states his subordination to the Secretary of State on all matters affecting the conduct of foreign policy—a broad field for intervention since virtually everything in the program will affect foreign policy. The bill passed by the Senate states his direct responsibility to the President. The committee decided to concur in this provision. It carefully weighed but put aside the proposal in the Herter bill making the chief of the program responsible in part to a corporate board of directors and in part to the President.

P. ADVISORY PROVISIONS

Who will advise the Administrator? This is a question of considerable importance. It will be necessary to give him access to the wisest and most prudent counsel.

The bill as originated by the President proposes that regular advice on international financial matters be supplied through contact between the Administrator and the National Advisory Council on International Monetary and Financial Problems established under the Bretton Woods Agreements Act. The bill as passed by the Senate includes not only this provision but also a provision making the Administrator a member of the National Advisory Council. The Senate bill also provides for an advisory board of up to 12 members, to be nominated by the President and confirmed by the Senate, to sit with the Administrator presiding as chairman. This advisory board will be required to meet at least once a month or on call of the Administrator, and any three members of the board will be empowered to precipitate a meeting.

To insure against a monopoly of the board membership by any party, no more than a majority of two from any one party is permitted.

As recommended to the House by this committee, it is specified that the board be drawn from leaders in business, labor, agriculture, and the professions.

Besides the Public Advisory Board, the Administrator is authorized to summon special advisory boards to sit with him as special problems arise requiring him to counsel with leaders of particular groups of the public.

The committee weighed carefully the merits of the Foreign Aid Council proposed as an advisory body in the Herter bill. This was strongly supported in the hearings. This Council would draw together the Secretary of State, the Secretary of the Treasury, the Secretary of National Defense, the Secretary of Agriculture, the Secretary of Commerce, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and seven members of the Board of Directors who sit with the chief of the program in corporate affairs.

The committee came finally to the view that the best mechanism for advice was one which would separate the public sources and the official sources of advice rather than merging them.

Q. POWERS AND RESPONSIBILITY

The Administrator's general powers are specified in the Senate version of the bill and the version now reported, in contradistinction to the bill in its original form. They include the power to review and appraise requirements of participating countries, formulate the programs of assistance, approve specific projects submitted by the participants, provide for efficient execution of the program. He is also to determine upon withdrawal of aid from any participating country failing to meet its obligations or misapplying assistance, or in event of a change in conditions affecting the national interest of the United States. His specific powers are stated through the bill. In all his functions he will be primarily responsible to the President.

The President will play a special role in nominating the Administrator and his Deputy, the special representative in Europe, and the Public Advisory Board. He will determine both the agency to perform interim administration pending the establishment of the permanent agency and the agency to succeed the Economic Cooperation Administration upon its expiration. He will control the funds. He will exercise the determining authority in prescribing release from the usual restrictions upon contracting and accounting. He will have the final word in the establishment of special arrangements with international organizations, including agencies of the United Nations as well as the United Nations itself, in the execution of the program. Most important of all, he will be the arbiter in policy differences between the Administrator and the Secretary of State on foreign-policy matters and between the Administrator and the official who administers the export controls on questions in the field where their responsibilities obviously merge.

The Secretary of State's role in the program also deserves special attention. As already mentioned, the bill as passed by the Senate and now reported considerably modifies the subordination of the Administrator to the Secretary of State on foreign-policy matters. It provides for continual interchange between them on all matters of mutual concern. It provides a special access to the President, who will settle the issue, on actions contemplated by the Administrator and considered by the Secretary of State as incompatible with other aspects of United States foreign policy.

The question naturally rises whether there is an equivalent opportunity for the Administrator to take issues to the President. In the committee's view the power of the President to issue directives to all agencies regarding cooperation in the program, the specified Cabinet status of the Administrator, the Administrator's direct access to the President, and the President's inherent authority as Chief Executive over his immediate subordinates are sufficient protection to the Administrator. The committee believes that the bill gives assurance of coordination in our foreign policy, insofar as this can be assured on the organizational plane.

Finally, in connection with the President's role, special attention should be called to the obligation placed upon the President to seek the assistance of other Western Hemisphere countries in the program.

R. RELATION TO OTHER AGENCIES

In considering the status and powers of the Administrator, it should be stressed that he will be on a plane equal with that of the heads of the Departments of the executive establishment. A provision is included specifying that the President shall have power to direct other agencies to afford him required assistance in personnel and facilities. The administration bill had left such assistance contingent upon the consent of the head of the other agency concerned. With the change made in the Senate and concurred in by this committee, the Administrator will be assured of the support of other agencies.

The Administrator will have a direct line of connection with the overseas organization established by the Government to carry on the program. He will be authorized to appoint overseas personnel in his own right, as well as to facilitate their appointment through channels of the Foreign Service reserve. He will have a direct authority over the chief of the mission for special European recovery program affairs in each participating country. He will have a direct line of communication with the Special Representative of the program in Europe.

The committee gave close study to the interesting proposal in the Herter bill to leave the methods, organization, and relationships overseas to be determined by the President and, under him, by the managing authority of the program. The committee came to the conclusion that it would be preferable to have the Congress determine the outlines of organization rather than to leave such essential parts of the structure to be worked out within the executive establishment.

Finally, it should be pointed out that the Administrator will be brought into close touch with the participating countries. Though the basic agreements will be made by the Secretary of State consulting the Administrator, the implementing and interpretative agreements under the basic agreements will be in the Administrator's hands. It is he who will authorize and arrange specific assistance and advance credits. He will work out projects for increasing production of critical materials, enter into arrangements for the convertibility guaranties, determine in joint agreements the use of local currency funds, take steps to encourage resettlement of displaced persons, stimulate steps toward joint organization among the participating nations, and finally determine (subject, of course, to Presidential concurrence in the event of disagreement with the Secretary of State) when aid must be terminated because of failure to comply with the terms of the program or for other reasons.

S. THE LOCATION OF EXPORT CONTROLS

The location of export-control authority was presented to the committee as of crucial importance in relation to the questions of central authority in this program. The Herter bill contemplates the locating of export-control authority in the Administrator, along with the attendant power to make domestic allocations of critically short items. The committee heard many presentations of the argument that such an arrangement would be indispensable in affording the Administrator power commensurate with his responsibilities. The committee concluded, however, that the more cogent arguments were on the side

of leaving present arrangements undisturbed. There is in sight no need for domestic requirements to be made claimant against the European recovery program or for exports to all areas of the world to be made subject to the veto of an official whose statutory responsibility is related to our trade with one area.

The theoretic evidence on this point was mixed. In any event, if experience should clarify—as theoretical arguments do not—a need for integrating export controls in the Administrator of the European recovery program, the authority for so establishing them is already at hand in Public Law 395, Eightieth Congress. The committee would be reluctant to force such a change—thereby disrupting existing relations and disestablishing existing agencies—without more compelling evidence of the necessity. In the committee's view a provision, developed in the Senate stage of the bill, for continual interchange between the Administrator and the official, if other than the Administrator, exercising authority over export controls, with specific recourse to the President in event of policy disagreements, gives adequate assurance that export controls will be harmonized with the needs of the European recovery program.

T. THE OVERSEAS ORGANIZATION

Specific attention should be given to the organization overseas.

Its central figure will be the Special Representative of the United States before any organization set up by the participating nations. He will coordinate undertakings abroad involving any groupings of participating nations. It is obvious that such an ambassador will be needed since the scope of the general undertaking and of specific subsidiary undertakings will be wider than the mandate of any chief of a diplomatic mission. The Special Representative will serve this country's interests also before the Economic Commission for Europe. He will be given rank commensurate with the importance of his position—the rank of a chief of mission.

The Special Representative is provided for in the bill in its original form. The Senate has added provisions specifying that he must keep the Secretary of State, all chiefs of United States diplomatic missions and special European recovery missions concerned, and the Administrator informed of his activities. The committee has added that this same line of communication should extend to the committees of the House and of the Senate involved in the foreign policy and financial considerations of the program.

The special missions will carry on the program in each country. This is in accordance with the President's original proposal, but the details have evolved considerably in the legislative history of this bill. The Senate has taken the chief of mission out from under the wing of the chief of the diplomatic mission in each country. As now established, the chief of the recovery mission will rank in precedence immediately below the chief of the diplomatic mission, with whom mutual, constant communication is provided. In event of a difference that cannot be reconciled on their level, the chief of the diplomatic mission will have recourse to Washington for final settlement. The committee considered whether a like recourse should be specified for the chief of the recovery mission. Its decision was that in any case such recourse would be inherent, and that to specify it would tend

toward the establishment of two-headed missions. The committee believes the present formula strikes a proper balance between unity in policy and independence in action.

The committee has altered the language of the bill, however, to correct the inference that a special mission must be established in each participating country. In some instances it may be well to have one mission for two or more nations. Flexibility in the requirement seems preferable to rigidity.

As to the staff personnel of the special missions, the President's proposal provided for their appointment in the Foreign Service Reserve. For some members this might be desirable from the standpoint of prestige and precedence. For others it might be undesirable as involving them in formal considerations having no relationship to their practical work. The Senate wisely altered the proposal to permit direct appointment by the Administrator as well as Foreign Service Reserve status by appointment through the Secretary of State. This option will permit conformity with the choice of the individual and the nature of his job in determining his status.

Employment of aliens as subordinate personnel at clerical levels in the special missions is authorized.

U. RECRUITMENT PROVISIONS

The program will be no better in the last analysis than the abilities of the people who operate it. No portions of the bill are of more critical importance than those relating to personnel.

One most important provision is that providing for the loyalty investigation of those persons who are employed for overseas duty in the program. It is indisputable that these must be of unfaltering fealty to the security of the United States and to the objectives of the program. The bill as it comes from the Senate includes provisions similar to those in the bill as proposed by the President. It would require investigation by the Federal Bureau of Investigation before any employee could be put permanently on the rolls. It would permit temporary employment pending such investigation and following a security check by the Department of State or the Administrator. The Herter bill includes no specific related provision.

In the committee's view the stipulations as adopted by the Senate are not rigid enough. It appears mandatory that investigation by the Federal Bureau of Investigation be made a condition precedent to employment. The program must be protected against the remotest possibility of disloyalty in its staff even for a temporary period. The crux is that it is infinitely easier not to hire a disloyal person than it is to get rid of him once he is hired.

Talent is second in importance only to loyalty. The Herter bill would make it possible to enlist the best talent by freeing the administration in toto from the usual restrictions surrounding Federal employment. The corporate administration would be permitted to hire and pay on its own terms. In the committee's view this freedom of restriction is not necessary to insure the objective. The committee adopted, therefore, the terms of the bill as passed by the Senate.

These set a salary level of \$20,000 per annum for the Administrator—\$5,000 above the salary level of a Cabinet Secretary—and \$17,500 for his Deputy. It will be permissible to pay up to \$15,000

for 10 additional key members of the staff. Fifty others can be paid without regard to salary classification—that is to say, up to \$10,000 a year if necessary. Advisers and consultants will be allowed a \$50 per diem. The Special Representative overseas will be compensated at the level of \$25,000 per year plus generous allowances. Other personnel serving overseas will be given the pay and perquisites of Foreign Service reserve personnel—providing a top level of \$13,500 per year plus allowances.

Exemption from Federal laws barring the employment of persons identified with companies having a claim against the United States or receiving benefits from services rendered the United States is included in the bill as reported. This will permit the unhampered employment of individuals on leave from industry.

VI. ANALYSIS OF TITLE II: THE INTERNATIONAL CHILDREN'S EMERGENCY FUND

Under title II of the act, an authorization has been given for the appropriation of \$60,000,000 for additional United States contributions to the International Children's Emergency Fund. These contributions will be additional to the sums contributed under authority of the joint resolution of May 31, 1947 (Public Law 84, 80th Cong.), which authorized the immediate contribution of \$15,000,000, which has been made, and additional contributions up to \$40,000,000, at the rate of \$57 for every \$43 contributed by other governments.

The International Children's Emergency Fund was created by the General Assembly of the United Nations. It operates as a subsidiary organ of the United Nations under the direction of an executive board and reports to the Economic and Social Council of the United Nations. The United States representative on this board is Miss Katharine Lenroot. The Director of the operations of the fund is Mr. Morris Pate, an American. Contributions to the fund have been made or pledged by 20 countries in the amount of approximately \$29,000,000. Contributions from nongovernment sources, including UNRRA, amount to approximately \$12,000,000. United States contributions to date have consisted only of the first \$15,000,000 authorized in the joint resolution of May 31, 1947, but, as a result of contributions by other countries, amounting to approximately \$13,000,000, another \$2,000,000 is now due from the United States. Continued deterioration in economic conditions abroad have made it impossible for many of the other countries to make further contributions.

It is expected that there will be approximately 14 beneficiary countries, namely, Albania, Austria, Bulgaria, Czechoslovakia, Finland, France, Greece, Hungary, Italy, Poland, Rumania, Yugoslavia, China, and certain other areas of the Far East. The largest allotment has been made to China, while the next largest allotments have been for Italy and Poland.

Under title II of the act, the total United States contributions, including the total amount authorized in title II and the amount authorized in the joint resolution of May 31, 1947, may not exceed 50 percent of the total resources contributed after May 31, 1947, by all governments, but in no event more than \$100,000,000. The additional authorization would make it possible for the fund to care for a total of 5,500,000 during a 12-month period.

VII. ANALYSIS OF TITLE III: MILITARY-TYPE AID TO GREECE, TURKEY, AND CHINA

A. PURPOSE OF THIS TITLE

The sole and expressed purpose of the Government of the United States in this title III is to render such prompt, effective, and efficient military assistance to the countries of Greece and Turkey as will permit these two member nations of the United Nations to effectively implement their own efforts to survive as free and independent entities in the face of armed aggression across international frontiers, which aggression is in the instance of Greece, and as determined by the United Nations, in violation of the provisions of the Charter of the United Nations.

The two countries have been, and continue to be, subject to external pressures by Communist-dominated nations which pressures pose a constant threat to internal security and economic stability. Without immediate and effective assistance such as is provided in the terms of this title, it is believed that neither Greece nor Turkey can long survive the determined and unrelenting attacks upon their independence.

This title recognizes not only the immediate threat to the countries concerned but also the responsibility of the United States for the maintenance of international peace, the desire for which caused us to take a leading role in, and led us to subscribe to, the deliberations and findings which resulted in the formation of the United Nations.

On February 26 the Secretary of State requested the Congress to extend Public Law 75 (80th Cong.) and to authorize the appropriation of an additional \$275,000,000 for assistance to Greece and Turkey. The funds were requested in order to continue military support to the Greek and Turkish Governments in addition to the economic assistance which will be given to those countries under the European recovery program. The need for this additional assistance is occasioned by continued and increasing Communist pressure upon Greece and Turkey which threaten their independence and territorial integrity.

B. THE GREEK PROGRAM TO DATE

Under Public Law 75 there was authorized in May of 1947, a total of \$400,000,000 for military and economic assistance to Greece and Turkey. Of this amount, \$300,000,000 was allocated to Greece. Original plans were that approximately one-half of this total would be utilized for the economic rehabilitation of the country, and the remainder for the equipment and supply of the Greek armed forces in their fight against Communist guerrillas threatening to overthrow the elected constitutional government. In consequence of intensified guerrilla activities, aided by totalitarian countries to the north of Greece, a deteriorating military situation during the past several months has necessitated the diversion of some \$23,000,000 from economic to military purposes, and reconstruction has suffered accordingly. A greater amount could not have been diverted without seriously jeopardizing the economy.

There have, moreover, been other developments adversely affecting the Greek program. Drought last year reduced the anticipated cereals harvest by nearly one-third. Rising prices resulted in fewer

goods being bought with funds available. Largely as a result of continued insecurity, Greek production and exports have not reached the levels expected. The influx of some 450,000 refugees in rural areas has created a serious health and welfare problem, and has imposed a heavy additional burden upon the Greek budget.

Notwithstanding these difficulties, however, there have been substantial successes under the program thus far. Most important is the fact that the Communists have been unable to accomplish their objective of the collapse of the Greek economic and political structure. Beyond this, the Greek Government administration has been improved, many basic economic reforms have been instituted, and reconstruction of transportation and communication facilities has proceeded in those areas where security conditions permitted. With American aid the Greek people have been supplied on an austerity basis, and starvation or semistarvation have been limited to remote areas under guerrilla domination.

The size and strength of the Greek armed forces have been substantially augmented, and they are now better equipped to cope with the guerrilla problem. One hundred national-defense battalions are being formed and armed to perform static defense of villages, in order to relieve the army for offensive warfare. Since December, American military personnel have been engaged in providing strategic and tactical advice to army units down to the divisional level. With these improvements, and with the additional aid requested, the Greek forces are prepared to meet the situation as it exists or can reasonably be foreseen, unless the volume and nature of assistance to the guerrillas is substantially increased.

It is estimated that as of March 31, \$287,181,000 of the Greek program will have been committed, leaving a balance of only \$7,819,000 for commitments after that date. Most of this balance is related to economic programs, and in order to prevent a break in the flow of military supplies, additional funds are needed in the immediate future.

C. THE TURKISH PROGRAM TO DATE

The \$100,000,000 earmarked for Turkey under the appropriation made pursuant to Public Law 75 was wholly for military purposes. The first important shipments under the Turkish program were not made until the latter part of December and the early part of January, due to a rather protracted planning period which was needed to assure the most efficient use of the funds available. Shipments are going forward rapidly, however, and will for the most part be accomplished before the end of July 1948. Virtually all will have been received in Turkey by the end of September.

The supply of this material has been concrete evidence of the United States determination to assist Turkey in her efforts to resist Russian pressures and has been highly successful in bolstering the morale of the Turks. The Turkish Army has been made better able to meet any eventuality. In Turkey, therefore, the major success of the program has been that the determination and ability to resist Communist pressures is substantially greater than would have been possible without American aid.

D. ADMINISTRATION OF PUBLIC LAW 75

Responsibility for administering the Greek and Turkish aid programs has been vested by the President in the Secretary of State. In his administration of the program, the Secretary of State receives the cooperation of all departments of the Government whose facilities can contribute to the success of the program. Those primarily involved are the Department of National Defense, which is largely responsible for military aspects of the program; the Treasury Department which, through the Federal Bureau of Supply, procures industrial items for the Greek civilian economy; the Department of Agriculture, which procures agricultural requirements; the Public Roads Administration, which directs road development work in Turkey in relation to the military program; and the Army Corps of Engineers, which has been given responsibility for administering reconstruction work in Greece.

Administration of the program in Greece is under the direction of former Nebraska Governor, Dwight P. Griswold, Chief of the American Mission for Aid to Greece. The mission, which consists of about 152 civilians and 238 military personnel, is comprised of a military branch under direction of Lieutenant General Van Fleet, and an economic branch. The economic branch is responsible for functions embracing almost all phases of the Greek Government and economy. Its advisory responsibilities include such matters as the control of the Greek budget and foreign exchange resources, industry and mining, reconstruction, labor, agricultural rehabilitation, public health, relief, and others.

The American Mission for Aid to Turkey is under the direction of the Ambassador, Mr. Edwin C. Wilson. The mission is entirely military in nature and consists of about 152 American personnel.

The Department of State's program coordinating functions have been centralized in the Office of the Under Secretary, and are under the direction of Mr. George C. McGhee, Coordinator for Aid to Greece and Turkey. The established units of the Department, as well as of other Government agencies, are used to the fullest possible extent in carrying out work under the program. The Coordinator's staff is a relatively small group including specialists needed to supplement regular departmental personnel.

E. POLITICAL AND STRATEGIC CONSIDERATIONS

While the American aid program has thus far maintained Greek and Turkish independence, Communist pressures upon those countries, particularly Greece, are even greater than when the program was inaugurated. The Communists are convinced that time will play in their hands and that they will be able to take over by default when American aid is terminated; their hopes are based on the belief that the United States will be unwilling to continue support of the military forces of Greece and Turkey.

The Communists recognize that the continued existence of Greece and Turkey as free nations is an obstacle to their aggressive designs, particularly to their plan to dominate the eastern Mediterranean. Their bitter attacks on the program are evidence that they realize that with American assistance, Greece and Turkey will not be easy targets for their subversive activities.

The satellites no longer make any pretense of their objective of destroying democracy in Greece and Turkey. The United Nations Investigation Commission which was sent to Greece by the Security Council found clear evidence that the countries to the north of Greece were furnishing aid to the guerrillas. Albania, Bulgaria, and Yugoslavia refused this United Nations mission entry in their territory, and in later stages of the investigation refused in any way to cooperate. These countries have blatantly flouted recommendations of the General Assembly by refusing to recognize or cooperate with the Special United Nations Committee sent to the area to promote conciliation. They have openly endorsed the activities of the guerrillas and have by various means aided them in their cruel and criminal warfare. The United Nations mission recently reported, for example, that there is no doubt that supplies and equipment used by the guerrillas in the battle of Konitsa at Christmas time were supplied from across the frontier. There are reports that about 30,000 members of an international brigade, now mobilized in those countries, threaten entry into Greece to join the guerrillas.

Russia has not withdrawn its demands for military bases in the Dardanelles. It has publicly reiterated in the forum of the United Nations its claims to the Turkish Provinces of Kars and Ardahan. Continued pressure against Turkey makes it necessary for that country to maintain large forces under arms.

Failure to continue our support of Greece and Turkey would have serious consequences not only in those countries but throughout Europe and the Middle East. As stated in preliminary report No. 12 of the Subcommittee on Italy, Greece, and Trieste of the House Select Committee on Foreign Aid, withdrawal of American support from Greece would result in the overthrow of the Government by Communist forces. Such a catastrophe would be used by Communists throughout Europe to point out to those who are now valiantly resisting Communist infiltration the uncertainty of relying on United States help. The effects of such withdrawal would greatly weaken the determination of constitutional forces resisting communism elsewhere. The effect upon Turkey would be serious. Beyond this, there are highly important strategic reasons why Greece and Turkey must not fall. An independent Turkey is a block in the path of any power seeking the rich oil and other resources of the Near East. This was recently pointed out in a report by Representatives Bolton and Mellow of the Committee on Foreign Affairs. Maintenance of the freedom of the Turkish Straits is of great importance, as is control of the Greek islands, which gives control of the Aegean and the approaches to the Dardanelles and the Bosphorus. The strategic importance of both countries in relation to the entire Mediterranean area is obvious, but the political significance of preventing their subversion is even greater.

F. USE OF \$275,000,000 ADDITIONAL APPROPRIATION

Both Greece and Turkey are included in the European recovery program and will receive economic assistance from the United States under that program. The additional funds requested under Public Law 75 are intended for military purposes. In requesting the additional appropriation the Secretary of State urged that the President be vested with authority to allocate the funds so that they may be

made available as needed and in light of the relative emergency of requirements of the two countries. For this reason the authorization for the appropriation has been made available in total and not earmarked by country or otherwise. The sum requested is, however, based on detailed estimates of the requirements of the two countries, which have for security reasons been made available in classified status to the committee.

In order to meet urgent Greek military needs during the remainder of the present fiscal year over and above those for which funds are not available, as well as to initiate procurement arrangements in connection with the requirements of both countries during the next fiscal year, funds will be needed in the immediate future. For that reason there has been incorporated in the enabling legislation authority for the advance by the Reconstruction Finance Corporation of \$50,000,000, to be reimbursed after the related appropriation bill has been enacted.

It is planned that administration of the funds requested will continue substantially as for funds previously provided under Public Law 75 for military purposes.

G. THE PURPOSE OF THE NEW LEGISLATION ON GREECE AND TURKEY

The new legislation contained in title III makes certain changes which relate to Greece and Turkey. Changes relating to China will be discussed separately at a later point.

Three of the changes are merely technical. Section 302 provides that civilian personnel may be detailed to the United States mission in the country concerned, or to the government of the country. This clarifies the provision made in Public Law 75 of the Eightieth Congress which simply authorized the detail of personnel "to assist those countries." The same section further fills in language concerning the status of such personnel which was previously covered by reference to the act of May 25, 1938 (52 Stat. 442), a statute which had been repealed since the passage of Public Law 75. The third technical change is in section 303, which makes the same provision for detail of military personnel to the United States missions that was made for civilian personnel by the preceding section.

A further change substitutes the proviso concerning loyalty clearance of personnel from section 10 of title I, instead of the provision on the same matter as written in Public Law 75. The new provision permits assignment of personnel already employed by the Government pending investigation, and makes an exception of personnel appointed by the President with the advice and consent of the Senate.

A further allotment of funds for the Greek-Turkish aid program is made in section 304. The amount authorized to be appropriated is increased from \$400,000,000 to \$675,000,000, to cover the requested addition of \$275,000,000. The clause allowing the Reconstruction Finance Corporation to advance a fraction of these funds, pending appropriation, is renewed in the amount of an additional \$50,000,000 with a change to allow repayment to be without interest.

H. PROVISION FOR CHINA IN TITLE III

Aid for European countries has been of two types, distinguished as such in the requests made to Congress by the executive branch. The

first type has concerned such situations as those in Greece and Turkey, under direct threat by outside forces. Aid in such situations is characterized by the purposes of the so-called Truman doctrine; military advice and supplies have been recognized as being as important as economic aid designed for relief or recovery in such countries. The other type of aid is that implied in title I of this bill, designed to serve the purpose of economic recovery. In the judgment of the committee, China, like Greece and Turkey, is a case to which each of these two types of aid are properly applicable.

The committee expressed this judgment by separating the proposed aid for China into two parcels, matching in nature the two types of aid to certain European countries provided in title I on the one hand and in title III on the other.

In order to grant to China substantial aid of the same character as the aid to Greece and Turkey, two types of provision had to be made in the bill. First, amending language had to provide for China under the terms of Public Law 75 of the Eightieth Congress. Second, an additional authorization had to be made to cover such aid under this law, as amended.

The committee was moved to this decision by the known facts of the situation in China, backed up by the evidence presented by several leading witnesses. China, like Greece, is torn by civil war supported by resources outside the country. In China, as in Greece, domestic political reform and economic recovery had become nearly impossible unless a minimum solution of military security could first be found. Much of China, like Greece and Turkey, has the character of a frontier region, covering a more important area whose independence is an interest of the United States. Not all witnesses were in agreement that military aid should be given to China, but nearly all were agreed that without military-type aid, economic aid would be a most dubious venture.

The importance of the independence and territorial integrity of China to the interests of the United States is regarded by the committee as a sound principle of policy, as much so today as when it was first recognized as one of the most fundamental principles of the foreign policy of the United States, half a century ago. To give China no aid, in the committee's opinion, would be tantamount to forsaking this policy or of accepting its defeat.

For these reasons the provision was made for aid to China, at a cost not to exceed \$150,000,000, of the same character as aid to Greece and Turkey under title III. This amount does not appear large. There are several reasons why the total military assistance rendered to China, with this increment, may be greater than would appear possible at first glance. First, there is a considerable amount of such aid now going forward under past surplus-property transfers long dormant, but recently reactivated. Second, much of the money may be spent to buy at low prices and transport to China surplus war stocks now in Pacific areas which are not sufficiently valuable to justify returning to the United States but require American men and money to guard while they steadily deteriorate. Third, the character of Chinese warfare is such that a little material aid can go a long way.

The two types of aid are not separated by any watertight partition. But they are sufficiently distinct in character so that they are separated, for aid to Europe, into the recovery type of aid covered by

title I, which includes Greece and Turkey, and by the primarily military type of aid covered by title III, specifically for Greece and Turkey. The distinction is essentially the same as the distinction between the Truman doctrine and the Marshall plan, or between a fence and a cornfield. It is equally as valid for China as for Europe.

VIII. ANALYSIS OF TITLE IV: PRIMARILY ECONOMIC AID TO CHINA

A. THE NEEDS OF CHINA

China had continuous foreign war from the time when its war with Japan began, in 1937 at the Marco Polo Bridge in Peiping, until the end of the Pacific war in 1945. It has had civil war ranging from desultory to intensive in scale and character for 40 years.

The efforts made during the war against Japan sapped the strength of the entire economic, fiscal, and administrative system of the country. Large sections of the country, including the richest, were occupied for as long as 8 years, and the Government was deprived of all revenue from such areas. Many millions of people were displaced as refugees, much of the industry of the country was destroyed, the few rail lines were torn up, repaired, and torn up again. After Pearl Harbor the nation suffered almost complete blockade for 3 years. The fraction of the national budget devoted to military expenses has been at the war level for more than a decade, and essential civilian functions have suffered seriously. Despite remarkable success in breaking inflation during 7 years or more, the debt burden eventually reached the point at which inflation became uncontrollable.

Since the close of the Pacific war against Japan the process of reconstruction has been almost wholly arrested. In the words of General Marshall: "Thus far, the principal deterrent to the solution of China's economic problems is the civil war which has drained the Chinese Government's internal and foreign-exchange resources, continued the destruction of property and the constant disruption of economic life, and has prevented recovery. The Communist forces have brought about terrible destruction to wreck the economy of China. This is their announced purpose—to force an economic collapse."

In addition, the occupation of Manchuria by the Russian Army, together with loose reparations terms put into execution by the Soviet forces on the spot, stripped Manchuria of much of its industrial equipment, and the major part of all heavy industry in China. At the same time it facilitated the transfer of vast stores of surrendered Japanese equipment, ammunition, and supplies to the Chinese Communist forces, and the occupation by those forces of large sectors of Manchuria.

The case of China under these conditions is parallel to that of Greece. Economic recovery requires reforms in the finances which depend upon reforms in the Administration, which in turn depend upon some relaxation of military effort, which in turn can come only when secure conditions have been established in areas now torn by guerrilla warfare. The experiment of withholding aid in order to secure reform first has been tried and has had only undesirable effect. In the judgment of the committee there is no question that aid must be given if China is to turn the corner and begin to recuperate, or

even to survive as a genuinely independent nation and a friend and ally of the United States.

B. THE INTEREST OF THE UNITED STATES

The interest of the United States in the maintenance of an independent and friendly China, as the basis of American security in the Far East, has been an established principle of United States foreign policy for half a century. China is an immense area, with an immense population. Its economy is largely agricultural and on a subsistence basis. Industrial development was just getting under way when Japan attacked. The special privileges the citizens of certain foreign powers enjoyed for 100 years further complicated the task of achieving full unification and independence. These and other factors delayed modernization and China's role as a world power has been proportionately slight. But during the period of relative peace from 1927 to 1937 China made remarkable progress, especially in education, transportation, and health measures. She had embarked on a real renaissance. It is to be assumed that modernization will go forward again and rapidly, whenever internal order and economic stability can be established.

In area and population China is larger than prewar Europe. As the gap between Chinese and western technology is closed it will become more and more comparable to Europe as one of the great areas of political and economic power in the world. Even when China was under the corrupt Manchu dynasty, and later under the rule of provincial war lords, the United States recognized that it was indispensable to its security that China not fall under control of any other power, in whole or in part. The United States has consistently favored the independence of China against threats to that independence from Japan and other powers. In fact, it was American refusal to accept Japanese seizures of Manchuria and other parts of China that precipitated World War II.

At present there are forces within China, aided and abetted from outside, that are endeavoring to take over the entire country. If no aid is given by the United States one of two results would appear certain—either China, with her huge manpower and resources, will become a Soviet satellite comparable to Poland or Yugoslavia, or civil war will remain a chronic condition with the country torn and prostrated.

Because of the lower level of economic life in China in comparison with Europe, and because China's natural resources are greater and her food production more nearly adequate, the quantity and cost of aid to China is relatively much smaller. But the character of the problem is otherwise the same, and, in the judgment of the committee, the United States can no more afford to see China become a coordinated part of another system than it can afford to see Greece and Turkey become part of another system.

C. TYPE OF AID REQUIRED FOR CHINA

China requires aid of the same type as that extended to the European countries under title I, but it also requires aid of the special types included in the program of Greek-Turkish aid extended under the

Greek-Turkish Aid Act of 1947 (Public Law 75, 80th Cong.). The economy of China requires peace and order more than it requires anything else. But it does need some supplies of commodities beyond the ability of the country to pay for under present conditions, and moderate amounts of capital and equipment for key reconstruction projects. Tentative figures for the use to which the funds available may be put include 60 million dollars for reconstruction projects, 130 million for cereals to feed the large cities cut off from the hinterland, 150 million for raw cotton to keep the textile industry functioning, 110 million for petroleum, 30 million for fertilizer, 28 million for tobacco, 24 million for metals, and 30 million for replacement articles for existing capital equipment. These are not the exact amounts to be expended, but they do indicate the types of goods required and the proportions involved. The cereals and cotton are especially important for restoring a better relation of goods to money as a necessary antecedent to any solution of the inflation problem.

The need for peace and order can be met only by strengthening the military capability of the forces that are combating the Communists. The character of Chinese guerrilla warfare, like that of the economy, is relatively backward, and rifle ammunition is a far more important component of fighting power than it would be for western nations. Surprisingly small amounts of aid can therefore have a surprisingly great effect. Trained soldiers cannot fight at all without ammunition, but in order to use modern equipment and supplies effectively, they need good training and their officers need advice and training in planning operation, strategy, and tactics.

The national finances of China are affected by the war both by its imposing great war costs, and by interfering with tax collections in many parts of the country. Only an improvement in central administration and in financial conditions can bring a greater effort by the Government to serve the economy. Only the abolition of military disorder can permit a beginning to be made.

A special provision in section 404 authorizes the establishment of a Joint Commission on Rural Reconstruction by agreement with China, and provision is elsewhere made that not less than 5 percent nor more than 10 percent of the funds provided may be used for the purposes of the Joint Commission.

D. HOW THE PROGRAM WILL BE ADMINISTERED

The arrangements for the administration of the program by the United States Government are made in title IV through reference to the appropriate parts of the Foreign Aid Act of 1947 and of title I of this bill.

Economic aid for China under this title will be under the same Administrator who will be in charge of the European recovery program. There will be a United States mission in China of the same character as those provided for participating countries in Europe. The program will be based upon an agreement reached between the United States and China similar in character to those to be made between the United States and European countries. Section 403 (b) includes by reference all of the stipulations made with regard to such agreements in section 5 of the Foreign Aid Act of 1947 and in section 115 of title I.

A period of 3 months is allowed in which the program can go into effect pending the completion of the agreement to be made. A special provision allows the use of commodities appropriate for China but not included in the authorization for Europe (section 403 (c)). Certain provisions which could not be directly used without alteration from the language of title I or of the Foreign Aid Act of 1947 are given in full. One of these refers to the use of the Export-Import Bank in handling loans under the program, in section 403 (f) and the provision in section 405 covering the special mission to China is another. This section adapts the language of section 109 of title I for the case of China.

Provisions of the Foreign Aid Act of 1947 dealing with the delegation of functions, with the maintenance of a minimum carry-over of wheat, with loyalty checks on personnel, and some other matters are excluded from application to China by section 403 (a). In each case the provision is either better covered by an improved provision in title I that is made applicable, or it is not appropriate to the Chinese case.

Provisions of title I are made applicable by section 403 (e). The sections referred to are those establishing the Economic Cooperation Administration, providing for the functions of the Administrator, the public advisory board, regulations concerning personnel outside the United States, the reimbursement of other agencies by the Administrator, exemption of the operations from certain laws on accounting that are difficult or impossible to apply to operations outside the United States, and provision for cooperation with the United Nations.

The net effect of these provisions is to apply to China all of the most pertinent provisions of the Foreign Aid Act of 1947 and of title I, selecting the better version wherever two versions were available on the same point, and omitting certain provisions that do not apply to China.

E. THE AMOUNT AUTHORIZED

The request submitted to Congress by the executive branch was for \$570,000,000 for economic aid to China. No definite provision for military aid was included in the request.

The committee, having in mind the weighty testimony received on the need for military aid, separated the amount requested into two parcels, transferring \$150,000,000 to provide aid for China under title III and retaining \$420,000,000 for aid under title IV. Since it is possible to provide military advisers and military supplies under title IV, and possible to provide economic aid and economic advisers under title III, this is not an absolute distinction. The separation of the authorization into these two parts rests on the committee's recognition of the sound grounds for carrying on in China, just as in Greece, a program of both economic and military type aid. The restriction in the original Greek-Turkish Aid Act that a limited number of members of the military services of the United States may be detailed to assist those countries in an advisory capacity only applies equally to this title authorizing similar aid to China.

The \$420,000,000 allotted for aid of the type provided for European countries in title I should prove adequate for the immediate economic needs of China, if a greater degree of internal order can be established. By easing the immediate economic difficulties it will also contribute to strengthening the country for the effort required by the civil war. Each should act to support the other.

APPENDIXES

APPENDIX I

HEARINGS AND WITNESSES

Hearings on this legislation were opened by the Committee on Foreign Affairs on December 17, 1947, when Hon. Christian A. Herter appeared as a witness to explain special features of the legislation which he proposed as an outcome of the studies made by the Select Committee on Foreign Aid, of which he was vice chairman. Mr. Herter was heard again in the close of the hearings.

On January 12, 1948, the committee heard Secretary of State George C. Marshall, who stressed the urgency of this program and described its broad objectives. Hon. Lewis W. Douglas, United States Ambassador to Great Britain, brought the committee the benefit of his knowledge of European economics and politics in a detailed analysis of the program on January 13, 14, 15, and 20, and again on February 20.

On January 15 the committee heard Hon. James V. Forrestal, Secretary of Defense, who went into the security aspects of the program. He was followed on January 20 by Hon. William C. Clayton, special adviser to the Secretary of State. Mr. Clayton related the program to the broad objectives of the United States in the field of economic foreign policy. The Honorable Kenneth C. Royall, Secretary of the Army, appeared also on January 20 in an exposition of Germany's role in European recovery. The Honorable John W. Snyder, Secretary of the Treasury, discussed before the committee on January 21 the principal financial features of the program. On the same day the Honorable W. Averell Harriman, Secretary of Commerce, who headed one of the three principal committees of the executive establishment which were active in formulating this program, analyzed the impact of the program on the American economy, along with the impact of a failure to act.

The Honorable Clinton P. Anderson, Secretary of Agriculture, presented to the committee on January 22 an analysis of the program in its impact on agricultural and food problems in the United States. The same day the Honorable Julius Krug, Secretary of the Interior, related the program to the national resources, particularly to shortages thereof, and reviewed the work of the committee which he headed, which participated in laying the groundwork of the program. On January 24, the committee was given the benefit of the views of Gen. Lucius Clay, commanding the United States forces in Europe and military governor of the United States zone in Germany, and of Ambassador Robert D. Murphy, United States political adviser in Germany. In executive session they explored the problems of the occupied areas.

The Honorable William McChesney Martin, Jr., Chairman, Board of Directors, Export-Import Bank of Washington, appeared on January 29 to explain the mechanics of financing.

When the committee brought to a close its hearings on the European recovery program on February 27, it had heard 85 witnesses in 27 days of testimony.

In addition to those named above, the witnesses heard on the European recovery program included—

Mr. Paul H. Nitze, Deputy Director, Office of International Trade, Department of State.

Mr. Philip D. Reed, chairman of the board of directors, General Electric Co.

Mr. Henry Hazlitt, economist.

Mr. Herbert H. Schell, National Association of Manufacturers.

Hon. Dean Acheson, member of the executive committee, Committee for the Marshall Plan.

Mr. Elliott Wadsworth, International Chamber of Commerce.

Mr. Henry J. Taylor, author-economist, of New York City.

Mr. O. K. Armstrong, member of the writing staff, Reader's Digest.

Mr. Norman M. Littell, member of the District of Columbia bar.

Mr. J. A. Smith, Northwest Horticultural Council, Wenatchee, Wash.

Mr. C. A. Barrett, president, Tate-Jones & Co., Pittsburgh, Pa.

Mr. William D. Davies, representative of Foreign Freight Forwarders and Brokers Association of New York.

Mr. David D. Lloyd, representative of Americans for Democratic Action.

Mr. Chat Paterson, representative of the American Veterans' Committee.

Mr. Allan B. Kline, president, American Farm Bureau Federation.

Mr. Joseph Scott, president, American League for Undivided Ireland.

Mr. John N. Costello, representative of American League for Undivided Ireland.

Hon. Martin L. Sweeney, former Member of Congress from Ohio, representing the Ancient Order of Hibernians.

Mr. James Cummins, representative of United Societies of San Francisco.

Mr. James J. Comerford, president, United Irish Counties Association of New York, Inc.

Mr. Cornelius F. Neenan, chairman, organization committee, American League for Undivided Ireland.

Mr. John J. Reilly, representative of Friendly Sons of St. Patrick.

Mr. Patrick J. McNelis, president, Federation of Irish Societies.

Mr. Owen B. Hunt, of Owen B. Hunt Adjustment Bureau, Philadelphia, Pa.

Mr. Charles T. Rice, member, executive committee, American League for Undivided Ireland.

Mr. Richard F. Dalton, member, executive committee, American League for Undivided Ireland.

Mr. Lewis H. Brown, chairman of the board, Johns-Manville Corp.

- Mrs. Kathryn H. Stone, first vice president, League of Women Voters of the United States.
- Mrs. Margaret F. Stone, National Women's Trade Union League.
- Dr. Mabel Newcomer, national board, American Association of University Women.
- Mr. George Weller, foreign correspondent, Chicago Daily News.
- Mrs. J. L. Blair Buck, president, General Federation of Women's Clubs.
- Mr. Robert P. Koenig, president, Ayrshire Collieries Corp.
- Mr. William L. Batt, president, SKF Industries, Inc.
- Mr. Frazer A. Bailey, president, National Federation of American Shipping.
- Mrs. Katherine Lee Marshall, legislative secretary, Women's International League for Peace and Freedom, United States section.
- Mr. Leonard H. Pasquallicchio, representative of Order Sons of Italy in America.
- Hon. George H. Earle, former Governor of Pennsylvania.
- Mr. Edgar Ansel Mowrer, Society for the Prevention of World War III.
- Mr. Jean Pajus, economic adviser, Society for the Prevention of World War III.
- Mr. Carl B. Fritsche, vice president, Reichhold Chemicals, Tuscaloosa, Ala.
- Mr. Merwin K. Hart, president, National Economic Council, Inc.
- Hon. Jack Z. Anderson, Representative in Congress from the State of California.
- Mr. Francis R. Wilcox, assistant general manager, California Fruit Growers Exchange.
- Mr. Harry C. Dunlap, vice president, Dried Fruit Association, San Francisco, Calif.
- Mr. Marvin Walker, manager, Florida Citrus Commission.
- Mr. William Green, president, American Federation of Labor.
- Hon. Hamilton Fish, former Member of Congress from the State of New York.
- Dr. Winfield W. Riefler, professor of economics, Institute of Advanced International Studies, Princeton, N. J.
- Mr. J. T. Sanders, legislative counsel, The National Grange.
- Mr. Hoyt S. Haddock, executive secretary, CIO Maritime Committee.
- Mr. George Baldanzi, executive vice president, Textile Workers Union of America, CIO.
- Mr. A. G. Bryant, president, National Machine Tool Builders' Association.
- Mr. Wayne C. Taylor, member of research and policy committee, Committee for Economic Development.
- Hon. Hale Boggs, Representative in Congress from the State of Louisiana.
- Mr. Richard M. Bissell, Jr., former executive secretary, Harriman committee.
- Hon. Francis Case, Representative in Congress from the State of South Dakota.
- Hon. Henry A. Wallace, former Vice President of the United States.

Mr. Allen Welsh Dulles, president, Council on Foreign Relations, New York City.
Mr. Raymond P. Baldwin, appeal board, Office of Contract Settlement.
Hon. Frederick C. Smith, Representative in Congress from the State of Ohio.
Mr. Ernest T. Weir, chairman, National Steel Corp.
Hon. William J. Miller, Representative in Congress from the State of Connecticut.
Hon. Reid F. Murray, Representative in Congress from the State of Wisconsin.
Hon. Homer E. Capehart, United States Senator from Indiana.
Mr. Edwin B. George, consultant to the Select Committee on Foreign Aid.
Hon. John C. Kunkel, Representative in Congress from the State of Pennsylvania.
Hon. Ralph W. Gwinn, Representative in Congress from the State of New York.
Hon. Kenneth B. Keating, Representative in Congress from the State of New York.
Hon. Francis E. Walter, Representative in Congress from the State of Pennsylvania.
Dr. John H. Williams, professor of political economy, Harvard University.
Hon. A. S. Mike Monroney, Representative in Congress from the State of Oklahoma.

On the other aspects of this bill the committee heard 15 additional witnesses through 7 days of testimony. Significant testimony was presented by the Honorable William C. Bullitt, former United States Ambassador to the Soviet Union and to France, who stressed the strategic considerations in the Far East. These were touched upon forcefully also by Lt. Gen. Albert C. Wedemeyer, General Staff, United States Army, former chief of a special mission to China, and by Maj. Gen. Claire Chennault, United States Army, retired, who led the United States Air Forces in China in World War II.

Other witnesses heard included:

Mr. N. F. Allman, attorney, of Shanghai, Washington, D. C.
Maj. Gen. A. M. Harper, assistant to Lt. Gen. Van Fleet, chief of military mission in Greece.
Maj. Gen. H. L. McBride, American Mission for Aid to Turkey.
Mr. George C. McGhee, Coordinator for Aid to Greece and Turkey, Department of State.
Hon. Walter Robertson, of Richmond, Va.
Hon. William Draper, Under Secretary of the Army.
Maj. Gen. Lowell W. Rooks, Director General, UNRRA.
Maj. Gen. Glenn Edgerton, United States Army.
Mr. M. Harlan Cleveland, former chief, UNRRA mission to China.
Mr. C.E. Gauss, Export-Import Bank of Washington.
Rear Adm. R. H. Hillenkoetter, Director of Central Intelligence.
Col. J. M. McHugh, United States Marine Corps, retired.

APPENDIX II

SELECTION OF ILLUSTRATIVE TABLES

EUROPEAN RECOVERY PROGRAM COMMITTEE

RECAPITULATION TABLE

Illustrative composition of imports of commodities and services from Western Hemisphere, and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949 (at July 1, 1947, prices)

[In millions of dollars]

Import	Total imports	Possible sources and distribution of financing		
		Own resources	Sources other than new United States funds	United States funds
Bread grains.....	\$1,600.3	\$138.8	\$336.7	\$1,124.8
Coarse grains.....	552.3	68.6	66.6	417.1
Fats and oils.....	378.4	29.2	76.2	273.0
Oil cake.....	190.7	17.4	33.3	140.0
Sugar.....	295.8	35.1	33.4	227.3
Meat.....	393.1	14.5	33.3	345.3
Dairy products.....	275.2	-----	-----	275.2
Eggs.....	85.3	6.7	-----	78.6
Dried fruit.....	34.3	2.8	-----	31.5
Rice.....	47.8	3.1	-----	44.7
Coffee.....	156.6	34.1	38.3	84.2
Other foods.....	168.0	23.5	-----	144.5
Subtotal.....	4,177.8	373.8	617.8	3,186.2
Tobacco.....	293.4	28.6	-----	264.8
Cotton.....	790.0	49.0	42.1	698.9
Nitrogen.....	42.8	5.2	-----	37.6
Phosphates.....	3.1	.5	-----	2.6
Potash.....	-----	-----	-----	-----
Agricultural machinery.....	158.7	12.6	12.9	133.2
Coal.....	389.3	13.5	-----	375.8
Mining machinery.....	81.9	1.0	2.9	78.0
Petroleum products.....	651.9	333.5	-----	318.4
Timber.....	333.4	185.7	16.0	131.7
Iron and steel:	-----	-----	-----	-----
Finished.....	226.7	85.9	21.7	119.1
Crude and semi-finished.....	86.2	62.6	-----	23.6
Pig iron.....	1.6	.2	-----	1.4
Scrap iron.....	2.0	-----	-----	2.0
Iron ore.....	8.8	-----	-----	8.8
Trucks.....	116.8	17.0	21.8	78.0
Freight cars.....	60.0	-----	-----	60.0
Steel equipment.....	48.1	-----	9.1	39.0
Timber equipment.....	17.0	.4	-----	16.6
Electrical equipment.....	95.0	5.0	6.0	84.0
Other imports.....	4,228.2	3,210.8	408.0	609.4
Total commodity imports.....	11,812.7	4,385.3	1,158.3	6,269.1
Net freight.....	827.0	235.5	-----	591.5
Other dollar payments.....	319.4	319.4	-----	-----
Total.....	12,959.1	4,940.2	1,158.3	6,860.6

EUROPEAN RECOVERY PROGRAM

Illustrative composition of imports of commodities and services from Western Hemisphere, Apr. 1, 1948, through June 30, 1949, and possible sources and distribution of financing

[All values in July 1, 1947, prices and millions of dollars]

RECAPITULATION OF POSSIBLE DISTRIBUTION OF NEW UNITED STATES FUNDS BY COUNTRY AND COMMODITY, SHOWING AVERAGE PRICES FOR EACH COMMODITY AND ESTIMATED QUANTITY OF IMPORTS

Item	Unit of quantity	Price ¹	Total, all countries		Austria		Belgium-Luxembourg and dependencies		Denmark		France and dependencies		Greece	
			Value ¹	Quantity ¹	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity
Bread grains.....	Thousand bushels.....	\$2.54 per bushel.....	\$1,124.8	443,213	\$36.3	14,812	\$59.1	19,689	\$0.5	188	\$103.9	35,625	\$47.4	19,125
Coarse grains.....	do.....	\$2.29 per bushel.....	417.1	182,070	4.4	2,700	55.4	23,490	33.0	13,500	56.6	24,525	4.8	2,925
Fats and oils.....	Thousand pounds.....	\$0.293 per pound.....	273.0	931,022	12.5	48,501	22.2	77,161	8.8	28,660	48.3	165,345	.8	2,205
Oilcake.....	Thousand short tons.....	\$100.32 per short ton.....	140.0	1,396	1.6	16	28.1	283	37.4	368	20.8	214	6	8
Sugar.....	Thousand hundred-weight.....	\$5.145 per hundred-weight.....	227.3	44,180	5.4	772	10.5	2,094			19.8	3,968	16.6	2,359
Meat.....	do.....	\$12.89 per hundred-weight.....	345.3	26,786	8.8	838	13.3	1,323			.8	66	8.8	484
Dairy products.....	Thousand pounds.....	\$0.205 per pound.....	275.2	1,344,806	4.1	35,274	26.0	127,867			26.7	145,504	35.4	235,892
Eggs.....	Thousand dozen.....	\$0.371 per dozen.....	78.6	211,642							1.8	4,410	.9	2,940
Dried fruit.....	Thousand short tons.....	\$109.84 per short ton.....	31.5	158	1.5	8	.8	5	.4	2	2.0	10		
Rice.....	Thousand hundred-weight.....	\$10.04 per hundred-weight.....	44.7	4,453			.8	88	.2	22	4.6	463	.6	66
Coffee.....	Thousand pounds.....	\$0.263 per pound.....	84.2	320,152	4.0	15,212	10.5	38,801	15.2	58,433	7.6	27,788	2.7	11,033
Other foods.....	Thousand hundred-weight.....	\$7.50 per hundred-weight.....	47.6	6,347	4.9	655								
Pulses.....	Thousand hundred-weight.....	\$0.053 per pound.....	64.1	1,216,939			7.0	138,890			7.4	141,094	.7	2,425
Fresh fruit.....	Thousand pounds.....	\$0.315 per pound.....	32.8	104,127	1.4	4,630	9.8	30,864	2.1	6,614				
Cocoa.....	do.....													
Subtotal.....			3,186.2				243.5		97.6		300.3		119.3	
Tobacco.....	Thousand pounds.....	\$0.451 per pound.....	264.8	586,645	2.9	8,818	21.5	63,933	7.5	19,841	18.1	55,115		
Cotton.....	do.....	\$0.363 per pound.....	698.9	1,927,924	16.9	44,092	18.1	48,501	6.9	18,741	156.3	423,283	6.5	17,637
Nitrogen.....	Thousand short tons.....	\$181.44 per short ton.....	37.6	207			.4	2	1.6	9	11.8	65	2.4	13
Phosphates.....	do.....	\$26.80 per short ton.....	2.6	97			.4	14						
Agricultural machinery.....	Thousand long tons.....	\$9.14 per long ton.....	133.2	41,093	1.6		20.5	2,235	10.9	1,189	59.7	22,550	7.9	18
Coal.....	Thousand long tons.....		375.8		.5						206.2		.2	
Mining machinery.....	Thousand barrels.....	\$2.90 per barrel.....	318.4	109,829			10.9	3,168	13.4	4,329	10.7	56,743	8.3	2,044
Petroleum products.....	Million board feet.....	\$0.108 per board foot.....	131.7	1,222,672					3.7	47,906	19.6	223,846	4.5	19,502

See footnotes at end of table, p. 69.

EUROPEAN RECOVERY PROGRAM—Continued

Illustrative composition of imports of commodities from Western Hemisphere, Apr. 1, 1948, through June 30, 1949, and possible sources and distribution of financing—Continued

RECAPITULATION OF POSSIBLE DISTRIBUTION OF NEW UNITED STATES FUNDS BY COUNTRY AND COMMODITY, SHOWING AVERAGE PRICES
FOR EACH COMMODITY AND ESTIMATED QUANTITY OF IMPORTS—Continued

Item	Unit of quantity	Price ¹	Total, all countries		Austria		Belgium-Lux- emburg and de- pendencies		Denmark		France and de- pendencies		Greece	
			Value ¹	Quantity ¹	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity
Iron and steel:	Thousand long tons	\$111.76 per long ton	\$119.1	1,066			\$3.6	32	\$9.8	87	\$17.5	156	\$7.0	63
Finished	do.	\$64 per long ton	23.6	369			4.2	66			10.0	156		
Crude and semifinished.	do.	\$36.53 per long ton	1.4	38										
Pig iron	do.	do.	2.0	55	\$2.0	55			.5	13				
Scrap	do.	do.	8.8	1,443										
Iron ore	do.	\$6.10 per long ton	78.0	51,931	3.8	2,500			11.2	7,500	5.5	3,700	7.3	4,875
Trucks	Number	\$1,500 per unit	60.0	20,000										
Freight cars	do.	\$3,000 per unit	39.0		4.2				.5		13.8		1.0	
Steel equipment			16.6		4.0						8.9		1.0	
Timber equipment			84.0		.7				.5		10.0		1.0	
Electrical equipment			609.4		20.5						176.3			
Other imports														
Total commodity imports.			6,269.1		142.0		323.1		164.1		1,171.2		165.4	
Net freight			591.5		40.0						263.0		20.5	
Total			6,860.6		182.0		323.1		164.1		1,434.2		185.9	

Item	Unit of quantity	Price 1	Iceland		Ireland		Italy		Netherlands and dependencies		Norway	
			Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity
Bread grains.....	Thousand bushels.....	\$2.54 per bushel.....	\$1.5	563	\$26.5	8,437	\$243.3	89,475	\$71.8	25,575		
Coarse grains.....	do.....	\$2.29 per bushel.....	.5	225	37.2	15,075	17.2	7,515	70.3	29,700		
Fats and oils.....	Thousand pounds.....	\$0.293 per pound.....	1.4	2,886	3.1	8,818	20.7	72,752	40.5	125,663		
Oil cake.....	Thousand short tons.....	\$100.32 per short ton.....			1.4	16	4.1	41	21.9	219		
Sugar.....	Thousand hundredweight.....	\$5.145 per hundredweight.....	1.2	176	7.2	1,433	2.8	551	6.6	1,323		
Meat.....	do.....	\$12.89 per hundredweight.....						463	4.2	397		
Dairy products.....	Thousand pounds.....	\$0.205 per pound.....						46,297	1.7	17,637		
Eggs.....	Thousand dozen.....	\$0.371 per dozen.....	.2	1	.7	4			3.3	17		
Dried fruit.....	Thousand short tons.....	\$199.84 per short ton.....							.6	66		
Rice.....	Thousand hundredweight.....	\$10.04 per hundredweight.....			.6	1,764	9.5	36,377	17.7	67,241		
Coffee.....	Thousand pounds.....	\$0.263 per pound.....	.7	1,984								
Other foods:												
Pulses.....	Thousand hundredweight.....	\$7.50 per hundredweight.....			.5	66	6.1	809	4.1	81,570		
Fresh fruit.....	Thousand pounds.....	\$0.053 per pound.....	.2	4,409	.8	8,818	4.1	13,228	10.5	33,069		
Cocoa.....	do.....											
Subtotal.....			5.7		78.0		322.0		253.2			
Tobacco.....	Thousand pounds.....	\$0.451 per pound.....	.1	221	8.3	17,637	4.5	11,023	23.4	61,729		
Cotton.....	do.....	\$0.363 per pound.....			2.0	6,614	149.5	416,669	32.9	90,389		
Nitrogen.....	Thousand short tons.....	\$181.44 per short ton.....	.2	1	.4	2	1.2	7	6.2	34		
Phosphates.....	do.....	\$26.80 per short ton.....							6.6	23		
Agricultural machinery.....	Thousand long tons.....	\$9.14 per long ton.....	.8	106	1.6	1,228	5.0		8.8		4.8	
Coal.....	do.....		.9		11.2		88.0	9,622	25.8	2,824		
Mining machinery.....	Thousand barrels.....	\$2.90 per barrel.....	1.7	548	13.0	3,088	61.2	21,397	32.2	9,621		
Petroleum products.....	Million board feet.....	\$0.108 per board foot.....	1.3	14,414	7.1	66,560	13.8	163,221	25.2	256,066		
Timber.....	Thousand long tons.....				1.6	14	6.9	60	53.8	489	18.9	165
Iron and steel:												
Finished.....	do.....	\$111.76 per long ton.....									1.4	21
Crude and semifinished.....	do.....	\$64 per long ton.....										
Pig iron.....	do.....	\$36.58 per long ton.....										
Scrap.....	do.....	do.....										
Iron ore.....	do.....	\$6.10 per long ton.....										
Trucks.....	Number.....	\$1,500 per unit.....	1.0	675	1.9	1,250			23.2	15,456	2.5	1,625
Freight cars.....	do.....	\$3,000 per unit.....			.4		4.5		4.6		2.5	
Steel equipment.....												
Timber equipment.....					1.0		7.0		6.3		4.0	
Electrical equipment.....			1.0		25.3		62.3		206.5			
Other imports.....												
Total commodity imports.....			12.7		151.8		734.8		705.0		34.1	
ports.....												
Net freight.....							134.0					
Total.....			12.7		151.8		868.8		705.0		34.1	

See footnotes at end of table, p. 69.

EUROPEAN RECOVERY PROGRAM—Continued

Illustrative composition of imports of commodities and services from Western Hemisphere, Apr. 1, 1948, through June 30, 1949, and possible sources and distribution of financing—Continued

RECAPITULATION OF POSSIBLE DISTRIBUTION OF NEW UNITED STATES FUNDS BY COUNTRY AND COMMODITY, SHOWING AVERAGE PRICES
FOR EACH COMMODITY AND ESTIMATED QUANTITY OF IMPORTS—Continued

Item	Unit of quantity	Price ¹	Sweden		United Kingdom and dependencies	Western Germany			
			Value	Quantity	Value	Quantity	Bizone	French zone	Saar
Bread grains	Thousand bushels	\$2.54 per bushel			\$198.3	98,287	\$284.6	112,500	
Coarse grains	do.	\$2.29 per bushel			83.6	36,990	54.1	25,425	
Fats and oils	Thousand pounds	\$0.293 per pound			90.2	304,234	24.5	94,797	
Oil cake	Thousand short tons	\$100.32 per short ton			24.1	231			
Sugar	Thousand hundredweight	\$5.145 per hundredweight			128.1	25,661	27.5	5,512	
Meat	do.	\$12.89 per hundredweight			296.2	22,753	6.2	462	
Dairy products	Thousand pounds	\$0.205 per pound			164.2	637,128	9.9	99,207	
Eggs	Thousand dozen	\$0.371 per dozen			75.9	204,292			
Dried fruit	Thousand short tons	\$199.84 per short ton			17.1	83	5.5	28	
Rice	Thousand hundredweight	\$10.04 per hundredweight			37.9	3,748			
Coffee	Thousand pounds	\$0.263 per pound			13.2	49,604	2.2	10,813	
Other foods:									
Pulses	Thousand hundredweight	\$7.50 per hundredweight			12.2	1,625	23.9	3,192	
Fresh fruit	Thousand pounds	\$0.053 per pound			44.6	842,158			
Cocoa	do.	\$0.315 per pound			4.2	13,297			
Subtotal					1,189.8		438.4		7.0
Tobacco	Thousand pounds	\$0.451 per pound			160.4	235,416	16.1	46,297	
Cotton	do.	\$0.363 per pound			226.6	634,925	66.5	182,982	
Nitrogen	Thousand short tons	\$181.44 per short ton			1.4	8	12.0	66	
Phosphates	do.	\$26.80 per short ton			5	18	1.1	42	
Agricultural machinery	Thousand long tons	\$9.14 per long ton	12.7		20.8	1,321	8.4	1.1	
Coal	Thousand long tons				12.1				
Mining machinery	Thousand barrels	\$2.90 per barrel			32.6				
Petroleum products	Million board feet	\$0.108 per board foot			56.5	431,157	22.5	6,840	
Timber	Thousand long tons	\$111.76 per long ton							
Iron and steel:	do.	\$64 per long ton							
Finished	do.								
Crude and semifinished	do.								
Pig iron	do.	\$36.58 per long ton							
Scrap	do.	do.							
Iron ore	do.	\$6.10 per long ton			8.8	1,443			

	Number.	\$1,500 per unit.	12.2	8,100		9.4	6,250	
Trucks.....	do.....	\$3,000 per unit.				60.0	20,000	
Freight cars.....					8.5			.7
Steel equipment.....					1.7			
Timber equipment.....			8.0		40.5	3		
Electrical equipment.....						5.0		4.7
Other imports.....						112.8		
Total commodity imports.....			32.9		1,760.2	780.5		10.9
Net freight.....						134.0		
Total.....			32.9		1,760.2	914.5		10.9

¹ The price shown is the average price of the estimated imports which might be purchased with new United States funds. The total value equals the total quantity multiplied by the average price. The sum of the values shown in the individual country columns equals the total value and the sum of the quantities shown in the individual country columns equals the total quantity. However, the value shown for a commodity for any one country cannot in some cases be obtained by multiplying the quantity of imports by the average price. This is because of differences in export prices between various sources of supply in the Western Hemisphere.

As is explained on p. 5 of the paper, "Illustration Composition of Imports * * *," the total value of estimated imports of \$6,860,000,000 must be adjusted as follows for comparability with the authorization of \$6,800,000,000 requested for European recovery:

Total value of estimated imports at July 1, 1947, prices.....	Millions	\$6,860
Add:		
Adjustment for price increases after July 1, 1947.....		\$482
Uncovered deficit of bizonal Germany with nonparticipating countries outside the Western Hemisphere.....		200
Authority to obligate funds for procurement of items to be delivered in subsequent period.....		200
		882
Subtract:		
Savings on shipping.....		100
Appropriation being requested by Department of Army for prevention of disease and unrest in Germany (GARIOA).....		822
Rounding.....		20
		942
Authorization requested for European recovery program.....		6,800

RELATIONSHIP OF ESTIMATED OBLIGATIONS, SHIPMENTS, AND EXPENDITURES, APRIL 1, 1948, TO JUNE 30, 1949

The following table explains the relationship of anticipated obligations, shipments and expenditures to the appropriation of \$6,800,000,000 requested for the first 15 months of the European recovery program.

In order to carry out the program, shipments totaling \$6,600,000,000 must be made in the 15 months from April 1948 through June 1949. It is estimated that \$600,000,000 of these shipments will be in the pipe line at the beginning of the period and will have been financed from various sources other than ERP funds. The ERP appropriation will be used to finance the balance of \$6,000,000,000 of needed shipments in the 15-month period. The difference between this sum and the requested appropriation, or \$800,000,000, is the gross amount necessary to cover obligations which must be made prior to June 30, 1949, for shipments which will not be made until after this date. This pipe line of \$800,000,000, amounting to less than 2 months' average shipments, is regarded as the minimum essential to avoid an interruption in the flow of supplies. If the amount which has been requested is reduced below \$6,800,000,000, it will be necessary, therefore, either to allow the pipe line to become empty or to reduce shipments financed by United States funds under the program below the required level of \$6,000,000,000 during the first 15 months. Either course would jeopardize the success of the program.

Because of the necessary lag between the time of shipment and the time of payment, it is estimated that, of the \$6,000,000,000 to be shipped under the program during the first 15 months, final payments for approximately \$4,500,000,000 will have been completed before July 1, 1949. The remainder of the \$6,000,000,000 (i. e., \$1,500,000,000) shipped during the period will not be paid for until early in the fiscal year 1950. This \$1,500,000,000 together with the obligations entered into in fiscal 1949 for shipments after June 30, 1949 (\$800,000,000) equals the difference between the requested appropriation of \$6,800,000,000 and estimated actual expenditures of \$4,500,000,000 during the 15-month period.

Relationship of estimated obligations, shipments, and expenditures, Apr. 1, 1948, to June 30, 1949

[In millions of dollars]

Method of procurement	Estimated overall obligations required ¹	Estimated shipments required between Apr. 1, 1948, and June 30, 1949, which are to be financed from ERP funds			Estimated gross obligations in fiscal year 1949 for shipments after June 30, 1949 ⁵	Total obligations required June 30, 1949, which will not be paid until fiscal year 1950 (column 4+5) ⁶
		Total ²	Portion covered by expenditures during 15-month period (obligated for, shipped, and payments made during period) (column 2-4) ³	Portion covered by expenditures in fiscal year 1950 (obligated for and shipped during period but payments not made until after June 30, 1949) ⁴		
	(1)	(2)	(3)	(4)	(5)	(6)
1. Procurement through normal private trade channels in United States. Purchases from United States suppliers by importers or governmental agencies of participating countries, for which payment will be made direct to United States supplier or on reimbursement basis. Amount includes purchases financed by Export-Import Bank loans and private investments covered by guaranties.	\$2,900	\$2,495	\$1,975	⁷ \$520	⁸ \$405	\$925
2. Procurement both in United States and "off-shore" by United States Government agencies.	1,600	1,455	1,155	⁹ 300	145	445
3. "Off-shore" procurement through normal trade channels.	2,300	2,050	1,370	¹⁰ 680	¹¹ 250	930
4. Total	6,800	6,000	4,500	1,500	800	2,300

See footnotes at end of table, p. 71.

Relationship of estimated obligations, shipments, and expenditures, Apr. 1, 1948, to June 30, 1949—Continued

¹ This column shows the total amount which must be committed from Apr. 1, 1948, through June 30, 1949, to permit actual shipments during that period (column 2) plus an uninterrupted pipe line into the next year and early placement of orders for "long lead" items. The division between methods of procurement is a very rough approximation and is used for illustrative purposes only.

² Shipments included in the program estimates during the 15-month period are about \$6,600,000,000, of which about \$600,000,000 will be in the pipe line at the start of the period and will have been financed from sources other than ERP funds. About \$100,000,000 of this will consist of shipments under the Foreign Aid Act for which funds will have been obligated prior to Apr. 1, 1948, and the rest will consist of shipments financed from existing loans and credits and from resources of the participating countries committed before Apr. 1, 1948. This leaves shipments of \$6,000,000,000 to be financed under the program. (See also last paragraph of note to column 5.)

³ Total expenditures during the 15-month period are that portion of total shipments (column 2) for which complete documentation can be obtained and payments completed before the end of the period.

⁴ Column 4 is an estimate of the shipments made before June 30, 1949, which cannot be paid for until after that date because of the time necessary for submission and review of the necessary supporting documents. These estimates are based on the average time lags shown in parentheses below each figure, which are derived from a comparison of actual experience under lend-lease, UNRRA, Government and relief in occupied areas (GARIOA) and the current foreign relief program with the commodities and procurement methods contemplated under ERP. The actual time lag for lend-lease and UNRRA was greater than shown in these estimates. For the current foreign relief program, which is limited to a few bulk commodities, the time lag is slightly less. The figures given are averages for all commodities in each category, and for any one commodity the figure may vary considerably from the average. In making the computations it has been assumed that the rate of shipment during the last half of fiscal 1949 will be at approximately \$1,500,000,000 each quarter since the obligations entered into early in the program will result in a higher level of shipments during the last part of the fiscal year than in the early period. The shipments will be financed during the time lag (until reimbursement by the United States) by short-term credits extended by the suppliers, by commercial banks, and to some extent by the use of the reserves of the participating countries.

⁵ Column 5 shows the amounts (totaling \$800,000,000) which must be committed in fiscal 1949 so that the flow of goods will not be interrupted by the end of the fiscal year. The figures for this year-end pipe line are based on the average time lag between placement of an order and shipment, as shown parenthetically. These time-lag estimates, like those in column 4 are based on experience with lend-lease, UNRRA, GARIOA and the current foreign relief program modified to fit ERP conditions, and the same comments apply.

Line 1 of column 5 also includes certain key recovery items which take a long time to procure and for which orders should therefore be placed as early as possible. These "long lead" items include machinery, freight cars, and similar articles essential to the attainment of European production goals in the later years of ERP.

This table indicates that the requested amount of \$6,800,000,000 is necessary in order to make shipments financed by ERP funds of \$6,000,000,000 during the 15-month period and to have \$800,000,000 worth of goods in the pipe line on June 30, 1949. Inasmuch as the balance-of-payments deficit computations on p. 42 of the committee print of Outline of the European Recovery Program included total shipments during the 15-month period, only the net amount of \$200,000,000 was included in the tabulation on p. 43 of the committee print (item 8) on account of requirements for forward obligating authority, in order to avoid duplication. This \$200,000,000 represents the net difference between the value of goods (\$600,000,000) assumed to be in the pipe line at the start of the 15-month period and financed from sources outside of the program prior to Apr. 1, and the value of goods (\$800,000,000) estimated to be in the pipe line at the end of the 15-month period and financed out of ERP funds.

⁶ These figures, the sum of columns 4 and 5, show the total of 1949 commitments which cannot be paid until 1950, either because of delays in documenting completed shipments (column 4) or because the shipments themselves will not be made until fiscal year 1950 (column 5).

⁷ 2 to 3 months' lag.

⁸ 4 to 6 weeks' pipe line except for "long lead" items.

⁹ 2 to 4 months' lag.

¹⁰ 3 to 5 months' lag.

¹¹ 6 to 8 weeks' pipe line.

GOLD AND DOLLAR BALANCES OF THE 16 PARTICIPATING COUNTRIES

At the request of the Senate Finance Committee, the National Advisory Council prepared information with respect to foreign gold and dollar balances in the United States as of June 30, 1947. Through the courtesy of the Senate Finance Committee this information has been used to prepare the following table (as of June 30, 1947, in millions of dollars):

TABLE I¹
[In millions of dollars]

Country	Gold ²	Dollar balances ³		Total resources
		Official	Private	
Austria.....	10			10
Belgian monetary area (including Luxembourg and Belgian Congo).....	659	28	166	853
Denmark.....	32	17	35	84
Eire.....	11	3	15	29
French monetary area (including dependencies in International Monetary Fund French quota).....	700	106	210	1,016
Greece.....	20	15	17	52
Iceland.....	1	3	4	8
Italy.....	60	79	108	247
Netherlands and Netherland West Indies.....	214	65	155	434
Norway.....	77	29	62	168
Portugal and dependencies.....	390	12	32	434
Sweden.....	168	24	109	301
Switzerland.....	1,355	67	329	1,751
Turkey.....	191	16	35	242
United Kingdom and dependencies included in International Monetary Fund quota of United Kingdom.....	2,360	49	347	2,756
Total.....	6,248	513	1,624	8,385

¹ Tables I through VI are taken from appendix A of Preliminary Report 15 of the House Select Committee on Foreign Aid entitled "Inflation and Methods of Financing Any Foreign-Aid Program," Feb. 15, 1948.

² Official gold holdings; for countries whose holdings have not been published, available estimates have been made.

³ Deposits and other short-term dollar resources, as reported by banks, bankers, brokers, and dealers in the United States to the Federal Reserve banks and the U. S. Treasury.

The National Advisory Council report to the Senate Finance Committee points out that "most of these resources constituted reserves needed by their holders to finance the current flow of international trade or to back their currencies. Holdings not so required may be estimated roughly as follows: (a) About 1.5 billion dollars held by Switzerland, Portugal, and Turkey * * *." These are the only participating countries estimated by the National Advisory Council to have excess gold and dollar reserves as of June 30, 1947. That of Switzerland is the most important one from the point of view of the problems under consideration by the committee. Switzerland is a very small country but soundly administered in a financial sense. It also enjoyed the advantages of neutrality during the war. As a result, it ended the war with ample monetary reserves and has been able to maintain a good position because it was able to export. While the economy of Switzerland is not sufficiently large to enable it to assume much risk, the country is in a position not only to supply capital imports needed by the deficit countries, but also to provide for their financing, particularly if the recovery plan as a whole is conceived on a sound basis.

TABLE II.—EXPORT-IMPORT BANK POSITION AS OF DEC. 31, 1947¹

[In millions of dollars]

Total, lending authority-----	3, 500. 0
Loans outstanding-----	1, 970. 7
Loans authorized but not disbursed-----	1, 032. 0
Total loans and commitments-----	3, 002. 7
Net free lending balance-----	497. 3

¹ See footnote 1 to table I.

*Scheduled repayments by calendar years over next 5 years of loans outstanding
Dec. 31, 1947*

	Millions		Millions
1948-----	\$131. 7	1951-----	\$92. 1
1949-----	74. 8	1952-----	114. 5
1950-----	90. 4		

The tabulation below details Export-Import Bank loan activities with the CEEC countries. It will be noted that as of December 31, 1947, of Export-Import Bank loans authorized of \$1,951,000,000 to 10 CEEC countries there remained an undisbursed balance of \$312,700,000 to 9 of these countries.

EXPORT-IMPORT BANK OF WASHINGTON

*Statement of loans and authorized credits to the 16 participating countries for the
period July 1, 1945, to Dec. 31, 1947*

Country	Credits authorized, July 1, 1945, to Dec. 31, 1947	Cancellations, July 1, 1945, to Dec. 31, 1947	Balance not yet disbursed, Dec. 31, 1947	Amount disbursed, July 1, 1945 to Dec. 31, 1947	Principal repaid on loans, July 1, 1945 to, Dec. 31, 1947	Principal outstanding on loans Dec. 31, 1947	Interest received, July 1, 1945, to Dec. 31, 1947
Austria-----	\$14,255,000		\$14,255,000				
Belgium-----	150,000,000		50,000,000	\$100,000,000	\$2,750,152	\$97,249,848	\$3,101,524
Denmark-----	20,000,000		5,000,000	15,000,000		15,000,000	313,102
France-----	1,200,000,000		38,000,000	1,162,000,000	23,097,500	1,138,902,500	16,848,126
Western Germany--	19,000,000		14,430,904	4,569,096		4,569,096	
Greece-----	25,000,000		15,200,000	9,800,000		9,800,000	111,158
Iceland-----							
Ireland-----							
Italy-----	134,263,812	\$2,700,000	102,025,507	29,538,305	11,570,785	17,967,520	106,590
Luxembourg-----							
Netherlands-----	303,161,813	197,768,670	108,597	205,284,546	12,460,519	192,824,027	5,136,065
Norway-----	50,000,000		40,000,000	10,000,000		10,000,000	90,000
Portugal-----							
Sweden-----							
Switzerland-----							
Turkey-----	36,060,000		33,736,818	2,323,182	233,592	2,089,590	3,766
United Kingdom-----							
Total-----	1,951,740,625	100,468,670	312,756,826	1,538,515,129	50,112,548	1,488,402,581	25,710,331

¹ Includes \$93,283,670 advanced by participating commercial banks.

TABLE III.—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ¹
Statement of actual and potential United States dollar resources as of Dec. 31, 1947

[In millions of dollars]

Dollar and gold assets:		
Gold	-----	4. 0
Dollar balances	-----	51. 0
U. S. Government securities	-----	410. 9
Demand note of U. S. Government	-----	215. 7
Gold or dollars receivable (postponed to 1951)	-----	4. 9
Total	-----	686. 5
Less: Loans authorized but not disbursed ²	-----	196. 8
Net free United States dollar balance	-----	489. 7
Add:		
Potential dollars, receivable from sale of securities based on United States guaranty as follows:		
United States commitment	----- 3, 175. 0	
Less:		
Already paid in dollar securities	----- 635. 0	
Already sold	----- 250. 0	
	-----	885. 0
Remaining free United States guaranty	-----	2, 290. 0
Total actual and potential United States dollar resources	-----	³ 2, 779. 7

¹ See footnote 1 to table I.

² Status of individual loan commitments (millions):

Borrower	Commitment	Disbursed	Unused balance
France	\$250. 0	\$227. 0	\$23. 0
Netherlands	195. 0	66. 7	128. 3
Denmark	40. 0	1. 3	38. 7
Luxemburg	12. 0	^a 5. 2	6. 8

^a There is included in the disbursements under this loan 0.3 million dollars which represents United States dollar equivalent of 13.1 million Belgian francs actually disbursed.

³ The above tabulation only takes account of actual and potential United States dollar and gold resources, on hand or receivable. It does not take into account other member currencies on hand or receivable, nor possible dollar borrowing power (unlikely at present) based on other member guaranties. The tabulation strips down the total assets of the bank to actual and probable potential United States dollar availabilities, as requests for loans from the bank in the near future will presumably be largely confined to requests for United States dollar loans.

TABLE IV.—INTERNATIONAL MONETARY FUND GOLD AND DOLLAR POSITION ¹
AS OF NOV. 28, 1947

[In millions of dollars]	
Gold holdings.....	1, 356. 0
United States dollar holdings.....	1, 626. 4
Total.....	2, 982. 4

¹ See footnote 1 to table I.

It should be noted that in this period of monetary pressures the Fund is undoubtedly active and receiving requests for purchases of dollars from the Fund. It is possible that further sales of dollars have been made and not yet publicly announced.

The following countries have made United States dollar purchases from the Fund:

	<i>Million</i>		<i>Million</i>
Chile.....	\$7. 5	Netherlands.....	\$30. 0
Denmark.....	3. 4	Turkey.....	5. 0
France.....	125. 0	United Kingdom.....	240. 0
Mexico.....	22. 5		

The permitted drawings of dollars from the Fund within 1 year of the drawings are limited to 25 percent of the member's paid subscription to the Fund. Under this provision, 1-year dollar drawing quotas for the CEEC countries which are members of the Fund are as follows:

	<i>Million</i>		<i>Million</i>
Belgium.....	\$56. 2	Luxemburg.....	\$0. 2
Denmark.....	17. 0	Netherlands.....	68. 7
France.....	131. 2	Norway.....	12. 5
Greece.....	¹ 10. 0	Turkey.....	10. 7
Iceland.....	. 2	United Kingdom.....	325. 0
Italy.....	¹ 45. 0		

¹ These countries have been accepted into membership in the Fund but are not yet entitled to buy other currencies from the Fund because the par values of their currencies have not been determined and the gold payments due on their subscriptions have not been paid into the Fund.

For practical purposes a country drawing on the Fund must repay a substantial portion in gold or dollars the following year, unless the monetary reserves of the country have decreased by more than the Fund's holdings of that country's currency have increased during that year.

The following countries which participated in the Paris Conference are not members of the Fund:

Austria
Germany

Ireland
Portugal

Sweden
Switzerland

BRITISH LOAN FROM UNITED STATES TREASURY

On July 15, 1946, the United States Treasury was authorized to lend the United Kingdom \$3,750,000,000. Up to January 3, 1948, disbursements of \$3,550,000,000 have been made leaving a remaining balance of only \$200,000,000.

TABLE V.—RECONSTRUCTION FINANCE CORPORATION COLLATERAL LOAN TO UNITED KINGDOM ¹

[In millions of dollars]

Collateral:	
Approximate value of collateral (Oct. 28, 1947).....	900. 0
Approximate average annual income from collateral.....	37. 0
Loan:	
Authorized.....	425. 0
Disbursed.....	390. 0
Less repaid.....	213. 7
Balance outstanding (Dec. 31, 1947).....	176. 3

Terms: Dated July 21, 1941. Due serially to July 1, 1956. Interest rate, 3 percent.

¹ See footnote 1 to table I.

The value of collateral pledged so greatly exceeds the remaining balance of the loan that it would appear this loan could be refinanced, the amount of the loan substantially increased, and additional dollar resources thus made available to the United Kingdom. The average annual income of \$37,000,000 from the above collateral would cover interest and principal payments necessary to service a \$700,000,000 loan at 3¼ percent interest, due serially in annual payments over 30 years. These terms are similar to the International Bank loan to France of \$250,000,000 on May 9, 1947. This loan bears interest at 3¼ percent and is due serially to May 1, 1977.

TABLE VI.—LONG-TERM INVESTMENTS IN THE UNITED STATES OF THE CEEC COUNTRIES ¹

The following table showing long-term investments in the United States as of June 30, 1947, of the 16 Paris-conference countries has been prepared from information made available to the Senate Finance Committee by the National Advisory Council. It should be remembered that the investments vary widely as to availability and liquidity:

[In millions of dollars]

Country or area	Long-term assets ¹		
	Securities	Other	Total
Countries participating in European recovery program:			
Austria.....	3	3	6
Belgium.....	55	130	185
Denmark.....	10	24	34
Eire.....	14	26	40
France.....	225	240	465
Greece.....	5	27	32
Iceland.....			
Italy.....	14	49	63
Luxemburg.....	5	8	13
Netherlands.....	580	415	995
Norway.....	20	30	50
Portugal.....	12	9	21
Sweden.....	50	65	115
Switzerland.....	645	225	870
Turkey.....	10	6	16
United Kingdom ²	600	1,425	2,025
Total, participating countries.....	2,248	2,682	4,930

¹ Long-term assets: Securities item is composed of holdings of stocks and bonds of United States corporations and bonds of the U. S. Government. The "other" item is composed of controlling interests in United States corporations, interests in estates and trusts, and other types of property holdings.

² United Kingdom total includes collateral with a value of approximately \$900,000,000 pledged under the Reconstruction Finance Corporation loan to the United Kingdom.

¹ See footnote 1 to table I.

APPENDIX III



—From New York Times.

APPENDIX IV

SECTION-BY-SECTION ANALYSIS OF THE FOREIGN ASSISTANCE ACT OF 1948

The enacting clause contains a short title of the entire act.

Section 101: The short title emphasizes two fundamental aspects of title 1: (1) That the assistance is economic in character; and (2) that the success of the European recovery program requires cooperation among the countries participating in the program.

Section 102 (a): The committee recognizes that the general welfare and national interest of the United States are intimately related to the existence of a healthy Europe. Section 102 (a) emphasizes that economic conditions and relationships in Europe have and will continue to have an important effect upon the establishment of a lasting peace, the general welfare and national interests of the United States, and the attainment of the objectives of the United Nations. Although the committee believes that assistance in the economic field will effectively aid the European countries to sustain and strengthen principles of individual liberty, free institutions, and genuine independence essential to a peaceful and prosperous world, the great objectives of the European recovery program cannot be achieved solely by economic measures. Accordingly, the committee has changed the Senate bill by adding reference to political conditions and relationships to this subsection. The survival of the kind of world in which democracy, individual liberty, and peace can be maintained also depends in large part upon the willingness and ability of the peoples of the participating European countries to recognize and emphasize their areas of common interest, rather than their points of difference and separation, and to concentrate their efforts upon devising means for closer cooperation.

Having in mind that economic cooperation among the participating countries is dependent upon the political realities in those countries, the committee sought to state the purposes and objectives of this title in a manner sufficiently broad to enable the Administrator, when determining the form and measure of assistance to be given a participating country, to take into consideration the many and varied factors which will bear upon the ultimate success of this great undertaking.

The reference to a "plan for European recovery" is designed to make clear that the recovery program undertaken by countries of Europe must be a developing, not a static, program. Minor drafting changes have been made to strengthen the language of S. 2202.

Section 102 (b): The stated purpose of this title is to effectuate the policy set forth in section 102 (a).

Section 103: The term "participating countries," which is used throughout this title, means any country (a) which signed the report of the Committee on Economic Cooperation or (b) any other country

wholly or partly in Europe, provided, in both instances, that such country becomes a participant in a joint program for European recovery and only for so long as it remains an adherent to such a program. Certain of the participating countries which do not require assistance will, nevertheless, participate in the program for the purpose of cooperating with the other countries in carrying out the mutual effort which is inherent in the program.

The term "dependent areas under its administration" is intended to refer to all colonies and dependencies of a participating country and to trust territories administered by a participating country under the international trusteeship system of the United Nations. Action under this title in respect of all such areas would have to be consistent with the principles set forth in article 73 of the Charter of the United Nations and, as regards trust territories, consistent also with the terms of the relevant trusteeship agreement.

The term "participating country" also includes any areas under international administration or control. Hence, an area such as the Free Territory of Trieste will be eligible to participate (subject to the provisions of the title) when the Governor takes office pursuant to agreement of the United Nations. The section also makes it possible for any of the zones of occupation of Germany or of the Free Territory of Trieste to become a participating country, if any such zones qualify under the provisions of this title.

Section 103 (b): Since Trieste was not in a position to be invited to the Paris Conference, it was not able to sign the report of the Committee on European Economic Cooperation. Therefore, Trieste is not in a position to receive assistance as a participating country. Accordingly, the committee, in this subsection, has provided for the Free Territory of Trieste or either of its zones to receive assistance under the Foreign Aid Act of 1947 up to June 30, 1949. Since there is still unappropriated under that act more than \$20,000,000 of the authorized amount, the committee has also provided for an advance by the Reconstruction Finance Corporation of \$20,000,000 to be used for providing assistance under the Foreign Aid Act of 1947 and for reimbursement to the RFC out of funds appropriated under that act. The committee has amended the Foreign Aid Act of 1947 in order to perfect its provisions with respect to assistance for Trieste.

Section 104 (a): The Administrator, to be appointed by the President, by and with the advice and consent of the Senate, will have a status which will put him on a footing of equality with the heads of other agencies and departments of the Government, and he will have the right of direct access to the President, under whose control he will perform his functions.

Section 104 (b): The Deputy Administrator for Economic Cooperation is authorized to perform any functions delegated to him by the Administrator, or, in the event of a vacancy in the office of the Administrator, he will be Acting Administrator.

Section 104 (c): The intention of this subsection is to assure commencement of operations under this title as soon as possible after its passage, even though it may not have been possible for the first Administrator or Deputy Administrator to take office. The President is authorized, in such event and for a period of not more than 30 days after the date of enactment of the act, to provide for the performance

of the functions of the Administrator through such agencies of the Government as he may determine. However, if the President nominates an Administrator or Deputy Administrator during such 30-day period, the authority of the President to provide for the performance of the Administrator's functions through other agencies of the Government will continue until the Administrator or Deputy Administrator takes office.

Section 104 (d): While the committee considered the desirability of establishing a corporation to administer the provisions of the economic-assistance programs under this act, it determined that it would be preferable to provide for a regular administrative agency with a single head responsible directly to the President. After careful investigation, the committee concluded that all the flexibility claimed for the corporate structure could be equally well secured by appropriate legislative provisions for an executive agency. However, in order to provide the Administrator with maximum flexibility, the committee amended S. 2202 by authorizing the Administrator, with the approval of the President, to create a corporation through which he could act in carrying out his responsibilities. In providing for such authorization the committee has specifically made it subject to the Government Corporation Control Act and has further required that appropriate notification be given to the Congress and the public when such corporation is created.

Section 104 (e): This section authorizes the Administration, or any other department, agency, or establishment of the Government performing functions under this title, to employ personnel for duty within the continental limits of the United States. Employment of personnel for service in the District of Columbia and elsewhere in the United States under this authority is not subject to the personnel ceilings imposed by section 14 (a) of the Federal Employees Pay Act of 1946. The Administrator is given authority to compensate not more than 60 of the persons performing duties within the United States without regard to the provisions of the Classification Act of 1923. This gives to the Administrator greater flexibility in selecting persons for particular types of employment without meeting the technical requirements of civil-service classifications. There is no exemption from the civil-service laws contained in this title, because the committee was convinced that such an exemption would not provide any necessary additional flexibility, but, on the other hand, might have an undesirable effect in depriving some of the persons employed by the Administration of the benefits of the civil-service laws. It is understood that those provisions of the civil-service laws which might hamper the Administrator in the administration of this title can be waived by the Civil Service Commission or by the President. The Civil Service Commission in an exchange of letters with the Department of State has agreed to grant exemptions on the widest basis necessary to permit effective operation. The authority to compensate not more than 10 of these persons up to \$15,000 per year will enable the Administrator to attract individuals whose services are needed for an efficient, business-type administration, and who might not otherwise be available. In addition, this section authorizes the employment by the Administration of experts and consultants or organizations of experts or consultants, such as engineering and accounting firms, and

individuals so employed may be compensated at rates up to \$50 per day. The number of experts and consultants who may be compensated up to the amount specified in this section is not limited. Payments to organizations employed by the Administration under this section may be made at such rates and in such manner as the Administrator may authorize in contracts with such organizations.

Section 104 (f) : This section, which authorizes the Administrator to promulgate necessary rules and regulations and to delegate authority to his subordinates to perform his functions under this title, is consistent with standard administrative procedures. The section is not intended to permit the delegation of rule-making power to subordinates. The committee eliminated any reference in this subsection to heads of other departments, agencies, or establishments of the Government performing functions under this title as contained in the Senate bill. This omission was made because the committee concluded that with respect to the authority to issue regulations respecting their functions under this act, and to delegate any of such functions, the head of any existing department, agency, or establishment already possesses the necessary authority and power.

Section 105 (a) : This subsection enumerates certain functions to be performed by the Administrator. The authority of the Administrator to formulate programs of United States assistance under this title includes authority to approve specific projects which may be proposed to him by a participating country, to be undertaken by such country in substantial part with assistance furnished under this title. This authority is designed to implement the undertaking provided for in section 115 (b) (1).

The authority reposed in the Administrator to provide for the efficient execution of programs refers to the effective performance on the part of agencies of the United States Government with respect to services rendered by such agencies, under approved programs, in procurement, storage, transportation, or other handling necessary to insure the transfer of commodities in conformity with the programs.

The authority to terminate provision of assistance or take other remedial action, as provided in section 118, relates to the responsibility of the Administrator to take appropriate action to assure that assistance under this title is provided only in accordance with its provisions and its stated purposes. Inasmuch as the termination of the provision of assistance undoubtedly would have serious implications with respect to the foreign-policy objectives of the United States, it is not contemplated that such action would be taken without consultation with the Secretary of State, as provided in subsection (b) of section 105. Moreover, in certain circumstances, certain action by the Administrator, or by other agencies of the Government, might be more appropriate than termination of the provision of assistance. Accordingly, under this subsection, and under section 118, the Administrator may provide for, or recommend to the President or to the appropriate agency of the Government, the taking of such other action.

Section 105 (b) : This subsection prescribes arrangements under which the Administrator and the Secretary of State will concert their respective activities so as to strengthen and make more effective the conduct of the foreign relations of the United States.

The committee has added an additional paragraph to this subsection in order to clarify the fact that both the Administrator and the Secretary of State may refer matters of conflict within their respective fields to the President.

Section 105 (c) : This subsection provides for similar relationship between the Administrator and the agency which administers the allocation and export-control authority, now the Department of Commerce. This appeared desirable in order to protect the Administrator, in view of the importance of the allocation powers and export-control authority to this program, without jeopardizing the interests of the domestic economy and of areas of the world not covered in this title.

Section 106: In view of the important aspects of foreign financial exchange and monetary transactions which will be involved in the development of policies under this title, the Administrator is made a member of the National Advisory Council on International Monetary and Financial Problems during the existence of the Administration.

Section 107 (a) : This subsection creates a Public Advisory Board, to advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The creation of such a board is desirable both from the standpoint of making available to the Administrator the benefit of the advice and experience of private citizens representing broad public interests and also from the standpoint of assuring the fullest practicable degree of public information concerning the programs and operations under this title. The committee amended S. 2202 to provide specifically that the members of the Board shall represent business, labor, agriculture, and the professions as well as other matters affecting the public interest. Members of the Board are to be appointed by the President, by and with the advice and consent of the Senate, and provision is made for them to be compensated adequately. In order to assure the Board full opportunity to discharge its proper responsibilities, this subsection requires that the Board meet at least once a month, or more frequently upon call of the Administrator or of three or more members.

Section 107 (b) : Any advisory committees appointed by the Administrator under this subsection may receive compensation in accordance with the provisions of section 104 (e) relating to experts and consultants employed by the Administration.

SEC. 108: The United States representative in Europe provided for by this section will play a key role in the accomplishment of the purposes of this title. He will be the principal United States representative in Europe concerned with the cooperative aspects of the title and he shall be the representative of the Administrator as well as the chief representative of the United States Government to the continuing organization set up by the participating countries. He will receive his instructions from the Administrator, which shall be prepared and transmitted to him in such a manner as to assure the necessary effective coordination between the Administrator and the Secretary of State. The United States Special Representative shall also coordinate the activities of the chiefs of the special missions provided for in section 109 and shall also discharge such additional responsibilities as may be

assigned to him with the approval of the President. In order to assure that the Congress as well as the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions are kept informed of his activities, the committee has amended S. 2202 to provide that the special representative shall also currently inform the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, and the House Appropriations Committee of his activities. This amendment is particularly important to carry out the intent of the committee to exercise its functions as provided in the Legislative Reorganization Act of 1947. The President is authorized to designate the Special Representative as the United States representative on the Economic Commission for Europe. It should be noted that these provisions are not intended to alter in any way the historic relationship between a United States ambassador and the President.

Section 109 (a) : In order to assure the proper performance within each of the participating countries of operations under this title, this subsection provides for the creation of a special mission for economic cooperation within each such country under the direction of a chief who is to be appointed by the Administrator, receive his instructions from the Administrator, and report to him on the performance of his assigned duties. An exception is provided concerning the zones of occupation of Germany and of the Free Territory of Trieste, as is discussed more fully below in connection with subsection (d). The chief of the diplomatic mission referred to in this subsection is used to mean the ambassador, minister, or chargé d'affaires ad interim, as the case may be, in charge of the United States diplomatic mission.

Section 109 (b) : This subsection assures proper coordination between the chief of the special mission and the chief of the United States diplomatic mission. In the event of disagreements between them concerning the relations of operations of the special mission to the foreign policy objectives of the United States, which are not adjusted by consultation, the matter at issue will be referred to the Secretary of State and to the Administrator for decision. In the event of disagreement between the Secretary of State and the Administrator, the matter would be referred to the President for final decision in accordance with section 105 (b).

Section 109 (c) : In order to assure that the special United States representative in Europe and his staff, as well as the special mission in each participating country, will receive office space, facilities, and other administrative services, the Secretary of State and the Administrator are authorized to make appropriate agreements to this end.

Section 109 (d) : The committee gave considerable attention to the special administrative problems presented by the fact that, unlike the situation in other participating countries, the only government in the zones of occupation of Germany is a military government which, in the case of the United States zone, is an arm of the United States. Military government in the occupied zone is responsible for the accomplishment of the objectives of the occupation, including economic, political, and administrative arrangements essential to that end.

The problem was to assure that the Administrator would be in a position to discharge his responsibilities under this title, while at the same time assuring that the highly complex and vital administration

of the occupied areas is clearly fixed in a military governor, whether he be a commanding general or a civil commissioner. The key importance of Germany to the success of the European recovery program involves a concentrated and energetic effort with respect to every aspect of the economic life of the area, including production, distribution, exports, imports, and manpower, as well as all the financial aspects of a complex modern economy. The responsibilities of the military governor therefore include, but are not limited to, operations under this title. The Administrator will, of course, have full authority to perform, with respect to the occupied areas, as in the case of any other participating country, all functions vested in him by section 111 (a). However, in the light of the special problems discussed above, the committee concluded that administrative arrangements within the occupied area for the conduct of operations under this title should be left to the President. It is the intention of this subsection that the administrative arrangements to be made by the President will be such as to assure full coordination between the Administrator and the occupation authorities in order that the Administrator may carry out his responsibilities without impairment of the responsibility of the military government for the successful accomplishment of all of the objectives of the occupation. Similar considerations apply with respect to the zones of the Free Territory of Trieste, if either of the zones of the Free Territory of Trieste becomes a "participating country" as defined in section 103 (a).

Section 110 (a): Two alternative procedures are made available to the Administrator for the employment of personnel for the purpose of performing functions under this title outside the continental limits of the United States. Under the first of the procedures, such personnel will be outside the Foreign Service system but will receive compensation, allowances, and benefits comparable to those provided for Foreign Service reserve and Foreign Service staff officers and employees.

Under the second procedure, the Administrator may recommend to the Secretary of State persons to be appointed or assigned as Foreign Service reserve officers or as Foreign Service staff officers and employees for the purpose of performing operations under the title outside the continental limits of the United States. Foreign Service staff officers and employees appointed from other Government agencies pursuant to this procedure may be given the same reemployment rights as are provided for Foreign Service reserve officers by section 258 of the Foreign Service Act of 1946. The assignment to a post abroad or the transfer from one post abroad to another and the promotion of persons appointed to the Foreign Service reserve or staff under this section are to be made by the Secretary upon the recommendation of the Administrator.

It should be made clear that it is not contemplated that the two procedures outlined above are to be mutually exclusive. It is left to the judgment of the Administrator with respect to each appointment, whether such appointment should be within or outside the Foreign Service system. Under existing legislation there is nothing to prevent the Secretary of State, at the request of the Administrator, from assigning officers in the Foreign Service system to perform functions under this title. In such event such officers could be paid out

of funds made available in accordance with section 114 (d) of this bill.

Section 110 (b) : In order to assist the Administrator in the performance of the functions under this title outside the continental limits of the United States, this subsection provides that the Administrator may request the Secretary of State to appoint alien clerks and employees in accordance with the applicable provisions of the Foreign Service Act of 1946 and through the existing facilities of the Department of State.

Section 110 (c) : This subsection provides for investigation and report by the Federal Bureau of Investigation of citizens or residents of the United States who are employed or appointed for the performance of functions under this title for service outside the continental limits of the United States. The committee amended S. 2202 to provide that persons not presently employed in the Government at the time of their appointment cannot assume their duties until the Federal Bureau of Investigation has submitted its report on the investigation of such persons. The committee believed that it was important that persons not already employed in the Government should not assume their responsibilities until the Federal Bureau of Investigation made such a report. The committee assumed that the Federal Bureau of Investigation would be able to make such investigations and reports promptly and without hindering the execution of the program. Persons employed in the Government may temporarily be assigned to duties under this title after preliminary investigation during a period of 6 months from the date of enactment of this act. This subsection does not apply to any officer appointed by the President by and with the advice and consent of the Senate.

Section 111 : This section prescribes the forms and procedures by which the Administrator may provide assistance to a participating country, and the methods of furnishing such assistance. Under the authority of this section, and with the funds authorized under section 114, the Administrator will be able to launch immediately into operations which will relieve the drain on the dollar assets of the participating countries. These assets are now being drained at a rate which will, shortly after April 1, leave several participating countries without any dollar assets available, as a practical matter, for purchasing essential commodities in dollar areas. These countries, however, will then have under contract or on hand in the United States a substantial quantity of commodities for delivery in the ensuing months. These undelivered commodities comprise the "pipe line" of supply to the countries concerned. Those commodities in the "pipe line" which are eligible for provision under this title may be financed by the Administrator out of funds made available under the bill as part of the assistance to be provided thereunder. As in the case of the Foreign Aid Act of 1947, under which the same type of operation was authorized, the "pipe line" at any moment will embrace commodities, the title to which has not been relinquished by the consignor, or which have not theretofore been landed in the territory of the participating country concerned. The language of the present title will permit the Administrator to arrange for this important aspect of assistance.

Section 111 (a) : This subsection authorizes the Administrator to furnish assistance to any participating country, in the forms pre-

scribed. He may provide for procurement of any commodity which he determines to be required for the furtherance of the purposes of the title. The authority to procure "from any source" provided in paragraph 1 includes the authority to procure "offshore", that is, from outside the territory of the United States. Offshore procurement of commodities and services required by the participating countries will serve a variety of purposes. It will permit the procurement outside of the United States of commodities in short supply in the United States, thereby relieving shortages in this country, and it will also reduce the inflationary effect of increased demands for certain commodities from United States sources. Furthermore, in some cases the needs of the participating countries for particular types of commodities and services can best be met from sources outside the United States. While offshore procurement of commodities will be effected principally from Western Hemisphere sources, incidents may arise in which the Administrator will find it desirable to finance the procurement for one participating country of commodities which are available in another such country. This will make possible increased trade among the participating countries and will make available dollar exchange to the exporting country, thereby diminishing its requirements for direct assistance from the United States. Offshore procurement of commodities will, it is expected, be effected to a very large extent, through normal channels of trade. Offshore procurement will always be subject to controls established by the Administrator designed to assure that such procurement is in furtherance of the purpose of this title.

The committee amended S. 2202 by providing that where procurement is from surplus Government stocks the Administration will be placed on the same priority basis as other Government agencies in the procurement of surpluses for their own use.

The term "commodities" is broadly defined. The committee has amended S. 2202 to include merchant vessels in the definition and under paragraph 4 of this subsection to provide for the charter of 200 dry-cargo vessels. The committee felt that to prohibit the temporary transfer of laid-up American merchant ships for a limited period of time would be uneconomic and contrary to the best interests of the American people. The committee, however, inserted provisions assuring that the vessels will be returned to the United States whenever such return is in the interests of national security or when assistance to the country involved under this title is terminated. Furthermore, the committee provided that these vessels shall be utilized primarily for the transportation of commodities supplied under this title and shall not unnecessarily compete with vessels of United States operators.

The Senate bill provided that the Administrator shall take such steps as may be necessary to assure, "so far as is practicable" that at least 50 percent of the gross tonnage of commodities procured within the United States out of funds made available under this title are transported on United States-flag vessels to the extent such vessels are available at market rates. The committee amended this provision in two ways: (1) It substituted for the phrase "at least 50 percent" the phrase "a substantial portion." This change was designed to assure the Administrator greater flexibility in the application of this provision; (2) it placed before the words "ocean vessels," the words

"dry cargo." This was done so that this provision would not aggravate the petroleum shortages in various parts of this country due to the tanker shortage. At the present time not more than 20 percent of petroleum exports from the United States are carried in United States tankers and prior to the war no American tankers participated in that trade.

The Administrator is authorized to furnish technical information or technical personnel for instruction purposes to a participating country, as well as other forms of technical information and assistance.

The provision authorizing transfer of any commodity or service is intended to authorize the actual delivery of a commodity into the custody of a participating country, or the rendering of a service for such country. These acts represent the actual rendering of the assistance authorized under the program. By defining transfer as the act of delivery or of rendering a service, a standard is established for assuring the amount of assistance actually provided for a participating country. This measure is important in connection with fiscal operations and in the preparation of reports on operations under this title. The paragraph authorizes transfer not only to a participating country itself, but to any agency or organization representing such country. Under this authority, commodities, for example, could be delivered directly to business firms designated by the participating country as its agent to receive such commodities or to an organization representing a group of such countries.

Paragraph 6 merely makes clear that the Administrator may consider allocation of commodities or services on a project basis.

Section 111 (b): This subsection prescribes the method under which the Administrator may provide the types of assistance authorized under section 111 (a).

Paragraph (1) of section 111 (b) authorizes the Administrator for the purpose of facilitating procurement, to establish accounts on the books of the Administration, or of any other department, agency, or establishment of the Government, or, on terms and conditions approved by the Secretary of the Treasury, in United States banking institutions (including overseas branches of United States banks). In addition to authorizing Government procurement through procedures specified herein, the paragraph will enable the Administrator to permit utilization of normal trade channels, with adequate safeguards to assure proper expenditure for approved purposes. The committee amended S. 2202 by making clear that, while Government procurement would be authorized, these provisions would facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that expenditures in connection with such procurement are within approved programs and in accordance with the terms and conditions established by the Administrator.

Under subparagraph (i) a "letter of commitment" could, for example, be issued by the Administrator to participating countries, in order to facilitate their contracting with suppliers, or to suppliers or private banking institutions. The "letter of commitment" would embody a commitment on the part of the Administrator to make payment for the furnishing of specified commodities, upon presentation of the "letter of commitment," together with contracts, invoices, bills of lading, or other supporting documents enumerated therein sufficient

to demonstrate that the funds are being properly spent for approved purposes. The utilization of this procedure, in effect, would enable a participating country to institute essential approved procurement without the necessity for borrowing, or immobilizing its scarce dollar reserves by furnishing an irrevocable letter of credit to a supplier. Such borrowing, or the furnishing of an irrevocable letter of credit, has frequently been required of foreign countries making contracts in the United States in order to relieve the supplier of credit risk. A "letter of commitment," which would bind the United States Government and would create an obligation against appropriations made under authority of the bill, would normally be used by a supplier in the place of an irrevocable letter of credit and on the same basis as a United States Government contract to purchase. The supplier could use the "letter of commitment" for his own credit arrangements in the same way as he could use a United States Government contract, and the right to receive payment under the "letter of commitment" would be assignable within the terms of the law relating to the assignment of claims.

Subparagraph (ii) of this subsection authorizes the Administrator to permit withdrawals, against an established account, by a participating country. The Administrator would specify the documents which must be submitted to effect withdrawals, in order to assure full compliance with the terms and conditions of the supply program. The committee amended subparagraph (ii) so as to provide that withdrawals would be under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by him.

The foregoing procedures will permit the Administrator, acting within prudent limits, to authorize advances for the making of payments by or on behalf of participating countries, and to authorize reimbursement to such countries for payments already made by them for approved commodities. Such payment or reimbursement can be effected without requiring the submission of all documents which are ordinarily prerequisite to the expenditure of United States Government funds. This will make possible procurement in a businesslike manner, through normal channels of trade, subject to adequate safeguards established by the Administrator to demonstrate that all expenditures are within the approved program and in accordance with the terms and conditions established by the Administrator for such expenditures. The safeguards will enable him to make certain that amounts authorized to be withdrawn will not exceed the needs of participating countries to make current dollar payments for approved supply items. In addition, the Administrator will be in a position to assure that the timing and method of procurement is consistent with the best interests of the domestic economy of the United States. However, this subsection requires, with respect to procurement within the United States, the eventual submission of all standard documents necessary for auditing purposes. Experience has shown that, with respect to procurement outside the United States, particularly through normal trade channels, it is frequently impossible to obtain all the standard documentation required for auditing of accounts. Hence, the Administrator is authorized to prescribe the documents required in support of expenditures for offshore procurement.

Paragraph 2 of subsection (b) permits the utilization by the Administrator of any department, agency, or establishment of the Government in connection with provisions of assistance under this title. This authority includes procurement through regular Government agencies. Funds allocated to any such agency out of funds appropriated under authority of this title will be established in separate appropriation accounts in the Treasury. The paragraph also authorizes the provision of assistance by acting in cooperation with the United Nations, with other international organizations or with agencies of the participating countries.

Paragraph 3 authorizes the Administrator to make guaranties for the transfer into dollars of local currency proceeds from projects abroad, under conditions and subject to the limitations contained in the paragraph. This provision is designed to afford American business enterprise the opportunity to participate in the recovery program by making new investments abroad, or by expanding existing facilities where the program calls for additional capital equipment. They may thus contribute to the restoration of Europe, while at the same time carrying out their own programs for expansion abroad. American concerns, prepared to assume business risks abroad, are understood to have been deterred from investing abroad in a large measure because of their lack of assurance that they would be able to transfer foreign currency earnings into dollars. It is this transfer risk which the guaranty is designed to obviate.

The approval of the Administrator will be expressed through the guaranty contract with the American investor. The approval power will not stop with the writing of the guaranty contract itself. Regulations will be promulgated by the Administrator to assure a follow-up to determine that the agreed amount of dollars have actually been invested, that the resulting investment is reasonably related to the recovery purposes for which the guaranty was extended, and that the local currency proceeds tendered for transfer into dollars are justifiably attributable to the guaranty investment. The term "investment" includes loan, as well as so-called equity, investments.

S. 2202 has been amended to make it clear that the Administrator is permitted to make guaranties of investments in enterprises producing or distributing informational media, such as newspapers, magazines, and movies of an informational nature. However, the Administrator may not make such guaranties in excess of \$15,000,000 during the first year after the date of enactment of this act.

The committee also amended subparagraph (i) of paragraph 3 to make clear that when any payment is made to any person in fulfillment of a guaranty, the currencies or credits in currencies received by such person, but which could not be converted into dollars, would become the property of the United States Government. An additional amendment made by the committee provides that the Administrator may charge a fee in an amount not to exceed 1 percent per annum of the amount of each guaranty. All fees so collected are to be available for the discharge of any liability accruing under the guaranty provisions at such time as all such liabilities shall be discharged or have expired, or until all such fees have been expended in fulfillment of liabilities incurred under this provision. It is expected that in this way a part of the liabilities that may be incurred under this

provision will be discharged out of these fees. The committee, in view of its amendment under paragraph 5 of this subsection and paragraph 2 of subsection (c) of this section, eliminated the provision of the Senate bill which limited the total liabilities assumed under such guaranties to 5 percent of the total funds appropriated for the purposes of this title.

The committee struck from S. 2202 the amendment dealing with guaranties to Western Hemisphere governments and to any persons in the Western Hemisphere. This provision was eliminated since it overlapped the guaranty provision discussed above, and it was believed that it would reduce the likelihood of unguaranteed loans or credits being made by Western Hemisphere countries. Furthermore the provision in the Senate bill provided for a more complicated procedure of providing for offshore procurement through private channels, without assuring adequate safeguards. Nor would it give any greater benefit to private trade channels than is already adequately provided for in other sections of this title.

The total amount of guaranties that can be made under section 111 (b) (3) is \$500,000,000. In the discharge of liabilities under guaranties the fees collected would first be utilized and that thereafter funds realized through issuance of notes under a public-debt transaction as provided by the terms of section 111 (c) (2) would be utilized.

(c) (1): This subsection specifies the methods by which the Administrator may finance the provision of assistance for a participating country. In accordance with the standards prescribed in the subsection, the Administrator, in consultation with the National Advisory Council on International Monetary and Financial Problems, will determine whether assistance under any part of a program, with respect to a participating country, shall be on the basis of grants or of loans. The committee believes that the form of the assistance for financing imports into the participating countries should depend primarily upon two factors: (1) The character and purpose of the assistance; and (2) the capacity of the country concerned to make repayments without jeopardizing the accomplishments of the purposes of the bill.

In order to clarify the Senate bill, and to make clear that "fuzzy loans" should not be made, the committee made specific reference to the test of "reasonable assurance of repayment." Obviously, grants should not be made to countries which are found to have the capacity to pay cash or to repay loans without jeopardizing the purposes of the bill. It is equally clear that it would be unrealistic to require payment in cash or repayment of loans in the case of participating countries entitled to provision of assistance under this bill but which are found to be without capacity to repay without jeopardizing such purposes. Subject to the foregoing tests, it is the view of the committee that, to the fullest extent practicable, payments should be required, or loans should be used, in order to finance imports of capital equipment and of raw materials for use in connection with capital development; and grants should be used in order to finance imports of current supplies of food, fuel, and fertilizer and of raw materials not used for capital development.

The Administrator is authorized by this subsection to determine, in consultation with the National Advisory Council, the terms of

payment to be required of participating countries for which the Administrator provides assistance on a loan basis. This subsection specifies that the terms of payment on account of assistance provided on a loan basis may, where appropriate, include payment by the transfer to the United States of materials required by the United States as a result of deficiency or potential deficiencies in its own resources and under such terms and in such quantities as may be agreed to between the Administrator and the participating country. Explicit reference to this subject was deemed desirable even though the Administrator would possess authority to take such action under the general language of this subsection because of the importance which the committee attached to this matter.

In determining whether assistance will be through grants or upon terms of payment, and in determining the terms of payment, the Administrator will act in consultation with the National Advisory Council on International Monetary and Financial Problems. The provision for consultation between the Administrator and the National Advisory Council in this subsection (as well as in subsection (2) of this section and paragraph (6) of section 15 (b)) contemplates that if, after such consultation, differences of view remain, the matter in disagreement will be referred to the President for final decision.

The committee amended paragraph 2 of section 111 (c) to provide that during the first year following the date of enactment of the act for the purpose of extending assistance on credit terms and for carrying out the guaranty provision under section 111 (b) (3), the Administration is authorized to finance such transactions by means of issuing notes as a public-debt transaction in an amount not exceeding in the aggregate \$1,000,000,000. Accordingly, the Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury, which notes shall bear a rate of interest as may be determined by the Administrator with the approval of the Secretary of State. It is intended that notes will not be issued until the Administrator needs the money either for the purpose of rendering assistance on credit terms or for meeting liabilities under the guaranty provision. Notes will not be issued at the time the guaranty is made, but only when a liability arises during the first year. In the event that the guaranty must be honored at a later date after the 1-year period this title contemplates that authorization would be passed providing for the liquidation of such liabilities which might arise. In order to assure that the Administrator will not exceed the \$5,300,000,000 total (4.3 billion by appropriation and 1 billion by public-debt transaction) provision is made in paragraph 5 of section 111 (b) that as guaranties are made the authority to realize funds from the sale of notes for loan purposes authorized under this paragraph shall be accordingly reduced.

When it is determined that it is appropriate to provide assistance to the participating country on a loan basis, the Administrator will allocate funds (realized from a public-debt transaction) for this purpose to the Export-Import Bank of Washington which will make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council. The elimination of the provision that the loan will be made and administered by the Export-Import Bank as directed by the Administrator is not intended to de-

tract from the Administrator's authority as provided in the Senate bill.

Section 112 (a) : This provision is designed to assure the protection of the domestic economy.

Section 112 (b) : This subsection provides an added measure to assure the protection of the domestic economy by avoiding unnecessary drains upon petroleum and petroleum products of the United States.

Section 112 (c) : In accordance with the general intention of the committee to protect the domestic economy of this country from shortages that might result from the program, and particularly in order to assure an adequate supply in the United States of byproducts resulting from the milling of wheat, this subsection requires that, in connection with aid in the form of grants, amounts of wheat and wheat flour to be transferred under this title shall be so determined that the total quantity of United States wheat used to produce wheat flour procured in this country for transfer to such countries under this act, shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer to such countries under this title. The committee perfected the Senate bill to clarify the above purposes.

Section 112 (d) : The provisions of this subsection are designed to provide for the fullest practicable use of any agricultural commodity, or product thereof, produced in the United States and determined by the Secretary of Agriculture to be in excess of domestic requirements. Accordingly, the Administrator is directed to provide for the procurement of any such agricultural commodity where it is intended to transfer any such commodity on terms not requiring payment by the participating country, where the commodity is within the requirements of the participating country concerned, and the application of which will not hinder the Administrator, to give effect to the following:

(1) Not to authorize the procurement of such agricultural commodity outside the United States except where such commodity or the product thereof is to be procured in one participating country for transfer to another participating country if, in consultation with the Secretary of Agriculture, he determines that it would be in furtherance of the purposes of this title and would not result, in and of itself, in creating a burdensome surplus in the United States or causing serious harm to the ability of the American producer to market such commodities. Similarly, to the extent that such commodity is not available in the United States to meet the requirements of the participating countries under this title, off-shore procurement is authorized.

(2) In providing for the procurement in the United States of such agricultural commodities for transfer by grant, the Administrator under this subsection is required to procure an amount of each class or type of such commodity in the approximate proportion that, as determined by the Secretary of Agriculture, such classes or types bear to the aggregate excess of such commodity over domestic requirements. The application of the provision, as the others, is generally qualified by the following conditions: (a) The agricultural commodities must be in surplus in the United States as determined by the Secretary of Agriculture; (b) the class or type must be within the requirements of the participating country for which the procurement is being provided; (c) the ap-

plication of this provision should not hinder the Administrator in the effective carrying out of the purposes of the title and the procurement of the proposed amount of each class or type must be administratively practicable.

Section 112 (e): Subsection (e) is intended to help prevent the undue accumulation of surplus foods in the United States. It provides that any surplus agricultural commodities acquired by the Commodity Credit Corporation under price-support programs shall be utilized for foreign-aid programs to the maximum extent practicable without jeopardizing the accomplishment of the purposes of the programs. The sales prices at which such commodities are to be made available for foreign-aid programs are to be sufficient to reimburse fully the Commodity Credit Corporation, but are not to be higher than the domestic market prices for such commodities as determined by the Secretary of Agriculture. The sales prices, as defined above, serve as the basis for determining the amounts of reimbursement to the Commodity Credit Corporation. That organization can obtain its reimbursement from two sources: (a) The prices paid by the Administrator (or administrators of other foreign-aid programs) for such commodities which are procured and (b) the funds made available under subsection (f), provided that funds from that source shall not exceed 50 percent of the respective sales prices for such commodities. In this manner, the Administrator will obligate and expend funds made available under the European recovery program only to the extent of the net cost of such commodities to the Administrator. Under the provisions of subsection (e), the Secretary of Agriculture will be in a position to aid in financing to the maximum practicable extent the utilization in connection with foreign-aid programs of price-support commodities which are determined to be in surplus supply.

Section 112 (f): This section authorizes the utilization of funds, appropriated under section 32 of the amendment to the Agricultural Adjustment Act contained in Public Law 320, Seventy-fourth Congress, in payment for surplus agricultural commodities made available under relief or assistance programs for foreign countries. Not more than 50 percent of the price at which such commodities are sold for such programs may be paid out of these funds. In further implementation of this authorization, the funds available under section 32 which were rescinded by the act of July 30, 1947, are restored by section 112 (f) for use during the fiscal year ending June 30, 1948.

Section 112 (g): The purpose of this subsection is to grant priority to the participating countries, as against countries not in the European recovery program, in the allocation of scarce commodities, unless the national interest of the United States, as determined by the Secretary of Commerce, requires otherwise.

Section 112 (h): The Administrator under this subsection is directed to the maximum extent possible consistent with the accomplishment of the purposes of this title to utilize private channels of trade.

Section 113 (a): From time to time assistance to the participating countries will take the form of commodities that are normally procured by United States Government departments, agencies, and establishments for their own purposes. Similarly, assistance will sometimes

be provided in the form of services that can readily be rendered by such departments, agencies, or establishments. Whenever such commodities, services, or facilities are made available to participating countries, the departments, agencies, or establishments from which such commodities, services, or facilities are obtained will be reimbursed out of funds appropriated under this title. Section 113 (a) prescribes the procedures under which such reimbursement will be effected.

Section 113 (b) : Cases will arise in the course of operations under this title when commodities procured under a program of assistance to the participating countries (1) can fill some more urgent need of the United States Government; (2) are determined no longer to be appropriate for transfer under the original program; or (3) are in danger of spoilage or wastage, or must be disposed of in order to conserve their usefulness. In such cases, under this subsection, the Administrator may dispose of such commodities in the best interests of the Government of the United States, in accordance with the procedures set forth in this subsection.

Section 114 (a) : In authorizing an advance from the Reconstruction Finance Corporation this subsection provides a procedure, standard in laws of this character, to permit immediate start of operations once the authorizing legislation is enacted. In view of the urgent need of making assistance available to the participating countries and to keep the pipe lines flowing, the committee finds that the sum of \$1,000,000,-000 is essential for that purpose pending consideration and enactment of an appropriation act.

Section 114 (b) : This section is a precautionary measure in order to assure that any unused balances of funds under the Foreign Aid Act of 1947 shall be available for carrying out the purposes of this title.

Section 114 (c) : This subsection contains the authorization for appropriations. The introductory language, referring to those participating countries which adhere to the purposes of the title and remain eligible to receive assistance thereunder, merely restates and reflects the conditions precedent to the receipt of assistance which are set forth in other provisions of the title. The language is not intended to impose a new condition, and the tests for eligibility are provided elsewhere in the title, as well as the methods of determining eligibility. The committee determined that it would be inadvisable to authorize appropriations after the end of the first 12 months. The committee believes that while the Congress should express the intention to carry out a 4 $\frac{1}{4}$ -year program, each year the Congress should review both the authorization as well as the amount of the appropriation in determining the provision of assistance for the succeeding 12 months. This will enable not only a review of the amounts it has expended during the preceding 12 months but also the basic foreign policies inherent in the program. While there is no commitment expressed or implied to provide any specific assistance to any participating country, there is a congressional intention of continuing the program for the 4 $\frac{1}{4}$ -year period for those countries which remain eligible to receive assistance. The amount authorized to be appropriated for carrying out the purposes of this title during the first 12 months has been changed to \$4,300,000,000 in view of the authorization to the Administrator to

obtain \$1,000,000,000 through the issuance of notes as a public debt transaction.

Section 114 (d) : This subsection gives general authority to use the funds made available under this title for all the various incidental expenses that will be found essential to effective operations. It specifically authorizes the use of such funds for administrative expenses and compensation of various classes of personnel and permits the disregard of certain laws that would unduly hamper the type of operations that will be necessary in an unusual program of this type. In addition, under the authority of this section, the Administrator will be able to meet various types of emergency expenses incident to providing for assistance for the participating countries.

Section 114 (e) : This subsection authorizes the merger of local currency deposits made under the Relief Assistance Act and the Foreign Aid Act of 1947 with similar local currency deposits to be made under this title. Such local currency deposits if so merged, would then be held for use in accordance with the terms and conditions specified in paragraph 6 of subsection 115 (b) of this title. This section, when enacted into law, will provide the congressional approval required by the Relief Assistance Act and the Foreign Aid Act of 1947 for the deposit of the unexpended balances remaining in the local currency accounts established under such act. Thus uniformity in the ultimate disposition of all these balances will be assured in accordance with the policies established in this title.

Section 114 (f) : This subsection establishes a foreign economic trust fund consisting of \$3,000,000,000 of the funds appropriated for the first 12 months of operations under this title, and requires that expenditures made for carrying out this title in the fiscal year beginning July 1, 1948, will first be met out of the Trust Fund. When the \$3,000,000,000 placed in the Trust Fund has been exhausted by these expenditures, future expenditures will be made out of appropriation accounts in the customary manner. From the point of view of the Administrator's operations under this title, the Trust Fund will be utilized in exactly the same manner as ordinary appropriation accounts. The only difference which will result from the creation of a Trust Fund is the recording of the expenditure of the \$3,000,000,000 as part of the budgetary expenditures of the fiscal year ending June 30, 1948.

Section 115: This section is designed to assure that (a) in accordance with the declaration of policy in section 102, continuity of assistance provided under this title will be dependent upon continuity of cooperation among countries participating in the program, and (b) as a condition precedent to receiving such assistance, each participating country shall make an executive agreement with the United States embodying undertakings essential to the accomplishment of the purposes of this title.

Section 115 (a) : This section contains the basic authorization to the Secretary of State to conclude executive agreements in furtherance of the purposes of this title. Such agreements may be concluded, however, only after consultation with the Administrator. The Secretary of State may, nevertheless, negotiate and conclude preliminary or temporary agreements, before an Administrator or Deputy Administrator has qualified, to the extent that he may deem such agreements to be necessary in furtherance of the purposes of this title.

Section 115 (b): The requirement for continuity of cooperation is expressed in subsection (b), which envisages multilateral reciprocal pledges given by the participating countries among themselves, to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation, and including the establishment of a continuing organization for that purpose.

In addition to the multilateral reciprocal pledges to be given among themselves, each participating country will be required to conclude an executive agreement with the United States providing for the adherence of such country to the purposes of this title. Inasmuch as the purpose of this title, as stated in section 102 (b), is to effectuate the policy set forth in section 102 (a) of this title, this portion of the bilateral agreement will, in effect, constitute an undertaking by each participating country to adhere to the policies of this title governing the objectives in Europe of the program. In addition, section (b) enumerates certain provisions which will, where applicable, be embodied in the bilateral agreement between each participating country and the United States.

The first of these provisions embodies an undertaking by the country concerned to promote industrial and agricultural production in order to enable such country to become independent of extraordinary outside economic assistance. It is designed to assure that each country will make all efforts to increase production to the end that it may, as soon as possible, cease to depend upon outside economic assistance for which it is unable to exchange goods or services, or make payments, on a sound financial or trade basis. This paragraph also makes clear that the Administrator has authority to approve specific projects which may be proposed by a participating country to be undertaken in substantial part with assistance provided under the title and which may be designed to further the purposes of this title.

Another undertaking, embodied in paragraph (2) of this subsection, provides for the application by each participating country of all necessary measures leading to the rapid achievement of internal financial, monetary and economic stability, including the achievement of budget balance as quickly as possible.

Paragraph (4) of this subsection contains a provision under which the participating country would agree not only to make use of, but also to take measures, to the extent practicable, to locate and control, in furtherance of the recovery program, assets and earnings therefrom which belong to the citizens of such country and which are situated within the United States, its Territories and possessions. The committee considers that the dollar assets of citizens of the countries receiving aid under the recovery program should be fully available in support of the program. The precise form of utilization will necessarily vary according to the circumstances of the particular country and the nature of the assets. The proposed provisions does not require that the assets be liquidated although it is believed that some of the countries will actually undertake liquidation programs with respect to assets which are susceptible of such treatment.

Paragraph (5) is assigned to make available to the United States in accordance with the terms of the paragraph, materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. Agreements with participating countries for

the transfer of such materials may extend beyond the period of this title and will specify the terms and quantities governing the transfer of such materials.

Section 115 (b) (6) provides for an undertaking on the part of each participating country to deposit in a special account the local currency equivalent of assistance furnished on a grant basis. Among the uses which could be made of these deposits, the committee has considered that in appropriate circumstances the following might be applied:

(a) Withholding from use, in whole or in part, to assist in measures of financial reform and currency stabilization;

(b) Use for retirement of national debt so as to promote the most rapid achievement of internal financial stability;

(c) Use for local currency costs incident to the exploration for and development of additional production of raw materials in probable long-term short supply in the United States;

(d) Use to defray the cost in the currency of the participating country pursuant to arrangements approved by the International Bank for Reconstruction and Development and by that country of projects mutually agreed by them as contributing to European economic recovery;

(e) Use for local currency administrative costs incident to the operation of ERP within the country concerned.

In addition, these deposits could be used for other purposes agreed to between each participating country and the Administrator, but any agreement for the disposal of any unencumbered balance remaining on June 30, 1952, will be subject to approval by the Congress.

The committee amended paragraph 6 of this subsection to provide that in addition to consulting with the National Advisory Council in reaching agreements with a participating country with respect to local currency deposits, the Administrator is also to consult with the Public Advisory Board. The purposes of such consultations are also further elaborated.

In addition to providing for reports to the United States by each participating country on operations under the agreement, paragraph (7) also assures that adequate publicity will be given within each participating country by the government of such country to United States assistance furnished under the bill.

The committee inserted an additional provision (par. 9) to be included in the bilateral agreements, if applicable, with respect to strategic materials. This provision reenforces those provisions already included in S. 2202 with respect to the acquisition of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. It also provides that the participating country is to agree to negotiate suitable protection for the right of access for United States enterprises in the development of such materials on terms comparable to those afforded to nationals of the country concerned.

The committee also included a further paragraph (par. 10) which will require the submission to the International Court of Justice, or any other arbitral tribunal mutually agreed upon, of any dispute involving compensation of a national of the United States for governmental measures affecting any of the property rights of the United

States national, provided that the case is one which the United States Government actually espouses.

Section 115 (c): Detailed and comprehensive agreements such as are contemplated under subsection (b) may well require some time to conclude, particularly since the constitutional systems of some participating countries require that agreements of this character be submitted to their legislatures for ratification. Accordingly, subsection (c) authorizes the Administrator, for a period of 3 months after the date of enactment of this act, to provide assistance to any participating country in accordance with the terms of this title whenever such country has signified its adherence to the purpose of the title and its intention to conclude an agreement in accordance with subsection (b) of this section and provided that the Administrator finds that such country is complying with such provisions of subsection (b) as he may determine to be applicable. In order to assure that conditions of hunger and cold will be alleviated and economic retrogression will be avoided, the Administrator is further authorized through June 30, 1948, to provide for the transfer of stated essential subsistence items to any country which participated in the Committee of European Economic Cooperation even though it has not been possible within that period to complete the interim arrangements contemplated by this subsection.

Section 115 (d): The follow-up system contemplated in this subsection will supplement that provided for the Administrator by the special missions established under section (9) of the bill.

Section 115 (e): This subsection, inserted by the committee, provides that the Administrator shall encourage arrangements among the participating countries which would seek to obtain the largest practicable utilization of manpower in any of the participating countries. It is specifically provided that this would include the acceptance by the participating countries of a fair share of displaced persons, including family groups, who are presently the responsibility of the International Refugee Organization. The arrangements to carry out this provision are to be established in cooperation with that Organization.

This subsection also provides that the Administrator is to request the Secretary of State to seek to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal of reparations from the three western zones of Germany be retained in Germany if that would most effectively serve the purposes of the European recovery program. In view of the fact that the removal program is the subject of multilateral agreements to which the United States is a party the committee is convinced that this is the furthest it can go in seeking a reexamination of the removal program.

Subsection (f) dealing with the repatriation of prisoners of war remaining in participating countries expresses the understanding of the committee that at the present time agreements between the United States and the affected participating countries are now being carried out providing for the repatriation of prisoners of war to the extent that they freely elect to be repatriated.

Section 116: Under this section the President is to take appropriate steps to encourage Western Hemisphere countries to render such assistance to participating countries as they may be able to furnish.

Section 117 (a) : This section is designed to make possible the use of funds appropriated under authority of this title to increase the production in participating countries, whenever practicable, of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources.

Section 117 (b) : This subsection provides that the Administrator, in cooperation with the Secretary of Commerce, should take such steps as may be possible to encourage travel by United States citizens to and within participating countries. It is expected that the Secretary of Commerce, under this provision, will work out with private and public travel, transport, and other agencies the means whereby, for example, publicity can be given to the advantages of such travel.

Section 117 (c) : This subsection gives the Administrator discretion to further the efficient use of voluntary contributions for relief in participating countries. This assistance, under such rules and regulations as the Administrator may prescribe, may be rendered by the payment of port charges in the United States and ocean freight charges from the United States port to a foreign port of entry, of supplies donated to or purchased by certain United States voluntary relief agencies or of relief packages, conforming to specifications prescribed by the Administrator. This subsection is also made applicable to any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste and either of its zones. It also authorizes the Administrator to enter into an agreement with any affected country for the use of the local currency deposits to defray the transportation costs of such supplies and relief packages within such country.

Section 117 (d) : Certain countries of Europe have announced their intention to oppose the European recovery program and to take steps to prevent its success. Accordingly, the committee inserted this subsection to prevent certain United States goods from being used to increase the resources of such countries through trade with the participating countries. Thus, the Administrator is to refuse delivery to a participating country of any commodities or products which might go into the production of commodities or products for the countries opposing the program, where the United States would not license those commodities for export to such countries.

Section 118: This section is to assure that continuity of assistance under the program will be conditional upon compliance with undertakings by the participating country receiving assistance. In certain cases, viewed in the light of the nature or circumstance of a violation, the Administrator may determine that some corrective or preventive action may be more appropriate than termination of assistance. The committee amended S. 2202 to assure that such termination of assistance would, to the extent possible, include the termination of scheduled deliveries.

Section 119: This provision is necessary in order to provide flexibility in connection with the procurement and shipment of commodities and other similar operations under this title. Among the laws concerning which it can be expected that this authority will be exercised by the President are:

1. Revised Statutes 3648: Advances of public money; prohibition against. This law generally prohibits advance payments

out of public funds for articles or services prior to receipt of such articles or services.

2. Revised Statutes 3709: Advertising for purchases and contracts. This law requires general advertising for all Government purchases.

3. Revised Statutes 3710: Opening of bids. This law provides that all persons bidding on Government contracts must be given an opportunity to be present at the opening of bids.

4. 47 Stat. 1520: American materials required for public use. This law, known as the Buy American Act, requires the purchase of raw and finished material produced in the United States if they are intended for United States public use.

5. 15 U. S. C. 616a: Goods purchased out of Government loans must be shipped in United States vessels.

The general authority for exemption from laws such as those referred to above, will also permit waiver in cases where a law specifically requires a finding to be made by the heads of various departments before operations may be carried on with regard thereto. Such requirements could delay operations to an extent which would be harmful in an urgent program of this type. In order to assure that the power of waiver will be employed only where essential, it is provided that the President must specify which laws are to be waived.

Section 120: The purpose of this section is to make it possible for persons to serve on the Public Advisory Board or on any other advisory committee established under the authority of section 107 (b), or as a consultant to assist the Administrator in carrying out this bill, despite the participation of such a person in activities, as part of his private business operations, which would bring him within the prohibition of certain existing Federal laws. Under existing legislation it is unlawful, for example, for a person to have a financial interest in a claim being prosecuted against the Government while such person is serving as an official or employee of the Government. This type of legislation is necessary and proper in connection with ordinary operations of the Government. However, it is extremely desirable, in connection with the European recovery program, to permit the employment of experienced lawyers and businessmen. Legislation of the type waived by this section would unduly restrict the participation of such persons in the program. This was demonstrated during the war when similar exemptions were permitted in order to enable greater participation of businessmen in connection with wartime programs, as in the case of selective-service boards and alien and enemy hearing boards.

Section 121 (a): This subsection authorizes the President to request the use of the services or facilities of the United Nations or any of its specialized agencies or the services or facilities of any other international organization, and further authorizes the President, out of funds appropriated under this bill, to spend any sums necessary for this purpose. The committee amended S. 2202 so as to make clear that the Administrator cannot delegate to any international or foreign agency his authority to decide the method of furnishing assistance, or the amount of such assistance.

Section 121 (b) and (c): Subsections (b) and (c), by requiring that the President cause to be transmitted to the Secretary-General

of the United Nations copies of reports of operations under this title transmitted to Congress in accordance with section 123, and by further requiring that any agreements concluded by the United States under section 115 be registered with the United Nations if required by the Charter of the United Nations, assures that the United Nations will be kept fully informed on operations under this title.

Section 122 (a): This subsection provides that operations under this title are to be terminated on June 30, 1952, or prior thereto if the two Houses of Congress shall pass a resolution declaring that such operations should be terminated. The operations to which this provision applies are those set forth in section 111 (a), namely, the various methods by which assistance may be rendered to the participating countries. An exception to the terms of the provision will permit the completion of commitments made by the Administrator prior to June 30, 1952. Hence, if the Administrator has authorized the procurement of a commodity prior to June 30, 1952, but shipment or delivery to the participating country has not been effected prior to that date, these functions may be performed after that date to the extent necessary to carry out such commitment. This subsection also permits contracts to be made after June 30, 1952, to the extent necessary to carry out these commitments. For example, the Administrator may use funds appropriated under this title for payment of freight on commodities shipped during the 12-month period following June 30, 1952, if such commodities are procured under a commitment entered into by the Administrator prior to that date. It is believed that, by limiting the period during which these operations may be continued to 12 months, this title provides assurance that operations will be completely terminated at the earliest date consistent with the effective carrying out of the purposes of this title.

Section 122 (b): Under this subsection, the liquidating activities under this program, at such time after June 30, 1952, as the President may find appropriate, may be transferred to such departments, agencies, or establishments of the Government as the President finds appropriate.

Section 123: This section, by providing that the President must at least once every calendar quarter until June 1952, and once every year thereafter until all operations under this bill have been completed, transmit to the Congress a report of operations under this title, assures that the Congress will be kept currently informed of such operations. The committee amended S. 2202 to provide that the text of the bilateral and multilateral agreements will also be so submitted.

Section 124: This standard separability provision applies to the entire bill.

TITLE II

Section 201: This section contains the citation of the title.

Section 202: This section indicates that the purpose of the title is to provide for the special care and feeding of children through contributions to the International Children's Emergency Fund created by the United Nations.

Section 203: This section authorizes contributions to be made until July 1, 1949. Such contributions may be made out of funds appropriated under this title and also from funds made available under

the joint resolution of May 31, 1947, providing for relief assistance to the war-devastated countries.

Section 204: This section provides the top limit of the amount of contributions that may be made by the United States to the Fund. The sum of contributions made under this title and those made under the joint resolution of May 31, 1947, may not exceed the lesser of the following amounts: (1) 50 percent of the total resources contributed by all governments or (2) \$100,000,000.

Section 205: No further contributions, either under this title or under the joint resolution of May 31, 1947, may be made unless, at the time of such contributions, governments other than the United States have contributed at least 20 percent of the total resources contributed by governments for such use after May 21, 1947. It is to be noted that this provision does not permit the inclusion of contributions made by agencies, organizations, or individuals other than governments. At the present time, the total actual contributions from governments is approximately \$29,000,000, and governments other than the United States have contributed approximately \$14,000,000.

Section 206: The funds appropriated under the joint resolution of May 31, 1947, are now available only until June 30, 1948. Section 206 continues the availability of these funds until June 30, 1949. The matching provisions of that law, in the ratio of 57 and 43, are not retained. In computing the contributions made by the various governments, contributions in kind and in the form of services are, of course, to be included, and their value should be based on the cost of such contributions in the country where they are procured or rendered. It is expected that such cost will then be converted into dollars at the appropriate rate of exchange existing at the date of the contributions.

Section 207: This section contains the authorization for an appropriation in the amount of \$60,000,000, to be available during the fiscal year ending June 30, 1949.

TITLE III

This title contains the provision of the bill relating to military assistance to China and the continuation of military assistance to Greece and Turkey. China is included by amendment of Public Law 75, Eightieth Congress, which authorized the President to render aid to Greece and Turkey.

Section 301: This section is self-explanatory.

Section 302: This section amends paragraph (2) of section 1 of Public Law 75, Eightieth Congress, to make it expressly clear that, in accordance with existing practice, civilian personnel of the United States Government may be detailed to the governments of the countries receiving assistance as well as to the United States missions in those countries, and that, regardless of where detailed, the same provisions relating to reemployment rights, travel expenses, and allowances shall be applicable. This section also places United States military personnel in such countries, both prospectively and retrospectively, on the same footing with civilian personnel in respect of allowances.

In lieu of the heretofore existing provision relating to FBI investigation, a provision is inserted identical in effect to section 110 (c) of title I.

Section 303: This section makes it clear that United States military personnel detailed to the governments of the countries receiving assistance are on the same footing with respect to pay, allowances, and other rights as United States military personnel detailed to the United States missions in such countries.

Section 304 (a): This section contains an authorization for the Reconstruction Finance Corporation to advance \$50,000,000 for the purposes of this title. As in the case of the original advance by the Reconstruction Finance Corporation under Public Law 75, Eightieth Congress, no interest is to be charged by the Reconstruction Finance Corporation and no interest is to be charged by the Treasury on advances made by it to the Reconstruction Finance Corporation for the purposes of this section.

Section 304 (b): \$275,000,000, in addition to the \$400,000,000 heretofore authorized, is authorized to be appropriated for continued assistance to Greece and Turkey under Public Law 75 as amended by this title.

Section 304 (c): \$150,000,000 is authorized under this section to be appropriated for assistance to China under Public Law 75 as amended by this title.

Section 305: This section amends the title of Public Law 75, Eightieth Congress, to include China, and provides for the inclusion of China wherever the countries receiving assistance under such act are named in such act other than in the preamble. Thus, all the provisions (other than the preamble) of Public Law 75, as amended by title III, are made applicable to China as well as to Greece and Turkey.

TITLE IV

This title is concerned with such assistance to China as intended to be economic in character.

Section 401: This section is self-explanatory.

Section 402: This section sets out the purposes for which assistance to China is made available under title IV. The policy of the United States is declared to be the encouragement of the Chinese people to exert sustained common efforts for the speedy achievement of internal peace and economic stability, to encourage the Republic of China in its efforts to maintain genuine independence and administrative integrity, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation on the part of the Chinese people themselves. This policy is expressly made subject to the following qualifications:

(a) that the contemplated assistance to China shall not seriously impair the economic stability of the United States;

(b) that the contemplated assistance is at all times dependent upon cooperation by the Republic of China and its people in furthering the United States program based on self-help and cooperation on the part of the Chinese people;

(c) that the United States assumes no responsibility, express or implied, for policies, acts, or undertakings of the Republic of China or for conditions at any time prevailing in China.

Section 403: This section authorizes appropriations under the Foreign Aid Act of 1947 in the amount of \$420,000,000, in addition to

previous authorizations, to remain available for obligation for aid to China until June 30, 1949. Section 403 amends the Foreign Aid Act of 1947 in respect of aid to China, in the following additional particulars:

(a) The provisions of section 4 of the Foreign Aid Act of 1947 relating to offshore procurement and items other than petroleum and petroleum products in short supply in the United States, and the provisions of section 11 (b) of that act relating to the wheat carry-over, are made inapplicable. This is because the provisions for the protection of the domestic economy contained in section 112 of title I of the act are believed to be more appropriate for a program of relatively extended duration. In accordance with the scheme of having this title administered by the Administrator for Economic Cooperation, the provisions of section 10 of the Foreign Aid Act of 1947, relating primarily to the powers and duties of the President, the Secretary of State, and the field administrator for foreign relief and to investigation of personnel, are made inapplicable with respect to aid to China.

(b) The bilateral agreement with China is to contain, in addition to the undertakings provided for by section 5 of the Foreign Aid Act of 1947, such other undertakings relating to matters covered in paragraphs (1) through (10) (except paragraphs (3) and (6)) of section 115 (b) of title I as the Administrator considers appropriate in the light of Chinese conditions. The agreement may also contain such other undertakings by China consistent with the purposes of section 402, as may improve commercial relations between the United States and China (including the furnishing of equality of opportunity to American enterprise).

(c) The commodities and services authorized to be made available under section 3 of the Foreign Aid Act of 1947 are expanded to include such other commodities and services (including technical assistance, such as sending expert advisers) as may be necessary to accomplish the purposes stated in section 402.

(d) Provision is made for temporary assistance to China during a period not to exceed 3 months pending the conclusion of the bilateral agreement.

(e) The sections of title I of the bill which are enumerated in section 403 (e) are made applicable to aid to China in the same manner and to the same extent as such sections are applicable to assistance to participating countries under title I, so far as such provisions are relevant in the case of China. Of course, such sections are to be applied to Chinese aid in furtherance of the purposes stated in section 402 rather than in section 102.

(f) Loans and credits for aid to China under title IV are to be administered by the Export-Import Bank of Washington in accordance with terms specified by the Administrator in consultation with the National Advisory Council.

(g) The heretofore unused authority to secure an advance of \$150,000,000 from the Reconstruction Finance Corporation provided in section 11 (d) of the Foreign Aid Act of 1947 is revived for aid to China. Without this specific revival, the authority

would not exist because of appropriations which have previously been made under that act.

(h) Of the funds made available for the purposes of title IV, not less than 5 nor more than 10 percent are to be used for the purposes of rural reconstruction provided for in section 404.

Section 404: This section provides for an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two United States citizens appointed by the President of the United States, and three Chinese citizens appointed by the President of China. The Commission, subject to the direction and control of the Administrator, shall formulate and carry out a program for rural reconstruction in China, including necessary or appropriate research and training activities. This section specifically provides that no express or implied assumption of any responsibility for further contributions for this purpose is made by the United States.

Section 405: This section provides for the establishment of a special United States mission in China, responsible to the Administrator, analogous to the special missions provided for in section 109 of title I. The chief of the special mission is to keep the United States Ambassador to China, the Administrator, the Secretary of State, and the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, and the two congressional Appropriations Committees currently informed concerning his activities.



7241

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: House Foreign Affairs Committee reported foreign-aid bill; Rules Committee cleared it. House passed additional appropriation for foreign aid pending enactment of ERP. Senate committee reported bill to provide Greece-Turkey aid. Senate passed tax-reduction bill. House committee reported road bill which includes authorizations for forest highways, roads and trails. House committee submitted report of investigations of personnel offices.

HOUSE

1. **FOREIGN AID.** The Rules Committee reported a resolution for consideration of S. 2202, the foreign-aid bill (p. 3281). The bill, as amended by the House Foreign Affairs Committee, authorizes \$5,300,000,000 for ERP (same amount as Senate version); \$60,000,000 for International Emergency Children's Fund, \$275,000,000 for primarily military-type aid to Greece and Turkey, \$150,000,000 for primarily military-type aid to China, and \$420,000,000 for primarily economic aid to China. The following were among the Committee changes in the Senate version:

Added authorization for the Administrator, with Presidential approval, to create a corporation through which he could act in carrying out his responsibilities. (However, the Committee report does not recommend use of such authority and states the Committee's opinion that "all the flexibility claimed for the corporate structure could be equally well secured by appropriate legislative provisions for an executive agency.")

Eliminated, from the authorization for the Administrator to delegate authority, the reference to heads of other departments and agencies.

(The Committee report says this was done because "the head of any existing department...already possesses the necessary authority and power.")

Included a requirement that the Public Advisory Board have representatives of agriculture, business, labor, and the professions.

Inserted a provision that, where procurement is from surplus Government stocks, the Administration be placed on the same priority basis as other Government agencies in the procurement of surpluses for their own use.

Included a provision that, while Government procurement would be authorized, the bill would facilitate and maximize the use of private channels of trade, subject to safeguards to assure that expenditures in connection with such procurement are within approved programs and in accordance with the terms and conditions established by the Administrator.

Eliminated the provision dealing with guaranties to Western Hemisphere governments and to any persons in the Western Hemisphere.

Reduced the appropriation authorization for ERP by \$1 billion but added a provision for the obtaining of \$1 billion through issuance of notes as a public-debt transaction.

The Foreign Affairs Committee had reported the bill, as mentioned above, earlier in the day (H. Rept. 1584)(p. 3297).

1585

Passed without amendment H. J. Res. 355, to appropriate \$55,000,000 additional for aid to Austria, France, and Italy; which had been reported by the Appropriations Committee earlier in the day (H. Rept. 1586)(pp. 3283-7). The committee report states that this amount "will be offset by reduction in funds to be made available under the European recovery program bill." During debate on this measure, Rep. Cannon, Mo., criticized "delay" in the foreign-aid program and charged "too little and too late" (p. 3284).

Rep. Vursell, Ill., criticized the Marshall Plan (pp. 3272-3).

2. FARM LABOR. Rep. Elliott, Calif., criticized picketing of DiGiorgio Farms, Calif., and inserted several statements and letters regarding this matter (pp. 3287-94).
3. OLEOMARGARINE TAXES. Reps. Lodge, Conn., and Rivers, S. C., urged repeal of these taxes (pp. 3273-4).
4. FOREIGN TRADE. Reps. Weichel, Ohio, and Cole, Mo., criticized exportation of machinery to Russia (pp. 3267-8).
5. INDEPENDENT OFFICES APPROPRIATION BILL. Reps. Wigglesworth, Phillips of Calif., Robertson, Coudert, Hendricks, Andrews of Ala., and Thomas of Tex. were appointed House conferees on this bill, H. R. 5214 (p. 3295). Senate conferees were appointed Mar. 15.
6. PERSONNEL. The Post Office and Civil Service Committee submitted a preliminary report, "Study of Personnel Offices in the Executive Departments and Agencies of the Government" (H. Rept. 1593)(p. 3297).
7. ROADS AUTHORIZATIONS. The Public Works Committee reported without amendment H. R. 5888, the proposed "Federal-Aid Highway Act of 1948" (H. Rept. 1594) (p. 3297). The bill includes the following authorizations for each of the fiscal years 1950, 1951, and 1952: Forest highways, \$25,000,000; forest roads and trails, \$12,500,000; highway program, \$500,000,000. It provides that 30% of the \$500,000,000 fund shall be used for secondary or feeder roads, including farm-to-market roads; that the term "secondary and feeder roads" shall include county and township roads; and that, in selecting county and township roads on which funds are to be expended, the State highway departments shall cooperate with township trustees and other appropriate local road officials.
8. TARIFF. The Ways and Means Committee reported without amendment H.R. 5553, extending until July 1, 1949, the period during which 9-inch newsprint may be imported duty free (H.Rept. 1590) (p. 3297).
9. TOBACCO TAXES. The Ways and Means Committee reported with amendments H.R. 5645, to assist States in collecting sales and use taxes on cigarettes (H.Rept. 1588)(p. 3297).

10. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H.R. 5779, to make Fri., Dec. 24, 1948, a holiday for all Federal officers and employees (H.Rept. 1589) (p. 3297).
11. INFORMATION. The Expenditures in the Executive Departments Committee reported with amendments H.J.Res. 342, directing all executive departments and agencies to make available to any and all standing, special, or select committees of the House of Representatives and the Senate, information which may be deemed necessary to enable them to properly perform the duties delegated to them by the Congress (H.Rept. 1595) (p. 3297).
12. CROP INSURANCE. The committee report on H.R. 5564, to remove the Crop Insurance Act limitation that insurance coverage can apply to crops only "while in the field", states in part: "In the case of most crops, production is generally complete when the crop leaves the field...This is not true...for tobacco. Production of marketable tobacco is not completed until the product is cured, and the inclusion of the limiting words 'while in the field' has placed the Crop Insurance Corporation in a position where it can insure tobacco during only part of the production period."
13. FARM-LABOR APPROPRIATIONS. Received from the President (Mar. 18) supplemental appropriation estimates totaling \$240,800, for the Labor Department, to provide for recruitment of from 50,000 to 60,000 agricultural workers in Mexico, Jamaica, and the Bahamas. To Appropriations Committee. The Budget Bureau's letter says, "These estimates cover the administration of the placement function only. No provision is made for the payment of transportation, housing facilities, medical, or other services formerly furnished by the Federal Government under the wartime program of the Department of Agriculture. These costs will be borne by the employer." (H.Doc. 571.)

SENATE

14. TAXATION. Passed with amendments, 78-11, H.R. 4790, the income-tax reduction bill (pp. 3304-60).
15. FOREIGN AID. The Foreign Relations Committee reported an original bill, S.2358, to authorize an additional \$275 million for aid to Greece and Turkey (S.Rept. 1017) (p. 3301). Sen. Wherry, Nebr., announced that the bill is to be considered today, Mar. 23 (p. 3360).
The "Daily Digest" states that the Foreign Relations Committee voted 13-0 to report a new bill to grant aid to China at the rate of \$463 million for a 12-month period, the amount to be divided as follows: "\$363 million for provisions applicable under the ERP Administration; \$100 million to be granted to China to be used to suit its own necessities and purposes; \$50 million of the total amount would be authorized immediately, until appropriations could be made through RFC credit." (p. D270).
16. HOUSING. Sen. McCarthy, Wis., submitted his individual views relative to the report of the Joint Committee on Housing (S.Rept. 1019) (p. 3301).
17. SURPLUS FOODS. Received a Calif. Legislature resolution urging the Congress to take into consideration Calif. products, such as raisins, dried fruits, milk byproducts, and citrus concentrates, in any bill authorizing European relief (p. 3301).
18. RUBBER. H.R. 5314, to provide for the maintenance of an adequate rubber-producing industry, was made the unfinished business (p. 3360).

19. NOMINATIONS. Confirmed the nominations of O.K. LaRoque to be a member of the Home Loan Bank Board and John T. Egan to be Public Housing Commissioner(p.3361).

BILLS INTRODUCED

20. FORESTS AND FORESTRY. S. 2357, by Sen. Russell, Ga., to amend section 4 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of denuded areas, for the extension of national forests, and for other purposes, in order to promote the continuous production of timber on lands chiefly suitable therefor." To Agriculture and Forestry Committee. (p. 3302.)
21. FOREIGN AID. S. 2358, by Sen. Vandenberg, Mich., to amend the act approved May 22, 1947, entitled "An act to provide for assistance to Greece and Turkey." Placed on the calendar. (p. 3302.)
H.R. 5934, by Rep. Marcantonio, N.Y., and H.R. 5935, by Rep. Isaacs, N.Y., to promote the general welfare, national interest, and foreign policy of the U.S. through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world. To Foreign Affairs Committee. (p. 3298.)
22. VETERANS' BENEFITS. H.R. 5930, by Rep. Raney, Ohio, to provide for the establishment of minimum standards to insure the adequacy of educational institutions to furnish education under the Servicemen's Readjustment Act. To Veterans' Affairs Committee. (p. 3298.)
23. HOUSING. H.R. 5920, by Rep. Boggs, La., to establish a national housing objective and policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective. To Banking and Currency Committee. (p. 3297.)
24. RECLAMATION. H.R. 5927, by Rep. Johnson, Calif., to authorize the Solano County project, Calif., for irrigation and reclamation. To Public Lands Committee. (p. 3297.)

ITEMS IN APPENDIX

25. OLEOMARGARINE TAXES. Extension of remarks of Rep. Davis, Ga., urging House consideration of the oleomargarine-tax-repeal bills and including constituents' letter on the subject (p. A1823).
Rep. Mitchell, Ind., inserted a copy of a Gallup Poll showing the public generally in favor of oleomargarine tax repeal (p. A1820).
Extension of remarks of Rep. Foote, Conn., criticizing further study of oleomargarine-tax repeal and urging investigation of butter-price increases (p. A1870).
26. RUBBER. Rep. MacKinnon, Minn., inserted a Minneapolis Morning Tribune article "U' Synthetic Tops Rubber—Scientist Bares Tests—'Minnesota Recipe' Work Started in 1943" (pp. A1820-1).
27. FOREIGN AID. Various remarks and insertions on foreign aid (pp. A1813-4, A1814-6, A1819-20, A1845-6, A1854, A1854-5, A1860).
28. POTATO SURPLUS. Rep. Brooks, La., inserted a newspaper editorial urging use of surplus sweetpotatoes in relief programs and elsewhere (p. A1864).
29. LEGISLATIVE REFERENCE. Rep. Snyder, W.Va., inserted biographical sketches of

CONSIDERATION OF S. 2202

MARCH 22, 1948.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 505]

The Committee on Rules, having had under consideration House Resolution 505, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 194

80TH CONGRESS
2D SESSION

H. RES. 505

[Report No. 1587]

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1948

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution is shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for consideration of the bill S. 2202, to pro-
5 mote the general welfare, national interest, and foreign
6 policy of the United States through necessary economic and
7 financial assistance to foreign countries which undertake to
8 cooperate with each other in the establishment and main-
9 tenance of economic conditions essential to a peaceful and
10 prosperous world, and all points of order against said bill
11 are hereby waived. That after general debate, which shall
12 be confined to the bill and continue not to exceed 15 hours,

1 to be equally divided and controlled by the chairman and
2 ranking minority member of the Committee on Foreign
3 Affairs, the bill shall be read for amendment under the five-
4 minute rule. It shall be in order to consider without the
5 intervention of any point of order the substitute committee
6 amendment recommended by the Committee on Foreign
7 Affairs now in the bill, and such substitute for the purpose
8 of amendment shall be considered under the five-minute rule
9 as an original bill. At the conclusion of the reading of the
10 bill for amendment, the Committee shall rise and report the
11 same to the House with such amendments as may have been
12 adopted, and any member may demand a separate vote in
13 the House on any of the amendments adopted in the Com-
14 mittee of the Whole to the bill or committee substitute. The
15 previous question shall be considered as ordered on the bill
16 and amendments thereto to final passage without intervening
17 motion except one motion to recommit with or without
18 instructions.

RESOLUTION

Providing for the consideration of the bill S. 2202, to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

By Mr. ALLEN of Illinois

MARCH 22, 1948

Referred to the House Calendar and ordered to be printed

the case, it would mean that some 15,000 Arab soldiers, camped on the desert with war surplus lend-lease arms have forced us to turn tail and abandon the goal we have pledged repeatedly for over 25 years.

Is such the case? I think it is not the case; I think nobody in the wide world, including the learned gentlemen who represent our Nation in the United Nations, believes the United States to be so weak and spineless.

Is it a question of security—is it that we require the oil reserves of the Middle East to safeguard us from attack—or even to fuel outposts in that part of the world?

Again the answer must be "No." Not even our military affairs experts have been able to persuade that view. They know well that, in the event of the very war many of our military minds are planning for, Middle East oil reserves would be of little or no use to us.

No, Mr. Speaker, there is another reason. The reason is profit, Mr. Speaker, profit from oil—the monopolists want middle eastern oil and are wading through Jewish blood to secure it. But Mr. Speaker, it is blood not only of the Jews in Palestine, but of Arab peoples too, who are being forced by their feudal leaders into a needless, unwanted conflict to gratify the fanatical blood-lust of that base, infamous, Nazi-loving opportunist, the exiled Grand Mufti of Jerusalem—Haj Amin el Hussein—a fanatic who has preached holy war against minorities in Arabia all his years—and who now sits on his mountain top like a master puppeteer manipulating the destiny of millions of people.

Mr. Speaker, I have many facts to disclose to substantiate these charges and I will extend my remarks to include these facts.

Mr. Speaker, these facts cry out for investigation by this Congress. They indeed accuse our Government of allowing oil lobbyists, representing the biggest profiteering combine in all the history of American foreign investment, to twist the policies of our Nation around their oily fingers—and to drag in the dust of international disrepute the honor and integrity not only of our Nation but of the United Nations itself, upon whose strength and authority rests the hope of world peace.

These facts must be brought before the Congress for examination, Mr. Speaker. They must not lie unheeded in the minutes of the Congress. They must be aired by an appropriate committee of the Congress and the findings laid before the American people so that they may judge for themselves how meanly our national honor and integrity have been served in this infamous double-cross of the people of Palestine.

Mr. Speaker, I ask for a congressional investigation of the connection between this monstrous oil cartel, which cares only for profit and not for humanity or national honor or security, and the spineless vacillation of our Government in an effort to squirm out of our pledges and promises to the valiant pioneers of Palestine and the stateless Jews of Europe, seeking asylum in a homeland of their own from the oppression of the Hitlers of the world.

Mr. Speaker, the Arabian-American Oil Co.—called Aramco—and its pipe-line construction subsidiary, Trans-Arabian Pipe Line Co.—called Tapline—is a billion-dollar enterprise—the largest private foreign investment in United States history. Its chief stockholders are the Texas Co. and Standard Oil of California, with Standard Oil of New Jersey and Socony-Vacuum of New York completing the ownership.

The Dillón Read Co., from which our Government has selected Mr. James Forrestal as Secretary of Defense, and Gen. William H. Draper as Under Secretary of the Army, has floated bond issues for these companies and is intricately involved in the affairs of Aramco, the Middle East exploitation combine of these great oil imperialists.

At the time the United Nations partition plan for Palestine was in the making last fall, there was great pressure from many sources against it, reflecting Arab opposition to the establishment of the long-pledged Jewish state.

But it was not until we had taken the partition step in the United Nations that the pressure was exerted where it really hurt the oil combine.

Aramco's pipe line, from the Dahrain oil concessions in Saudi Arabia, was projected to pass from Arabia across Transjordan, Syria, and Lebanon, to the ancient port of Sidon on the Mediterranean.

Unless this pipe line could be completed, the Aramco concession was no particular bargain, since the tanker method of transportation through the Persian Gulf is three times as costly as oil pipelined to the Mediterranean.

Hence it was, and still is, all important for Aramco to get its pipe lines laid and gushing oil to peddle to Europe for Marshall-plan dollars.

But last December the crafty Arab Mufti took a hand. While Aramco had apparently made all necessary deals with the heads of the Arab countries through which the pipe line was to pass, the agreement still had to get the approval of parliaments in two newly established countries—Syria and Lebanon.

Hence the Mufti began his third "holy war" rampage since the First World War. Arab bands descended on pipe-line crews. Members of Arab parliaments cooled to approving their leaders' deals with Aramco for pipe-line construction rights-of-way.

So, in January, when all here seemed serene and hopeful about the future of Palestine, the worried heads of Aramco went to Beirut and Damascus.

In the party were W. S. S. Rogers, chairman of Tapline, vice chairman of Aramco, and board chairman of the Texas Co.; Burton E. Hull, president of Tapline, and builder of our Big-Inch and Little-Inch Pipe Lines; H. H. Hall, Tapline's chief engineer and former chief engineer for Standard Oil of California; George W. Ray, Jr., general counsel for Tapline and Aramco; and James Terry Duce, Aramco executive and chief lobbyist for the oil combine in Washington.

When this party was photographed in the St. George Hotel in Beirut, surveying a map of the Middle East with a back-

ground map of the pipe-line route adorning the wall behind them, Mr. Duce dodged the camera—and well he might.

Duce is the lobbyist who has been selling official Washington on the need for Middle East oil for United States security and inducing the erroneous belief that oil reserves on the United States Continent are running low.

Yet it was the same Duce who testified before a House committee against a synthetic-fuels program calculated to guard against the draining of United States continental oil reserves.

It is the same Duce, too, whose machinations have led to our seeking oil in the Middle East when it can be had near at hand both from Canada and Mexico. But the Middle East oil—pipe lines, tanker trips and the Mufti notwithstanding—is the choice of the oil imperialists because oil magnates can no longer exploit slave labor in Mexico, and, of course, they cannot mine Canadian oil on terms even approaching those obtainable from feudal Arab sheiks.

It was Middle East oil, incidentally, which Aramco jacked up in price from 34 cents to \$1.05 a barrel for Uncle Sam when our oil needs were desperate during the two-front period of the war.

In any case, these oil cartelists went to Beirut and Damascus to come to terms with the Arab leaders—and with the odious Grand Mufti.

The Grand Mufti's terms have not changed over the years. They were—and still are—annihilation of every Jew in Palestine: The Pan-Arabic objective which the Mufti expounds to his fanatical following: "Kill the Jews wherever you find them; this pleases God." Small wonder that this man, listed as a war criminal until the British and French let him escape, is hated and feared even among the people of Araby as the potential fuehrer of Islam.

The Mufti's terms, then, were: Kill partition of Palestine or no approval of oil pipe lines across Arab nations. Approval of deals for pipe-line routes across Syria and Lebanon now lie tabled in the parliaments of those nations, awaiting Aramco's answer to the Mufti's terms. On the piers of Beirut and on sidings throughout Araby stand millions of dollars worth of pipe-line equipment, awaiting the go-ahead from the Grand Mufti of Jerusalem on his hateful terms.

This is the story the oil cartelists heads of Aramco brought back to the States. This is the story the Aramco board of directors heard at a closed meeting late in January.

Tabled in the Syrian Parliament is Premier Mardam Bey's agreement, a club over the heads of Aramco to kill the United Nations partition deal or lose millions in pipe-line equipment and future profits from a Mediterranean outlet for Arabian oil.

By the strangest of strange coincidences, it was just about the time of the Aramco board meeting to consider this troubling problem that Defense Secretary James Forrestal made the statement that partition would jeopardize the United States security.

From the on, from the end of January until the infamous turn-about of last

Friday—the eventual betrayal of Palestine has been a virtual certainty.

This is a damning set of circumstances indeed.

Has it been, then, for crass cartel profits that our national honor and the integrity of the United Nations has been plunged into disrepute?

Must the people of Palestine fall defenseless before the fuehrer of Islam's fanatics, so that Aramco can pump oil to the shores of Europe to recapture Marshall-plan dollars from the clients of our international money lenders?

Can an escaped war criminal—an insidious Arabian Hitler-in-exile—be permitted to dictate to the peace-loving United Nations of the world through a profit-mad, ruthless oil cartel?

The American people will give the answer to these questions if the facts are laid before them. Let the investigating arm of Congress summon these conniving cartelists before a tribunal of the people. And let us do this now, before the vengeful hordes of the invidious Mufti descend upon the people of Israel, bringing death to them and shame to our Nation in the name of unholy oil profits.

I therefore call for, first, an investigation by Congress of the substitution of a foreign policy dictated by oil monopolists for that previously declared before the United Nations.

Second. And, further, I urge that the Congress demand that the United States Government restore its support to the United Nations partition decision.

Third. I urge immediate recognition of the de facto Hebrew state being established in Palestine and the lifting of our arms embargo, so that the new state may not have to stand alone and defenseless amid surrounding enemies' states once the British mandate is concluded.

(Mr. ISACSON asked and was given permission to revise and extend his remarks and to include extraneous matter.)

EXTENSION OF REMARKS

Mr. BARTLETT asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article by Richard L. Neuberger.

Mr. MADDEN asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article published in the Gary Post-Tribune.

Mr. SMATHERS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. HUBER asked and was given permission to extend his remarks in the RECORD and include a speech.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD and include a letter from the Casimir Pulaski Mutual Aid Society.

Mr. THOMAS of Texas asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. SHEPPARD asked and was given permission to extend his remarks in the RECORD and include a newspaper item.

Mr. CELLER asked and was given permission to extend his remarks in the Appendix of the RECORD on two separate subjects.

Mr. FEIGHAN asked and was given permission to extend his remarks in the RECORD and include a speech he made recently.

PERMISSION TO ADDRESS THE HOUSE

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PALESTINE SELL-OUT

Mr. CELLER. Mr. Speaker, countering the statement made by the gentleman from Texas [Mr. GOSSETT] I would say that the scuttling of the Palestine partition by President Truman, abetted by Secretary Forrestal, was wicked. There is no trust in the plighted word. The betrayal is a tribute to Arab terror and oil-company intrigue.

The strong voice of the United States has departed. Instead we have the accents of weaklings. The steady hand that guided the debates on Palestine last summer is now palsied.

Moral conviction has departed; instead, we have a muttering, apologetic retreat of one who fears that perhaps a little while ago he revealed he had too much heart.

But, despite Arab treachery, despite British perfidy, and despite Truman back-tracking, the Jewish state is and will continue to be. It shall only be the degree of terror, the degree of blood, the degree of death.

PERMISSION TO ADDRESS THE HOUSE

Mrs. DOUGLAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from California?

There was no objection.

PALESTINE

Mrs. DOUGLAS. Mr. Speaker, the United States back-down on Palestine is a betrayal of the faith of people everywhere in our leadership. The United States failure to support the United Nations decision on Palestine is not only a severe blow to our prestige and moral integrity but to the United Nations itself.

In arriving at a just course of action are we going to abandon international agreements in favor of power politics?

Are we going to retreat to methods which have in the past proved catastrophic? Where are we headed anyway?

Our present action is abandonment of the principle of settling international problems through peaceful and democratic processes.

Trouble in Palestine could have been avoided by a vigorous and firm stand.

We have been vacillating and dishonored in our handling of Palestine from the day the United Nations voted for partition.

The arms embargo was an invitation to violence. We can send arms to every other place in the world, but we cannot send arms to a people in support of a United Nations decision.

If our talk of liberty and democracy means anything, why are we abandoning the one democratic stronghold in the Middle East?

The violence following the United Nations decision represents activities by a few nations to impose their will over the majority in violation of international agreements. Our backing down in the face of this violence is an invitation for others to ignore decisions by international authority.

At any future time when the United Nations arrives at a settlement of an issue the parties involved are in effect assured of change by merely showing force and refusing to go along.

Vacillation and giving in in the face of violence is not going to bring peace and quiet to Palestine. It will bring even more violence.

Because we are the major power in the world today we have a greater responsibility than any other country in giving sustaining support to decisions peacefully arrived at.

I am convinced that the American people are outraged by the lack of courageous and intelligence leadership that has been made evident by the United States betrayal.

EXTENSION OF REMARKS

Mr. HOBBS asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Star.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. MITCHELL asked and was given permission to extend his remarks in the Appendix of the RECORD and include a copy of the Gallup poll which appeared in the Louisville (Ky.) Courier-Journal, showing that 69 percent want the oleo taxes ended.

Mr. KEATING asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement by an eminent physician, Dr. John R. Williams, and an editorial.

Mr. LODGE asked and was given permission to extend his remarks in the RECORD in two instances; in one to include a speech by Mr. JOHNSON of California, and in the other to include an article.

PERMISSION TO ADDRESS THE HOUSE

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include an editorial from the Illinois Journal.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE EFFECTS OF THE EUROPEAN RECOVERY PROGRAM

Mr. VURSELL. Mr. Speaker, 2 months ago, obviously for political reasons, President Truman threw all of his power through our representatives in the United Nations to force through the partition of Palestine. It was reported at the time that our highest military leaders opposed it. Recently, he has admitted his mistake by the reversal of

Mr. Austin of the position they had recently taken. The Members of Congress who are now called upon to approve the spending of \$20,000,000,000 under the Marshall plan in Europe to try to make amends for the mistakes at Cairo, Tehran, Yalta, and Potsdam, which, in fact, put Russia in the driver's seat in Europe, are entitled to raise the question, Is the Marshall plan another colossal mistake on the part of the administration?

Mr. Speaker, to break the figures down so that the Members of Congress may know what we are being let in for if the Marshall plan is approved, the following table I am sure will give you a better idea of the amounts in dollars and material involved. They undoubtedly will convince you that when the Marshall plan is approved, the next step of the President will be to ask this Republican Congress to put on controls and rationing to stop the rise in the cost of living. Your first impulse will probably be that you will not do it, yet, on second thought, you will likely find that you must do it or suffer the consequences of worse inflation between now and November.

Summary of requirements for the European recovery plan for the 4-year period shown by commodities to be furnished by the United States

[In millions of dollars]

Commodity	1948	1949	1950	1951
Steel and steel-making materials.....	441.0	381.0	375.0	368.0
Petroleum and petroleum products.....	576.8	623.3	641.1	619.6
Oil equipment requirements.....	175.0	155.5	124.2	133.5
Agricultural implements.....	275.0	214.0	147.0	78.0
Tractors.....	78.0	52.0	48.0	40.0
Coal.....	369.0	225.0	126.0	54.0
Coal-mining machinery.....	80.0	54.0	46.0	40.0
Timber and products.....	95.9	92.6	87.3	75.0
Forest-products machinery.....	16.4	15.3	13.3	12.3
Electrical equipment.....	150.0	175.0	125.0	50.0
Fertilizer:				
Nitrogen.....	58.0	46.0	16.0	-----
Phosphate.....	40.0	33.0	36.0	28.0
Potash.....	40.0	49.0	50.0	53.0
Inland transport:				
Freight cars.....	168.0	147.0	52.0	-----
Passenger cars.....	28.0	28.0	28.0	28.0
Special equipment.....	7.0	2.0	1.0	1.0
Food (all categories).....	2,100.0	2,000.0	1,800.0	1,700.0
Tobacco (for 4¼ years).....	911.0	-----	-----	-----
Cotton (for 4¼ years).....	1,957.0	-----	-----	-----

I am also including an article from the Illinois State Journal, Springfield, Ill., which deals in some plain words about the action of this Congress with reference to the Marshall plan which I believe you can read with profit in helping you to arrive at a decision on this important piece of legislation:

WE STAGGER ALONG

American taxpayers look with bewilderment upon the spectacle in Congress wherein the drive to enact the multiple billion gift to world socialism proceeds with accelerated tempo.

Taxpayers are bewildered, amazed, and aghast because they do not know, and none has deigned to tell them, how the billions are to be spent, what manner of radicalism will direct their expenditure, nor whether a dime of the colossal sum will accomplish an iota of the purposes claimed. The nearest guess anyone has ventured is that the proposed seventeen billions is a gamble.

Leaders of the movement to shell out all these American billions have betrayed every concept of American right and understand-

ing. The average taxpayer has been willing, if a little more of sacrifice now would prevent an infinitely larger war outlay later, to stand a reasonable draft upon what otherwise would be their savings; but neither the Truman-Marshall New Deal forces, nor their so-called Republican adherents in the Senate and House, have had the simple decency to let Americans in on the frightful hazard this catastrophic venture entails.

Enough of information has come from across the ocean, however, to raise grave question. In the first place, the Socialist managers of England are planning to control the entire fund, once Americans turn it over. They have demanded an American set-up that is friendly to socialism, and if Truman and Marshall have their way, they will get it. Nor has Congress yet attempted to safeguard against such a dissipation. Stafford Cripps, Socialist economist of England's Cabinet, is directing the conspiracy, despite the warnings of genuine British economists who see only British ruin in the proposed gift.

The difference between socialism and communism, as contrasted with America's free-enterprise system, is only a hair's breadth. Yet professed believers in the American system go blithely ahead with a venture that has every secret aim to destroy the American way. The Bevin-Marshall billions are intended to advance the cause of socialism, and our legislative and administrative bodies are falling for the scheme.

British overseas airways, British European airways, the coal mines and railroads, all of them "nationalized" under socialism, are in the red. The Bevin-Marshall billions are intended merely to tide them over.

During World War II, thirteen billions in American tax dollars went to Russia and seven of her satellites in so-called lend-lease. Every cent of this huge total was used to advance the cause of communism. Since fighting ended, taxpayers have sent \$1,463,482,000 more to these same eight nations, Russia included; and all of this has gone into Russian aggression. Now we are about to send may more billions, to help expand socialism.

One can begin to fathom the cynical and scornful remark by Stalin:

"The Russian people haven't forgotten I was Hitler's partner. If I cooperate with the Marshall plan, they will call me Truman's quisling."

Congress had better begin to tell Americans the truth. If it doesn't, millions will conclude that a gigantic sell-out was managed for a price.

PERMISSION TO ADDRESS THE HOUSE

Mr. CLEVINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MR. WALLACE AND HIS COMMUNISTS

Mr. CLEVINGER. Mr. Speaker, the denunciation of Mr. Wallace and his Communists by the President at New York the other night, after Mr. McGrath has so ardently and futilely wooed them for the past several weeks, seems a bit strained, when one remembers that this New Deal machine had absorbed all the Bolshies, Reds, pinks, fellow-travelers, and fuzzy-brains generally, and had voted them in the last nine elections—to spend and spend, tax and tax, and elect and elect. He protects his own queer ones even against Congressional subpoena. Could his trouble be a "passel" of loose nuts and a bolt?

PERMISSION TO ADDRESS THE HOUSE

Mr. LODGE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

COLORED OLEOMARGARINE

Mr. LODGE. Mr. Speaker, I rise to join with many of my colleagues who are dismayed and disturbed by the recent action of the Committee on Agriculture with respect to legislation repealing the tax on colored margarine.

Are we to have no opportunity to vote on this legislation at this session? The housewives of America are vitally interested in the repeal of this tax. They want to serve margarine and, as a matter of taste and habit, they want to serve it colored. Artificial coloring is used without penalty in making butter. I fail to see why there should be an inhibition in a similar use of coloring in the making of margarine.

Mr. Speaker, it can be said that the essence of our system is to safeguard minority rights while protecting the majority from minority control. The minority favoring this tax have no inalienable right that it be continued. The majority are the millions of American consumers who are being unjustly penalized. The interests of these consumers are being ignored.

I urge the committee to report a bill repealing this discriminatory tax. The House should be given an opportunity to debate the merits of this legislation.

EXTENSION OF REMARKS

Mr. SNYDER asked and was given permission to extend his remarks in the RECORD and include a biographical sketch.

Mr. PLUMLEY (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD.

Mr. SMITH of Ohio asked and was given permission to extend his remarks in the RECORD and include a statement by George Sokolsky.

Mr. O'KONSKI asked and was given permission to extend his remarks in the RECORD and include an article.

RENT-CONTROL BILL

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that in respect to the conferees on the part of the House on the bill S. 2182, the rent-control bill, the gentleman from Texas [Mr. PATMAN] be excused from further service as a conferee and that the Speaker be authorized to fill the vacancy.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Oklahoma [Mr. MONRONEY] to fill the vacancy. The Clerk will notify the Senate accordingly.

SUBCOMMITTEE ON PATENTS

Mr. KEATING. Mr. Speaker, at the request of the chairman of the Committee of the Judiciary, I ask unanimous consent that the Subcommittee on Patents

be permitted to sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATTERSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

FERROUS SCRAP SHORTAGE

Mr. PATTERSON. Mr. Speaker, on February 19, 1948, I introduced H. R. 5469, which is a bill to relieve the critical shortage of iron and steel scrap. Subsequently this measure was referred to the House Committee on Expenditures in the Executive Departments. I have since been assured by the chairman of that committee that hearings will be held immediately after receipt of reports from the agencies affected.

Since the introduction of this measure, national and international happenings have increased the need for this legislation. At the time of introduction there was in Germany an industry-Government scrap-iron and steel mission making a survey of the scrap-iron and steel situation there. The report of this mission serves to strengthen my belief that action on H. R. 5469 should be taken in the immediate future. The mission in its report estimates that there is available in Germany alone 10,000,000 tons of rubble scrap which would be made available for use in this country. In addition, there are approximately 140,000 tons of captured enemy material which would aid materially in the maintenance of our supplies here at home. The recommendations of this mission can almost completely be carried out by enactment of H. R. 5469. Section 4 of this bill makes provision for the return of ferrous scrap and scrap potential outside the continental United States.

As a further incentive for immediate consideration of this measure, I should like to quote to you from the report of the President's Committee on Foreign Aid, in which is maintained the following:

If possible, the United States Government should return scrap from certain foreign areas where scrap supplies are not as urgently needed for steel production as they are here. The Government should also speed up the process of declaring and releasing as scrap any unusable surplus materials and equipment.

Also:

Scrap cannot be safely exported at this time.

According to the United States Bureau of Mines, the stock of iron and steel scrap in this country, as of August 31, 1947, was 4,470,200 tons; in comparison with 7,563,127 tons as of December 31, 1940. This clearly demonstrates the shortage of this vital material now existent in these perilous times. The supply of steel is further endangered by the actions of the soft-

coal miners, which will necessitate a reduction in the production of finished steel.

All of these things, taken together, Mr. Speaker, demonstrate that we are faced with a critical situation with regard to the production of steel and pig iron, which can only be alleviated through the passage of this legislation.

I bring this to the attention of the Members of this House so that appropriate action might be taken by them to speed up consideration of H. R. 5469, and thus assure our country of adequate supplies of steel—our most vital material in a preparedness program.

PERMISSION TO ADDRESS THE HOUSE

Mr. RIVERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

OLEOMARGARINE

Mr. RIVERS. Mr. Speaker, I want to give you all some confidential information. The American housewife is mad as blue blazes with the Congress. She spent 13,000 years last year mixing oleomargarine. Now, we have been talking about things this morning that we cannot do much about, but you hold it in your power and in your hands to bring the oleo bill before the Congress. All you have to do, if you have the energy left, is to walk right up here and take your pencil or mine and sign Discharge Petition No. 12. You will fulfill the hopes and aspirations of the people who, because of necessity or desire, eat oleomargarine, and you will administer to the Committee on Agriculture the beating to which they are entitled and for which they have asked. Get on the wagon before it gets loaded. We want everyone.

EXTENSION OF REMARKS

Mr. KNUTSON asked and was given permission to extend his remarks in the RECORD.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that the Committee on Expenditures in the Executive Departments may have until midnight tonight to file a report on House Joint Resolution 342.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. HOFFMAN addressed the House. His remarks will appear hereafter in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. FOLGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PALESTINE

Mr. FOLGER. Mr. Speaker, I sincerely regret the very bitter accusations and denunciations of the President and Secretary Marshall in respect to the Palestine situation. The remarks seem to me to be extreme. Somebody is mad about something. But I rather think, Mr. Speaker, that if one concludes that he has made a mistake, the finest thing he can do is to acknowledge it and correct it.

PERMISSION TO ADDRESS THE HOUSE

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

TAX REDUCTION

Mr. MONRONEY. Mr. Speaker, the papers yesterday were filled with dozens of stories that any man who runs could read showed a real and immediate threat to our free way of life, to our security, and to the security of the freedom-loving peoples of the rest of the world.

Yet in one part of this paper was the word that the House would quickly accept and approve a bill for the reduction of taxes of over \$4,000,000,000.

This tax-reduction move comes at the moment when democracy itself is threatened by perhaps the greatest danger it has ever faced.

The President has asked for \$5,300,000,000 for Marshall-plan aid. He has asked for universal military training and for the draft. I am for all these things.

All of these will cost money. Members of the Republican Party are saying we should not only do some of these things but we should appropriate one or two billion dollars additional to make this Nation supreme in the air.

I say we cannot afford a tax reduction at this time of great crisis to our country. You can do a great disservice if Congress follows the soft political way and votes a tax reduction.

You will get no political gain if we neglect the very defenses on which this Republic is built, to pass on a tax cut at this critical time.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

from rental of the District of Columbia National Guard Armory received by him and held in escrow pending enactment of legislation. As soon as practicable after the close of each fiscal year, after provision has been made for payment of all lawful obligations then incurred, all sums in excess of \$50,000 in said Armory Board working capital fund shall be transferred to the general revenues of the District of Columbia. Expenditures from such fund may be made only upon vouchers which have been certified by said Armory Board and which have been approved before payment by the Auditor of the District of Columbia, and shall be disbursed in the same manner as other District of Columbia funds are disbursed: *Provided*, That the Disbursing Officer of the District of Columbia is authorized to advance to the Armory Board, upon requisitions previously approved by the Auditor of the District of Columbia sums of money not to exceed \$1,000 at any one time, to be used for office and sundry expenses of the Armory Board. There is hereby authorized to be appropriated annually such sum as may be required to supply any deficiency in the Armory Board working capital fund. Revenues resulting from the operation of concessions within the District of Columbia National Guard Armory under contracts made between July 1, 1947, and the date of enactment of this act which have been held by the District of Columbia National Guard pending enactment of legislation are hereby transferred to the canteen fund of the District of Columbia National Guard.

SEC. 9. The Armory Board is authorized to employ and fix the compensation and term of a manager and such personnel as may be necessary in connection with the operation of the armory for the secondary purposes of this act without regard to the provisions of the civil-service laws and Classification Act of 1923, as amended, and without regard to any prohibition against double salaries contained in any other law. Under the direction of the Board and with written authorization signed by the members thereof, said manager may exercise such of the powers vested in the Board by section 6 of this act as the Board shall determine.

SEC. 10. The Armory Board shall file with the Congress in January of each year a financial statement certified as to accuracy by the Auditor of the District of Columbia, a report of the activities and business at the armory during the preceding fiscal year, and recommendations to the Congress as to the future control and use of the armory.

Mr. SMITH of Virginia. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I am not in opposition to the bill but I do think we ought to understand pretty clearly, a little more clearly than we have, what we are getting into here. The whole nub of this controversy swings around who is going to get the proceeds of the rental of this armory and of the concessions of the armory. The District Commissioners feel that they ought to have it because they are paying for the maintenance and whatever structural changes may be required. General Cox feels that the militia ought to have it because they have the armory.

How is this problem settled? It is not settled by an agreement between these two gentlemen; it is settled in this bill by setting up a board consisting of the two warring factions on the question, they to be refereed by the Architect of the Capitol, who already has a good many troubles on his hands. We ought to understand what we are doing

here before we do it. I am not going to oppose it, but I do believe we are laying the foundation for a nice row between the District Commissioners and the militia which will come back to us in the future. I will say to the Committee that I think they should have settled this matter before they brought it here. This does not settle anything, but this merely appoints a referee for the fight. I think that we are probably going to be in more trouble in the future than if it were settled now while the question is before us.

Mr. O'HARA. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. O'HARA. The gentleman was present when we explained the difficulties before the full Committee on the District of Columbia.

Mr. SMITH of Virginia. I was there.

Mr. O'HARA. We would have treasured his advice at that time if he had any solution for this problem. But I say frankly to the gentleman from Virginia that the committee worked a great deal longer and spent a great deal more time on this bill than they should have.

Mr. SMITH of Virginia. I am sure that you did.

Mr. O'HARA. This is the best that we can do on this problem.

Mr. SMITH of Virginia. I am not quarreling with the committee. I am expressing the same views here as I expressed in the full committee. Frankly I do not know what is the answer. I am not so sure that promoting a fight is going to be the answer.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield? I rather share his view that, if the amount of money which may be taken in from the various concessions for distribution and then for covering it to the Treasury in the form of miscellaneous receipts is very small, then this may be an end of the entire controversy. If, however, the amount that is taken in in the form of secondary revenue is a substantial amount, then I have no doubt that this question will have to be resolved once again.

Mr. SMITH of Virginia. I expect that it will. I am not going to quarrel about it.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE ECONOMIC COOPERATION ACT OF 1948

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 505, Rept. No. 1587), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and

maintenance of economic conditions essential to a peaceful and prosperous world, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 15 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Foreign Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to commit with or without instructions.

EXTENSION OF REMARKS

Mr. ANGELL asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address he delivered before the Rivers and Harbors Congress.

Mr. LEONARD W. HALL asked and was given permission to extend his remarks in the RECORD.

DISTRICT OF COLUMBIA BUSINESS

NATIONAL TRAINING SCHOOL FOR GIRLS

Mr. DIRKSEN. Mr. Speaker, I call up the bill (H. R. 5227) to provide that children be committed to the Board of Public Welfare in lieu of being committed to the National Training School for Girls; that the property and personnel of the National Training School for Girls be available for the care of children committed to or accepted by the Board of Public Welfare, and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole; pending that request, Mr. Speaker, I do want to recognize the distinguished gentleman from California [Mr. ALLEN] who has been a very faithful and devoted member of the subcommittee under the chairmanship of Dr. MILLER, of Nebraska.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That after the effective date of this act no child shall be committed to the National Training School for Girls, but in lieu thereof any child may be committed by the court to the Board of Public Welfare. All children committed to the National Training School for Girls prior to the effective date of this act shall be under the guardianship, care, and custody of the Board of Public Welfare, and the terms of any court order or decree of commitment shall be binding on the Board. The Board of Public Welfare is authorized to parole or discharge any child committed to it or placed under its guardianship, care, or custody by this section.

SEC. 2. The buildings, grounds, and equipment of the National Training School for Girls shall be available for the care and

training of children committed by the court to the Board of Public Welfare or received and accepted by said Board for care under the authority of this or any other act. Appropriations heretofore or hereafter made for the National Training School for Girls shall be available for the care and training of such children.

SEC. 3. The Board of Public Welfare is authorized in its discretion to use any public or private agency or institution or private family home either without expense or at a fixed rate of board for the care of any child placed under its guardianship, care, or custody under the provisions of this act.

SEC. 4. Subparagraph (2) of the second paragraph of section 14 of the act approved March 19, 1906 (34 Stat. 73), as amended by the act entitled "An act to amend an act entitled 'An act to create a juvenile court in and for the District of Columbia', and for other purposes", approved June 1, 1938 (52 Stat. 596), be, and the same hereby is, amended by striking therefrom the words "National Training School for Girls or the"; and by striking therefrom the word "schools"; and inserting in lieu thereof the word "school" so the said subparagraph will read as follows:

"(2) Commit the child to the Board of Public Welfare; or to the National Training School for Boys if in need of such care as is given in such school; or to a qualified suitable private institution or agency willing and able to assume the education, care, and maintenance of such child without expense to the public."

Mr. ALLEN of California. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, the bill H. R. 5227 concerns the National Training School for Girls. The school covers some 19 acres. At one time in 1928 it had as many as 119 girls. The type of girls committed to this institution are those who have committed some overt act in connection with crime. The population has now dropped down to seven girls. Because of the nature of the basic law, the Board of Public Welfare cannot use the facilities to their greatest advantage. The bill therefore proposes to transfer the facilities to the Board of Public Welfare and provide that commitments henceforth be made to the Board rather than to the Home. There was no objection to the bill as to this phase of it.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROTECTING THE PUBLIC HEALTH OF THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I call up the bill H. R. 4636, to amend an act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," approved February 27, 1929, as amended; and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the penultimate sentence of section 6 of the act of Congress entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia" is hereby

amended to read as follows: "If the commission finds that an applicant is entitled to a license by virtue of an outstanding license to practice medicine and surgery in the District of Columbia or by virtue of years of practice, under the provisions of section 24 of this act or by virtue of reciprocity, under the provisions of section 25, or by virtue of a certificate or diploma by a national examining board as provided in section 25 (a) of this act, it shall issue to him a license accordingly."

SEC. 2. The penultimate sentence of section 11 of the said act is hereby amended to read as follows: "An applicant who is reported by the board as qualified in said sciences and who is entitled to a license by reciprocity, without examination, or by virtue of a certificate or diploma issued by a national examining board, shall thereupon be given such a license."

SEC. 3. (a) The third sentence of section 23 is hereby amended to read as follows: "Each application shall show whether the applicant (a) seeks a license (1) on the basis of a license to practice medicine and surgery in the District of Columbia, under section 24 of this act; (2) on the basis of years of practice, under section 24; (3) on the basis of reciprocity, under section 25 of this act; (4) by virtue of a certificate or diploma issued by a national examining board, as provided in section 25 (a) of this act; or (5) on the basis of examination, under section 26; or (b) seeks registration as a person exempted from licensure, under section 42."

(b) The fourth sentence of section 23 is hereby amended to read as follows: "Each application shall be accompanied by a fee, as follows: For a license on the basis of a license to practice medicine and surgery in the District of Columbia, a fee of \$1; on the basis of years of practice in the District of Columbia, a fee of \$25; for a license on the basis of reciprocity, a fee of \$50; for a license on the basis of a certificate or diploma from a national examining board, a fee of \$25; for certification of applications for license by reciprocity in other jurisdictions, a fee of \$10; for a license on the basis of examination, a fee of \$25; for registration as a person exempted from license, a fee of \$1; but physicians and surgeons of the United States Army, Navy, and Public Health Service, and medical officers in any other branch of the Federal Government whatsoever, and practitioners of the healing art residing within and licensed by States bordering on the District of Columbia, who do not maintain an office or appoint places where patients may be met within the District of Columbia, applying for registration as persons exempted from licensure in the District of Columbia, shall not be required to pay any fee in connection with any such application."

SEC. 4. The said act is further amended by inserting after section 25 a new section designated "Sec. 25. (a)" to read as follows:

"Sec. 25. (a) The commission may issue a license, without examination, to anyone holding a certificate or diploma from a national examining board: *Provided*, That the examination given by the national examining board was as comprehensive and as exhaustive as that required in the District of Columbia. The applicant for license on this basis shall submit with his application proof satisfactory to the commission that he is not less than 21 years of age; that he is of good moral character; that he has had not less than 2 years of preprofessional education and training in a college or university acceptable to the commission before entering on the study of the healing art; that he has studied the healing art through not less than four graded courses of not less than 9 months each, in a professional school or schools registered under this act, and has been graduated by such school with the degree of doctor of medicine, doctor of osteopathy, or some equivalent degree; and, if required by the commission, that he has had not less than 1 year of training in a hospital registered by the commission un-

der this act: *Provided further*, That the license issued on the basis of a certificate or diploma from a national examining board shall so state on its face."

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word, and I ask unanimous consent to proceed for five additional minutes out of order.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. McCORMACK. Mr. Speaker, in a speech a few days ago made out on the west coast, Secretary Marshall frankly stated that if the election in Italy in April went communistic that such action would place the United States in a position where it could not continue further aid and assistance to Italy under a Communist government.

This utterance was made necessary as a result of the type of campaigning the Communists in Italy are engaging in—in this campaign they state to the people of Italy that America will continue its aid and assistance even if there is a Communist victory.

With such campaign arguments being made, it is only fair, proper, and, in fact, necessary that our country make its position known. The present foreign policy of the United States in the event of a Communist victory will not permit a continuance of the very substantial aid we are now giving to Italy. It is only fitting and proper that such Communist campaign deception be exposed now, before the election, so that the people of Italy will understand the position they force our country into in the event the Communists take over their government as a result of the coming election.

I might also say that the people of Italy should be frankly informed that if, as a result of this coming election, the Communists win to such an extent that they take over the reins of government, that for all practical purposes immigration from Italy into the United States will be sharply reduced to a minimum, if not practically banned.

If Italy votes for communistic control of government, in view of our law which prohibits any immigrant from being admitted into the United States who "advocates the overthrow of government by force and violence," and which unquestionably applies to a Communist, it would probably mean that very few persons would be admitted into the United States from Italy. It is a fact that very few, if any, are being admitted from any satellite Communist nation because of the very careful scrutiny and investigation that is made.

I feel that it is only fair and proper that the people of Italy be informed of the law of the United States in this respect before the election takes place and not be deceived by false promises of Communist campaign speakers.

In the world situation of today Italy plays a most important part. The coming election in April is one of world-wide significance. The basic issue involved in this election is the issue of the ages—"law or tyranny." Down through the ages the clarion call of those who believed in liberty of the individual, when

Appendix

Development of Submarines.

EXTENSION OF REMARKS OF

HON. BURNET R. MAYBANK

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

*Monday, March 22 (legislative day of
Monday, March 15), 1948*

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed in the RECORD an article dealing with the development of submarines, written by Ansel E. Talbert, and published in the New York Herald Tribune of March 21, 1948.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NAVY IS DEVELOPING SUBMARINES TO TAKE WAR TO Foe's DOORSTEP—RESEARCH ON ROCKETS AND GUIDED MISSILES SPEEDED ON THEORY THAT UNDERSEA CRAFT COULD TAKE THEM TO EFFECTIVE RANGE IN ANY PART OF GLOBE
(By Ansel E. Talbert)

The United States Navy today is rapidly integrating new and revolutionary weapons into its operations. Submarines and airplanes have thrust sea power into the third dimension. Now Navy strategists are joining these instruments up with the atomic bomb and the guided missile. Their objective is the creation of a global fleet that can control communications on the 70 percent of the earth's surface covered with water, and also extend the Navy's offensive power far inland on every continent.

The major striking forces of the Navy at present consist of two surface-carrier task fleets, one on each coast composed of six carriers backed up by other units. Navy chiefs envision these forces, whose range is constantly being extended by new aircraft and carrier designs, joined in the future by packs of long-range submarines.

Almost impossible to detect by radar and other electronic countermeasures, these submarines will be capable of high underwater speeds and long periods of cruising submerged.

AWAY FROM OUR SHORES

Admiral of the Fleet Chester W. Nimitz has disclosed that a prime function of the Navy is to carry the war to any enemy of this Nation so that it will not be fought on United States soil. One future method of doing this, he said, would be by "submarines projecting guided missiles and rockets."

In the event of war, the Navy would shift these highly mobile carriers and missile-launching submarines off an enemy coast. From these bases, possibly the only ones within striking range available without assault and conquest, the Navy would strike swiftly at centers of enemy power.

Navy strategists believe that mobile surface and undersea carriers employing deception and stealth can make intercontinental weapons out of very fast but relatively short-ranged planes or missiles.

This present Navy concept was implied many years ago by America's prime exponent of sea power, Admiral Alfred Thayer Mahan, who observed that "the unrelenting progress

of mankind causes a continual change in the weapons." It also bears out Gen. Billy Mitchell, the Nation's outstanding air strategist.

During his bitter controversy about the merit of battleships versus airplanes, General Mitchell wrote that "the tremendous power of submarines is just beginning to be understood." He added:

"Their offensive power is developing. Undoubtedly submarines will be developed into undersea aircraft carriers in addition to their other uses."

A NEW CLASS OF SUBMARINES

The view of Navy chiefs is that large submersible aircraft carriers may have to await atomic propulsion, but a new class of high speed guided-missile launching submarines called SSG's has just been created.

The Navy is devoting a greater percentage of its research and development funds to guided missiles than to any other category of research, according to Rear Adm. Daniel V. Gallery, Assistant Chief of Naval Operations for Guided Missiles. He is of the opinion that "the guided missile will give the Navy offensive power as never before."

At Chincoteague, Va., the Navy air arm, which holds the present world speed and distance records, has just organized Aircraft Development Squadron 2 (VX-2). It has given this unit the mission of testing and operating pilotless aircraft, guided missiles, and other electronic developments.

At Point Mugu, Calif., missiles of sonic and supersonic speeds developed by Navy scientists are daily hitting targets many miles out to sea.

Some strategists believe that in event of a future world conflict aircraft and guided missiles may be directed across the North Polar ice cap along air routes which are the shortest ones between North America and the Europe-Asia land mass.

The Navy, which has been exploring the Arctic for almost a century, during the last 2 years has sent both submarines and aircraft carriers cruising under and into the polar ice fields.

Two scientists engaging in the Navy's vast program of research, Dr. John Graham and Dr. John Barghausen, of the applied physics laboratory of Johns Hopkins University, have been investigating Arctic disturbances such as the Aurora Borealis.

These scientists, members of the group that developed the proximity fuse and the Navy's 1,500-mile-an-hour ram jet missile, made this study with the object of discovering what effect such phenomena might have on the performance of guided missiles. Other members are analyzing factors that might interfere with radar and radio in the Arctic.

RUSH NEW ROBOT CALCULATOR

At the Naval Proving Ground at Dahlgren, Va., the Navy is rushing to completion the assembly of a huge calculating machine designed by Prof. Howard H. Aiken of Harvard University. Computations involved in predicting the characteristics of guided missiles will form a major part of the machine's work.

In addition to the SSG guided missile launching class, another new submarine class, designed to serve as mobile radar picket boats and defensive fighter or missile control centers, has been added to Navy nomenclature. The prototype of this class, designated SSR's was inspected a few days ago at Key West, Fla., by President Truman.

In an emergency, a thousand-mile-long picket line composed of numbers of these radar boats could be formed hundreds of miles off the east and west coasts of the United States.

This picket line would be able to detect enemy aircraft winging toward the continental United States from any quarter and to direct defensive measures against them. Troop-carrying submarines are projected, too.

Put Freedom to Work

EXTENSION OF REMARKS OF

HON. HOMER E. CAPEHART

OF INDIANA

IN THE SENATE OF THE UNITED STATES

*Monday, March 22 (legislative day of
Monday, March 15), 1948*

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial entitled "Put Freedom to Work," appearing in the Indianapolis Star of March 12.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PUT FREEDOM TO WORK

Senator CAPEHART yesterday offered his amendments to the Marshall plan. He proposes to divide European aid into two parts—outright relief and long-term loans. The \$2,000,000,000 relief program would be handled on a government-to-government basis, just as Senator VANDENBERG's bill outlined it. But the loan program would be handled by an already proved agency of the American Government, the Reconstruction Finance Corporation. The American RFC would make loans to 16 European RFC's set up to lend money directly to foreign businesses or government agencies, as does our present RFC program. Loans would thus be on a business-to-business basis instead of a government-to-government one.

And business among the participating nations would be handled in a free-enterprise fashion instead of a wholly government-controlled one. It would be financed by a long-term revolving fund on a dollar-matching basis. The American RFC would put up half, the foreign nations the other half by using credits against foreign investments now safely and uselessly buried in the United States.

The purpose of this provision is clear. It is to make the European recovery program an expression of the most successful economic system in the world today—the free capitalism of America. And why not? If we really believe that free economies do the best job, why should we not insist that the help we offer be given under that best system? We know it works. If it works here, it will work elsewhere.

If the emergency is so great that these RFC's cannot be set up in time to stave off foreign financial collapse, the Congress can authorize an immediate advance of \$1,000,000,000 by the RFC as the Vandenberg bill recommends. Then the Capehart amend-

ment can be put into effect shortly thereafter.

The European aid program must have the full confidence of the American people. If it is truly an American plan, it will have that confidence. As Senator CAPEHART put it: "I am for stopping this bully (Russia), too, but I would also like to see it done by hitting him right square in the teeth with a good solid punch of Americanism that would scatter a bit of freedom around this war-tattered globe."

Why You Cannot Get Ahead as Your Father Did

EXTENSION OF REMARKS

OF

HON. ROBERT F. RICH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 22, 1948

Mr. RICH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement:

WHY YOU CANNOT GET AHEAD AS YOUR FATHER DID

The United States is being forced toward socialism by a tax revolution of far-reaching consequences.

We have not yet felt fully the deadly impact of this revolution because inflation and the postwar boom have delayed its effects.

But from now on, more and more people will feel its bite. Already it is the dominant element in our economic life. Already it is the major factor in our chances of keeping our jobs and of getting ahead.

Here are some pertinent facts on this tax revolution:

1. THE TAX LOAD THAT OUR NATION CAN SAFELY CARRY HAS LONG SINCE PASSED THE DANGER POINT

Our capitalistic system is in real danger when taxes take more than 20 percent of our national income, or 20 cents out of every income dollar. Beyond that point there are not sufficient dollars left in private hands for capitalistic America to raise the capital required to keep its industry going. So we are right now being nudged further and further into socialism.

For today, taxes take 25 percent of national income, or 25 cents out of every income dollar.

2. THE TAX REVOLUTION HAS UNDERCUT THE INCENTIVES THAT HELP US TO GET AHEAD

The group whose incomes range from \$5,000 up now turns over about one-half of its total income to Federal, State, and local tax collectors. Before the war, this group gave the tax collectors one-third of its collective income.

In sharp contrast, the group of people with incomes under \$5,000 pays the tax collectors 20 percent of its income for direct and hidden (mostly hidden) taxes—against 18 percent before the war. This lower-bracket group needs immediate tax relief but I believe most sincerely that persons earning less than \$5,000 have a very vital reason for also supporting tax relief in the much more heavily hit upper brackets.

As you get ahead, you expect your taxes to go up. Taxes should be levied, in principle, according to ability to pay. But today tax rates rise so sharply that they virtually destroy all incentives to get ahead, to save, and to invest in new and untried enterprises that open up new jobs. The progressive tax idea now carried to punitive extremes has become a destructive tax revolution.

Today the United States, envied by all the world for the wealth it has won under capi-

talistic incentives, has cut its incentives below those offered by that state whose police methods strike terror into the hearts of all workers.

Soviet Russia rewards successful managers, writers, and scientists better relatively than we do under our present tax system.

A revolution that sweeps away incentives will quickly sweep away our free enterprise economy. The only substitute ever found for free incentive is the whip-and-lash compulsion of the police state. And no police state has ever been able to match the production of a free people with a free economy that gives adequate rewards to individual producers.

3. THE TAX REVOLUTION HITS SQUARELY THE AVERAGE AMERICAN'S CHANCES OF KEEPING A JOB AND OF GETTING AHEAD

If you make less than \$5,000 a year you may well ask why you should worry about a tax revolution that seems directed at the comparatively small group, about 10 percent of American families, who make \$5,000 a year or more.

The answer, it seems to me, is that risk capital, the money that makes new jobs when invested in growing companies or in new businesses, must come largely from the people making more than \$5,000 a year. The others usually cannot afford to take any risks with their savings.

It was the savings of this 10-percent group that made possible the huge growth in American industry and American jobs and our progress in raising American living standards in the years before 1930.

Now the Government is taking so much from the 10-percent group in taxes that they cannot afford to risk any savings they manage to accumulate. Most of their savings now go to insurance companies and savings banks which are barred by law from making risky investments or investments even in seasoned common stocks.

The flow of risk capital from this 10-percent group can only be renewed by reducing their taxes. The result will benefit everyone over the difficult years to come by providing more and steadier employment for all.

The cost of the presently proposed reduction, less than 1 percent of the national income, can well come out of current revenue surplus. It will be repaid manyfold by the new enterprises it will stimulate.

4. JOBS WILL BE LOST IF RISK CAPITAL DOES NOT INCREASE

Unless the flow of risk capital into business can be doubled and trebled in the next few years, business investment in job-making new plans and equipment will drop sharply. The McGraw-Hill survey of prospective capital expenditures, reported in the previous editorial in this series, made that quite clear.

When such a drop in business investment has come in the past, it has brought with it a general slump in business—and unemployment.

As we work through the enormous demand for goods of all kinds built up during the war years, and as the war-accumulated savings of businesses and individuals are spent, it will be harder and harder to keep production and employment at today's high levels.

Then—at the very time that we shall need all our drive to maintain prosperity—we shall be hit by the full impact of the tax revolution.

5. COMPOUNDING THESE TROUBLES IS A TAX SYSTEM AS OUT OF DATE AS AN OXCART

Twenty years ago, when taxes took only 12 cents out of the national-income dollar, our rattletrap tax system was little more than a nuisance. Today, when it takes twice as big a bite, its double taxing of the earnings of investors, its discriminatory excises, and the overlapping of Federal, State, and local levies are a fatal handicap. A new system, a fair

system, a rewarding system, is a necessity if American initiative and enterprise are to have a fair chance.

What Congress does now about Federal taxes will bear crucially on our ability to sustain prosperity.

By demanding economy in Government and by redesigning the tax system to stimulate initiative and risk taking, Congress can multiply many times our chances of maintaining full employment and of raising living standards.

By allowing people to save more and by renewing the incentive to risk capital in new enterprises, Congress can actually insure a bigger tax return in the years ahead. More business will result—and pay more taxes.

That is the only way that a free people with a free economy can carry the tax load.

That is the best way that our Government can improve our chances of keeping our jobs and of getting ahead. I suggest that you discuss these vital matters with your chosen representatives in Congress, in your State government, in your local community.

JAMES H. MCGRAW, Jr.,

President, McGraw-Hill Publishing Co., Inc.

The Drama of ERP in 25 Acts

EXTENSION OF REMARKS

OF

HON. RALPH W. GWINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 22, 1948

Mr. GWINN of New York. Mr. Speaker, the American people have not yet been told the real drama that led to the Marshall plan.

In desperation the Congress, each Member in his own way has been left to dig out the true facts of the so-called European recovery program. With inadequate tools, no money or time left we must break through the wall of official secrecy and propaganda surrounding this bold Socialist blueprint for all Europe that threatens us and demands still another \$17,000,000,000 from the American people.

Inasmuch as the story of our involvement in international intrigue and secret Government manipulation is simply incredible, it cannot be presented without a stage. At this time I propose to give you 25 brief historical acts from the postwar records.

As a prologue I quote from a London daily newspaper to show how freemen are crying out everywhere in Europe against America financing their socialist cabinets which oppress them and which would disappear from the political scene but for the continued American support.

These voices of Europe are not now being heard or heeded because socialist censorship has erected its own iron curtains preventing such voices of freedom from reaching America.

For example, the Daily Express of London says editorially day after day:

There can be no doubt at all about the the Socialists' motive. They realize that Marshall aid may preserve their jerry-built structure of bad administration and crazy economics until the general election comes.

In short, Britain will be spinning out for a few more months the thin web of illusion which the Socialists, in their moral coward-

ice and conceit, have woven for her (January 16, 1948).

The Marshall plan should not form part of Britain's policy for recovery, because it seeks only to alleviate a symptom of distress. It cannot deal with the underlying cause (February 10, 1948).

To accept Marshall aid is to return to the bad days and bad ways of the loan (\$3,750,000,000).

Ever since the collapse of the disastrous American loan policy the hope has been that the Government would not resort to further foreign assistance in order to overcome Britain's difficulties.

One such fatal experience should have sufficed to convince all the Ministers that Britain must stand on her own two feet (January 8, 1948).

The dollars Britain borrowed contributed directly to the price-rise in America. Hence the disastrous balance-sheet.

The dollars of the Marshall plan would have a similar result.

The first step along the path to sanity and recovery will be taken in the day that the British Government, by declining Marshall aid for our country, refrains from boosting prices in the United States (February 11, 1948).

Recovery can begin today, if courage and character prevail among Britain's leaders—and if common sense joins them round the council table (January 16, 1948).

Britain has the resources at home and in her Empire. Given faith, vision, endurance, and toil these resources can be brought into use to restore the old fabric of national prosperity (January 8, 1948).

You have just listened to the most realistic and honest appraisal of the Marshall plan, not from Washington or New York but from England itself. It is unnecessary to remind this House that the national circulation of the Daily Express is 3,789,278 daily. Above all, its readers have voted 4 to 1 approving these editorials and rejecting in toto the Marshall plan. This 4-to-1 opposition in England shows that the British appreciate the evil consequences of the Marshall plan to America herself.

We now present play by play the true drama of the manipulations of the American Government, or how the British Socialists run American foreign policy:

ACT I

End of 1946: The British Socialist Cabinet has nearly exhausted the \$3,725,000,000 American loan. England swings much further to the left while the forces of British freedom bitterly expose the use of American funds to advance socialism and defeat liberty.

ACT II

January 1947: Mr. Morgenthau having promised the British at Quebec \$6,500,000,000 without strings for so-called recovery, if they would sign the deindustrialization Morgenthau plan for Germany (as we now know from Mr. Cordell Hull's memoirs), Mr. Bevin presses Mr. Marshall to make good this promise. The British are put off.

ACT III

February 1947: The British socialists retaliate. They suddenly announce the withdrawal of British troops from Greece, leaving the whole Near East outflanked. Communist Moscow watches gleefully.

ACT IV

March 12, 1947: Mr. Truman jumps in to the frying pan proposing to stop com-

munist from going into Greece and Turkey or from advancing in any other place on the globe. Cost of operations in Greece and Turkey estimated at \$2,000,000,000 by 1949. The over-all unlimited.

ACT V

April 1947: Mr. Bevin keeps needling Mr. Marshall for the new American loan without which Socialism in England is doomed. The United States State Department is depressed because it knows that the Congress, having been forced to pay up for the so-called Truman doctrine, will refuse to vote new billions to save the London planners from the inevitable failure of their planned economy.

ACT VI

May 30, 1947: Six days before Mr. Marshall speaks at Harvard, European newspapers tell their readers that once again America will come through with billions for a new European recovery program. It was the British Foreign Office that intimated to these newspapers that the United States State Department had put out such "feelers" in London; also, that it would be easier to get these billions from the Congress if the initiative could come from Europe and not from the State Department.

ACT VII

June 5, 1947: Six days later Mr. Marshall bows to the ruthless pressure of the British Foreign Office now in the hands of skillful socialist manipulators. Without previous consultation, Mr. Marshall announces at Harvard that America will help Europe if they would only get down to work and produce.

ACT VIII

June 6, 1947: The very next day the American people wake up startled to find what Europe had known for some time, that American foreign policy is made in Europe.

Mr. Marshall had no plan, the American people had none.

A sales fraud of amazing proportions was under way. Even the name "The Marshall Plan" invented in Europe.

ACT IX

Mr. Marshall suddenly finds himself the hero of a wholly unexpected success. Again needed by Mr. Bevin, he goes on to tell the whole world that the United States will assist all of Europe, from the Urals to and including the British Isles.

Europe is flabbergasted by the obvious inconsistency of the Marshall policy of helping Soviet Russia and all her Communist satellites with American dollars as compared with Mr. Truman's announced policy of stopping communism by American dollars.

ACT X

June 29, 1947: Mr. Molotov says "No."

ACT XI

July 3-September 22, 1947: After Mr. Molotov's dramatic departure the Paris planners of 16 nations work out a tremendous expansion program of planned economy for western Europe, 1948-51.

Under this European scheme, the American people are invited to foot the bill of \$29,000,000,000 in gifts, loans, goods, and services from the American Continent.

The Under Secretary of State for Economic Affairs, Mr. William Clayton pleads with the Paris planners to come to their senses, which they do by asking America for \$22,400,000,000 plus a hand-out of \$3,000,000,000 of America's gold from Fort Knox.

ACT XII

Fall of 1947: Unbiased surveys prove conclusively that the proposed European recovery program cannot work. There is neither manpower nor capital investment available to meet the production targets. Also, the suggested time schedule is strictly impossible. And, finally, no world markets could possibly absorb these vastly expanded European exports.

ACT XIII

Fall of 1947: In Washington, the State Department, humiliated by the unworkability of the whole program decides to sell the Marshall plan to an unsuspecting American public as a "stop Russia" measure. All the while the Europeans continue to make trade pacts with Red Moscow.

ACT XIV

Fall of 1947: In Moscow, the Kremlin decides that American financing of western Europe will enable the Marshall countries to help save Russia's sagging economy. Under the Marshall plan the trade between Soviet Europe and western Europe is to be expanded to an unprecedented all-time high, indirectly financed by American billions.

ACT XV

Fall of 1947: By skillful use of the Lenin technique of propaganda, ostensibly opposing what they want most of all to see happen, the Soviet rulers begin a violent smear campaign against the Marshall plan. They say "No" because they mean "Yes." The Kremlin sees that the anti-Russia feeling in America will indirectly pay off by furnishing the Soviets a \$15,500,000,000 trade from western Europe during the next 4 years.

Goaded by the propaganda flood of a naive State Department, private opinion in America is taken in by the Soviet deception technique. Leading Republicans fall into the trap.

ACT XVI

Fall of 1947: Feeling that Great Britain is getting the lion's share, France and Italy demand that they be given a stop-gap aid from America. Mr. Truman calls the Congress into special session. The interim-aid gift is pressed through the Congress.

ACT XVII

Fall of 1947: Over congressional protest, Mr. Marshall continues to dismantle German factories. In spite of the obvious fact that European recovery cannot possibly succeed without a strong and healthy German peace production, the State Department is still operating a double-track German policy, full of contradictions.

ACT XVIII

January 1948: The unworkable Socialist European recovery program of Paris is forced on the Congress. Political manipulations cut out the \$17,000,000,000 figure. A \$6,800,000,000 figure, arrived at by pure guess work, is foisted upon

the Congress as an all-or-nothing demand.

ACT XIX

January 1948: The United States Government suddenly withdraws from buying in the American commodity markets. Prices drop. However, with prices subsidized, the farmers do not ship their grain or cattle to markets. They know that the alarming Government reports are utterly fictitious.

By dropping out of the commodity market, the administration aims at gaining a double political purpose; first, to frighten the Congressmen from agricultural districts into voting for the European recovery program; and second, to make the hard-pressed American families believe that prices are coming down, so they will not discover soon enough that the billions to State-controlled European recovery program must lead to an even more treacherous inflation than we already have.

ACT XX

January 1948: The Truman administration decides for the time being to sidestep the insistent European clamor for the \$3,000,000,000 gold from the United States Treasury for stabilization of European currencies. That fight is scheduled for a later date. The State Department wants to conquer the Congress by piecemeal methods. Today a crisis; tomorrow a crisis. Always more billions of the taxpayers' money.

ACT XXI

February 1948: The Habana Conference of the International Trade Organization reveals that the Europeans do not intend to work together as promised in Paris. On the contrary, they hope to build economic blocs and protective-nationalist tariffs throughout all of western Europe. Led by the British Socialists, all European governments prove to be more interested in their own political power than in a truly European recovery.

ACT XXII

February 1948: The Congress grows restless and suspicious at the mounting, unmistakable evidence of the multiple political fraud, at home and abroad, in connection with the Socialist European recovery program.

ACT XXIII

March 2, 1948: The international food experts of the United Nations disprove and reject the grain figures advanced by the United States Secretary of Agriculture, Mr. Clinton Anderson. The world commodity markets are left in chaos; inflation goes on.

ACT XXIV

March 5, 1948: The millions of American families regretfully discover that in spite of the so-called drop in future commodity prices their grocery bills are going up and up. Americans realize that their families, in a month or two, will face economic catastrophe from uninterrupted inflation caused by the Government itself.

ACT XXV

March 1948: Both Houses of Congress are placed under intolerable political pressure to pass the foredoomed European recovery program.

At the same time the State Department planners are themselves growing restless and anxious at the increasing resistance in the House of Representatives against selling America down the river of state socialism at home and abroad.

At last the American people, acting upon what little information they can get, inspired by their fundamental instincts of freedom and righteousness, send waves of protests on to the stage. The fraud is exposed; the actors are put to flight.

The next act of this drama is up to the Congress. Let every Member of this House go to the people for wisdom.

Let me tell you that in my district where the New York Herald Tribune and the New York Times are widely read, the people are writing me letters, eight to one, against the Marshall plan. They want to give relief to the suffering, through private agencies, if possible. They want free commerce and trade encouraged and protected, but not socialized and controlled by Government. In line with this they approve the new plan for European recovery which I proposed to the House Foreign Affairs Committee.

Either we believe in the American concept of freedom, by which we have led the world for generations. And out of which there has come food, shelter, and comfort as never before seen in the world.

Or we deny our faith. We give up our leadership. We fall in line with a socialist world scheme of planned economy and lost liberties. In the end, we ourselves get swallowed up by the pagan statism which now has blacked out huge areas of this world.

I implore my colleagues to act in conformity with their faith in freedom. Let us go out to the American people and find courage anew to confess our faith before the whole world that we Americans believe that free men and women everywhere can rebuild the world much better than the scheming bureaucrats of a pagan state socialism.

The Marshall plan helps to imprison the creative genius of freedom. We must defeat it. Let the Congress enact a recovery program that liberates the world. Then world recovery will not be slow in coming.

whose report on civil rights is a mendacious monstrosity.

The people of the South know something about their own problems and, as is pointed out in this editorial, both white and colored know the latent evils that exist in such legislation as the report proposes.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEGRO EDITOR TALKS PLAINLY TO HIS PEOPLE

President Truman and his Committee on Social Problems have done more recently to fan race hatreds than any one other thing in the last 50 years.

The white people and the Negroes have lived more peacefully in Tennessee in late years than ever before since the reconstruction days, with the colored folks growing more prosperous than they have ever been before. New homes and rebuilt and repaired homes are to be seen in every Negro settlement everywhere in this part of the South, and the white people have noted this prosperity and the efforts of the colored people to better living conditions and have complimented them on their efforts and on their savings.

Now, the President of the United States, following the report of a hand-picked committee, which has shown as little judgment as he has, is making demands for a speedy hop, skip, and jump forward for colored people—a speed that can mean a retardation instead of advancement for the people it is supposed to help.

After the Civil War, the South was prostrate—as poor as the war-torn parts of Europe and other war-damaged continents; had millions of utterly destitute ex-slaves thrown into its lap to provide for and to start on the way to an independent life. And it was remarkable how well these poverty-ridden southerners responded and the progress they made.

When the Confederate veterans got home from war, leaving hundreds of thousands of their brothers in arms buried on battle grounds, they found their homes, farms, factories, railroads, schools and, many times, their churches in ashes or ruins; their slaves freed and without any compensation; their money voided, their savings in material things wasted, their livestock, horses, mules, cows, sheep, hogs, and even their poultry gone. Their only hope of rebuilding was to labor day and night, though nearly every other man was a war cripple, and many were in a low state of health.

The first thing was to make livable their old homes, or to replace them with new ones. Fortunately most of the Negro homes yet stood, and their garden spots were ready to produce.

As soon as homes were in shape for use, old schoolhouses were repaired as best they could be, without money or materials, teachers were selected—not hired—for most of them got only what pittance they could from tuition-paying pupils. Churches were cleaned up and the old preachers went back to their work regardless of money. They knew their folks would do the best they could for them, and they did.

The first year after the surrender, scanty crops were planted, because of lack of seed and horsepower. Much work was done by hand, necessarily. And crops the first year were small, though the need was great.

Most of the ex-slaves did the best they could, depending on their late masters for aid. Some few were enticed away by carpetbaggers, who were here to foment all the trouble they could. They were a swarm of vultures at best. Freedmen's Bureaus were set up by the reconstruction rulers of our country. And they added no little to the troubles of the white people, without any sensible efforts to aid the Negroes. The whole reconstruction scheme was a disgrace to the

The President's Civil Rights Message

EXTENSION OF REMARKS

OF

HON. TOM STEWART

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Monday, March 22 (legislative day of Monday, March 15), 1948

Mr. STEWART. Mr. President, I ask unanimous consent to place in the Appendix of the RECORD an editorial from another southern newspaper which comments sanely and forcefully on the President's recent so-called civil-rights message. This editorial but emphasizes the southern viewpoint as to certain parts of the so-called civil-rights message which was based on the hate, malice, and ill will of the Civil Rights Committee

"Whereas the Honorable Earl Warren, Governor of the State of California, after consultation with various agencies of the State government, has recommended early construction of a breakwater at Half Moon Bay; and

"Whereas bills authorizing the construction of, and appropriating funds for, a breakwater at Half Moon Bay may have been, or are about to be, introduced in Congress: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Congress and the President of the United States are urged and memorialized to take such steps as may be necessary to provide authority and funds for the early construction of a breakwater at Half Moon Bay; and be it further

"Resolved, That the Secretary of the Senate is directed to transmit copies of this resolution to the President of the United States, to the President pro tempore of the Senate, and the Speaker of the House of Representatives, and to each Senator and Representative from California in Congress of the United States."

A joint resolution of the Legislature of the State of California; ordered to lie on the table:

"Assembly Joint Resolution 4

"Joint resolution memorializing Congress to consider certain California products in any bill authorizing European relief under the Marshall plan

"Whereas Congress may pass a law authorizing European relief pursuant to the Marshall plan; and

"Whereas the State of California produces large quantities of raisins, dried fruits, milk byproducts, and citrus concentrates: Now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Congress of the United States is memorialized to take into consideration California products such as raisins, all kinds of dried fruits, milk byproducts, and citrus concentrates in any bill authorizing European relief under the Marshall plan; and be it further

"Resolved, That the chief clerk of the assembly prepare and transmit copies of this resolution to the President of the United States, to the President pro tempore of the Senate, to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California."

Two joint resolutions of the Legislature of the State of California; to the Committee on Interstate and Foreign Commerce:

"Senate Joint Resolution 4

"Joint resolution relative to memorializing Congress and the President of the United States in relation to migratory game birds

"Whereas pursuant to treaties of the United States with Great Britain and Mexico, the jurisdiction to regulate the taking of migratory game birds is vested in the Congress of the United States and has been exercised by the enactment of the Migratory Bird Treaty Act; and

"Whereas said act provides for the making of regulations to carry out its purposes, which regulations are now made by the Fish and Wildlife Service in the Department of the Interior and become effective when approved by the President of the United States; and

"Whereas in formulating such regulations said act requires that due regard be taken to 'the zones of temperature' as well as distribution and other factors, and this has resulted in the establishment of zones running in general from east to west; and

"Whereas in relation to wild ducks it has been established that there are four principal flyways running north and south across the country from Canada to the Caribbean

Sea, Mexico, and even farther south, that each of these flyways has its own population of ducks, and that there is little change from one flyway to another, with the result that each flyway presents its own problems of conservation, independent of the others; and

"Whereas the State of California lies in the Pacific flyway which runs from Alaska and the northern part of Canada south across the western part of the United States and into Mexico and farther south, and it is only in relation to this flyway that the conservation of ducks in California can properly be carried out; and

"Whereas the regulation of wild fowl, and particularly wild ducks, in California in relation to other areas of the United States lying along flyways other than the Pacific does not take into consideration the relative independence of the several flyways nor the fact that the duck population in any given area depends upon conditions up and down its particular flyway, rather than in areas lying in the same zones of temperature on other flyways; and

"Whereas Senate bill 2199 and House of Representatives bill 5493 provide for the amendment of said act to provide that regulations adopted pursuant thereto shall be based on conditions existing within each area, section, or flyway; and for the creation of a Migratory Game Bird Advisory Committee: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Congress and the President of the United States are urged and memorialized to enact the legislation incorporated in Senate bill 2199 and House bill 5493; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President of the United States, to the President of the Senate and Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

"Assembly Joint Resolution 7

"Joint resolution relative to the shipbuilding industry of the west coast

"Whereas during the war years, those years from 1941 to 1946, the splendid job of shipbuilding done on the west coast turned out in vast numbers the ships vital to the successful prosecution of the war and which were a determining factor in ending World War II in an all-out victory for the United States and her allies; and

"Whereas to operate these vast and vital shipbuilding enterprises it was necessary to employ many thousands of men and women, who removed from their homes and established communities centering around and supported by the shipyard pay rolls, creating prosperous areas enjoying normal community business in the sale and exchange of commodities and services; and

"Whereas there have been persistent rumors that there might be a severe curtailment in the amount of shipbuilding done on the west coast; and

"Whereas such a curtailment would seriously and adversely affect an industry now established and vital to the economic life of the west coast, at the same time incapacitating or destroying vast enterprises which should be maintained in the interests of national defense and employed in the building, rebuilding, repair, and maintenance of the United States merchant marine: Now, therefore, be it

"Resolved by the Assembly and the Senate of the State of California, jointly, That the United States Maritime Commission is hereby memorialized to do all in its power to retain in the west coast shipyards a volume of shipbuilding and repair which will insure the permanent continuance of these industries on the west coast, avert the economic

loss and disaster resulting from a disruption and uprooting of these many shipbuilding communities and the scattering of workers skilled in shipbuilding and repair, to the end that these priceless facilities built up during the war years shall be preserved and continued in the interests of an adequate merchant marine and as a factor vital to the national defense; and be it further

"Resolved, That the chief clerk of the assembly is directed to transmit copies of this resolution to the United States Maritime Commission, to the President of the United States, the President pro tempore of the Senate of the United States, the Speaker of the House of Representatives, and to each Senator and Representative from California, Oregon, and Washington in the Congress of the United States."

PROTEST AGAINST UNIVERSAL MILITARY TRAINING AND DRAFT LEGISLATION

Mr. BUTLER. Mr. President, I ask unanimous consent to present and to have printed in the RECORD a telegram from Mrs. Vera Sheffield, of Omaha, Nebr., protesting against the enactment of universal military training and draft legislation.

There being no objection, the telegram was received and ordered to be printed in the RECORD, as follows:

OMAHA, NEBR., March 19, 1948.

Senator HUGH BUTLER,

Washington, D. C.:

Request this be read before Congress. Women uniting request you vote against passage of universal military training and draft bill. Do Congress and Truman want women of United States to march on Washington? These bills would bring on war. War means destruction of world by atom bomb.

Mrs. VERA SHEFFIELD.

ASSISTANCE TO GREECE AND TURKEY— REPORT OF A COMMITTEE FILED DURING RECESS

Under authority of the order of the Senate of the 19th instant,

Mr. VANDENBERG, from the Committee on Foreign Relations, reported an original bill (S. 2358) to amend the act approved May 22, 1947, entitled "An act to provide for assistance to Greece and Turkey," and submitted a report (No. 1017) thereon, which bill was read twice by its title and ordered to be placed on the calendar.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. BUTLER, from the Committee on Interior and Insular Affairs:

S. 2278. A bill to authorize the sale of certain public lands in San Juan County, Utah, to the Southwest Indian Mission, Inc.; without amendment (Rept. No. 1018).

REPORT OF JOINT COMMITTEE ON HOUSING— INDIVIDUAL VIEWS OF SENATOR MCCARTHY (REPT. NO. 1019).

Mr. MCCARTHY, as a member of the Joint Committee on Housing, submitted his individual views relative to the report of the Joint Committee on Housing submitted on March 15, 1948, which were ordered to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 22, 1948, he presented to the President of the United States the enrolled bill (S. 203) to increase the equipment maintenance of

rural carriers 1 cent per mile per day traveled by each rural carrier for a period of 2 years, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. YOUNG (for himself and Mr. MAGNUSON):

S. 2355. A bill to amend the Immigration Act of 1924, as amended; and

S. 2356. A bill to amend the act providing for the expedition for admission to the United States of alien spouses and alien minor children of citizen members of the United States armed forces; to the Committee on the Judiciary.

By Mr. RUSSELL:

S. 2357. A bill to amend section 4 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of denuded areas, for the extension of national forests, and for other purposes, in order to promote the continuous production of timber on lands chiefly suitable therefor," approved June 27, 1924; to the Committee on Agriculture and Forestry.

(Mr. VANDENBERG, from the Committee on Foreign Relations, reported an original bill (S. 2358) to amend the act approved May 22, 1947, entitled "An act to provide for assistance to Greece and Turkey, which was ordered to be placed on the calendar, and appears under a separate heading.)

By Mr. REVERCOMB:

S. 2359. A bill for the relief of Hayward O. Brandon; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 2360. A bill for the relief of Dr. Chung Ki Lui; to the Committee on the Judiciary.

By Mr. FLANDERS:

S. 2361. A bill to provide for a temporary extension of the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. MAGNUSON:

S. 2362. A bill for the relief of Russell S. Fothergill; to the Committee on Finance.

(Mr. BUTLER (by request) introduced Senate bill 2363, to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, which was referred to the Committee on Interior and Insular Affairs, and appears under a separate heading.)

By Mr. McMAHON:

S. 2364. A bill to enable children under 21 years of age adopted by United States citizens to enter the United States as nonquota immigrants and to become naturalized; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado (for himself and Mr. REED):

S. 2365. A bill to amend the Federal Trade Commission Act with respect to the advertising of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.

By Mr. GURNEY:

S. 2366. A bill to amend section 202 of title II of the Army-Navy Medical Services Corps Act of 1947, as amended, to remove the present restriction on appointments to the Navy Medical Service Corps; to the Committee on Armed Services.

By Mr. BALL:

S. 2367. A bill for the relief of Francis Do-man; to the Committee on the Judiciary.

By Mr. STEWART (for himself, Mr. SPARKMAN, Mr. JOHNSTON of South Carolina, Mr. KILGORE, Mr. HOEY, Mr. HOLLAND, Mr. EASTLAND, Mr. JOHNSON of Colorado, Mr. McFARLAND, Mr. MAYBANK, Mr. McCLELLAN, and Mr. RUSSELL):

S. 2368. A bill to amend the Social Security Act, as amended, so as to increase the amounts of Federal contributions to the States for old-age assistance, aid to depend-

ent children and aid to the blind; to the Committee on Finance.

By Mr. LUCAS:

S. 2369. A bill to adjust the effective date of certain awards of pensions and compensation payable by the Veterans' Administration; to the Committee on Finance.

REHABILITATION OF NAVAJO AND HOPI TRIBES OF INDIANS

Mr. BUTLER. Mr. President, by request of the Secretary of the Interior, I ask unanimous consent to introduce for appropriate reference a bill to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, and I request that the bill together with a letter from the Secretary of the Interior recommending its passage, be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and, without objection, the bill together with the letter from the Secretary of the Interior will be printed in the RECORD as requested by the Senator from Nebraska.

There being no objection, the bill (S. 2363) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, introduced by Mr. BUTLER (by request), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That in order to further the purposes of existing treaties with the Navajo Indians, to provide facilities, employment, and services essential in combating hunger, disease, poverty, and demoralization among the members of the Navajo and Hopi Tribes, to make available the resources of their reservations for use in promoting a self-supporting economy and self-reliant communities, and to lay a stable foundation on which these Indians can engage in diversified economic activities and ultimately attain standards of living comparable with those enjoyed by other citizens, the Secretary of the Interior is hereby authorized and directed to undertake, within the limits of the funds from time to time appropriated pursuant to this act, a program of basic improvements for the conservation and development of the resources of the Navajo and Hopi Indians, the more productive employment of their manpower, and the supplying of means to be used in their rehabilitation, whether on or off the Navajo and Hopi Indian Reservations. Such program shall include the following projects:

PROJECTS FOR BOTH NAVAJO AND HOPI INDIANS

1. Soil and water conservation and range and livestock improvement work.
2. Completion and extension of existing irrigation projects, and completion of the investigation to determine the feasibility of the proposed San Juan-Shiprock irrigation project.
3. Surveys and studies of timber, coal, mineral, and other physical and human resources.
4. Development of industrial and business enterprises.
5. Development of opportunities for off-reservation employment and assistance in adjustments related to such employment.
6. Roads and trails.
7. Air-transport facilities.
8. Telephone- and radio-communication systems.
9. Domestic and stock water supply.

10. Relocation and resettlement of Navajo and Hopi Indians.

PROJECTS SOLELY FOR NAVAJO INDIANS

11. Establishment of a revolving loan fund.
12. Hospital buildings and equipment, and other health-conservation measures.
13. School buildings and equipment, and other educational measures.

SEC. 2. The foregoing program shall be administered in accordance with the provisions of this act and existing laws relating to Indian affairs, shall include such facilities and services as are requisite for or incidental to the effectuation of the projects herein enumerated, shall apply sustained-yield principles to the administration of all renewable resources, and shall be prosecuted in a manner which will provide for completion of the program, so far as practicable, within 10 years from the date of the enactment of this act. An account of the progress being had in the rehabilitation of the Navajo and Hopi Indians, and of the use made of the funds appropriated to that end under this act, shall be included in each annual report of the work of the Department of the Interior submitted to the Congress during the period covered by the foregoing program.

SEC. 3. Navajo and Hopi Indians shall be given, whenever practicable, preference in employment on all projects undertaken pursuant to this act, and, in furtherance of this policy, may be given employment on such projects without regard to the provisions of the civil service and classification laws. To the fullest extent possible, Indian workers on such projects shall receive on-the-job training in order to enable them to become qualified for more skilled employment.

SEC. 4. The Secretary of the Interior is authorized, under such regulations as he may prescribe, to make loans from the loan fund authorized by section 1 hereof to the Navajo Tribe, or to any member or association of members thereof, for such productive purposes as, in his judgment, will tend to promote the better utilization of the manpower and resources of the Navajo Indians. Sums collected in repayment of such loans and sums collected as interest or other charges thereon shall be credited to the loan fund, and shall be available for the purpose for which the fund was established.

SEC. 5. In order to facilitate the fullest possible participation by the Navajo Tribe in the program authorized by this act, the members of the tribe shall have the right to adopt a tribal constitution in the manner herein prescribed. Such constitution may provide for the exercise by the Navajo Tribe of any powers vested in the tribe or any organ thereof by existing law, together with such additional powers, not in excess of the powers possessed by other organized or incorporated Indian tribes, as the members of the tribe may deem proper to include therein. Such constitution shall be formulated by the Navajo Tribal Council with the concurrence of the Secretary of the Interior, and shall be effective upon adoption by secret ballot of the adult members of the Navajo Tribe in an election, held under such regulations as the Secretary may prescribe, at which a majority of the qualified votes cast favor such adoption.

SEC. 6. Notwithstanding any other provision of existing law, the tribal funds now on deposit or hereafter placed to the credit of the Navajo Tribe of Indians in the United States Treasury, shall be available for such purposes as may be designated by the Navajo Tribal Council and approved by the Secretary of the Interior.

SEC. 7. The sum of \$90,000,000 is hereby authorized to be appropriated for the purpose of carrying out the provisions of this act. Funds so appropriated shall be available for administration, investigations, plans, construction, and all other objects necessary for or appropriate to the carrying out of such provisions. Such further sums as may be necessary for or appropriate to the annual

The amendment was rejected.

Mr. McMAHON. Mr. President, I offer the amendment which I send to the desk. It has to do with the reapplication of the excess-profits tax.

The PRESIDENT pro tempore. The amendment will be printed in the RECORD.

The amendment was, at the proper place, to insert the following new title:

TITLE VII—EXCESS-PROFITS TAX

SEC. 701. Reapplication of excess-profits tax.

(a) Reapplication: Section 122 (a) of the Revenue Act of 1945 is hereby amended to read as follows:

"(a) In general: The provisions of subchapter E of chapter 2 shall not apply to any taxable year beginning after December 31, 1945, and ending prior to January 1, 1948. The provisions of part III of such subchapter shall not apply to any taxable year beginning after December 31, 1945."

(b) Decrease in rate of tax: Section 710 (a) (1) of the Internal Revenue Code is hereby amended to read as follows:

"(a) Imposition:—

"(1) General rule: There shall be levied, collected, and paid for each taxable year, upon the adjusted excess-profits net income as defined in subsection (b), of every corporation (except a corporation exempt under section 727) a tax equal to the following:

"50 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 135 percent but not in excess of 140 percent of the tentative excess-profits credit (as defined in subsection (d) of this section), plus

"75 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 140 percent but not in excess of 150 percent of the tentative excess-profits credit (as defined in subsection (d) of this section), plus

"100 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 150 percent of the tentative excess-profits credit (as defined in subsection (d) of this section)."

(c) Increase in exemption: Section 710 (b) (1) of the Internal Revenue Code is hereby amended to read as follows:

"(1) Specific exemption: A specific exemption of \$100,000, except that in the case of a taxpayer which is not entitled to use the excess-profits credit based on income pursuant to section 713, and which is not one of a group of two or more corporations owned or controlled directly or indirectly by the same interests, a specific exemption of \$200,000."

(d) Increase in excess-profits credit: Subsections (a) and (b) of section 712 of the Internal Revenue Code (relating to allowance of excess-profits credit) are hereby amended to read as follows:

"(a) Domestic corporations: In the case of a domestic corporation which was in existence before January 1, 1940, the excess-profits credit for any taxable year shall be an amount equal to 135 percent of a credit computed under section 713 or section 714, whichever amount results in the lesser tax under this subchapter for the taxable year for which the tax under this subchapter is being computed. In the case of all other domestic corporations, the excess-profits credit for any taxable year shall be 135 percent of an amount computed under section 714.

"(b) Foreign corporations: In the case of a foreign corporation engaged in trade or business within the United States, the first taxable year of which under this subchapter begins on any date in 1940, which was in existence on the day 48 months prior to such date and which at any time during each of the taxable years in such 48 months was

engaged in trade or business within the United States, the excess-profits credit for any taxable year shall be an amount equal to 135 percent of a credit computed under section 713 or section 714, whichever amount results in the lesser tax under this subchapter for the taxable year for which the tax under this subchapter is being computed. In the case of all other foreign corporations, the excess-profits credit for any taxable year shall be 135 percent of an amount computed under section 714."

(e) Tentative excess-profits net income and credit: Section 710 of the Internal Revenue Code is hereby amended by adding after the end of subsection (c) the following new subsection:

"(d) Tentative excess-profits net income and credit:—

"(1) Tentative excess-profits net income: The tentative excess-profits net income shall be the excess-profits net income minus the specific exemption.

"(2) Tentative excess-profits credit: The tentative excess-profits credit shall be that proportion of the sum of the excess-profits credit provided under section 711 (b) (2) and the unused excess-profits credit provided under section 711 (b) (3) which 100 bears to 135."

(f) Definition of unused excess-profits tax: Section 710 (c) (2) of the Internal Revenue Code is hereby amended by striking out the last two sentences thereof and by inserting in lieu thereof the following: "For the purposes of the determination of the taxes imposed by this subchapter for taxable years beginning before January 1, 1946, there shall be no unused excess-profits credit for a taxable year beginning after December 31, 1946. The unused excess-profits credit for a taxable year beginning in 1946 and ending in 1947 shall be an amount which is such part of the unused excess-profits credit determined under the preceding provisions of this paragraph as the number of days in such taxable year prior to January 1, 1947, is of the total number of days in such taxable year. For the purposes of the determination of the taxes imposed by this subchapter for taxable years ending after December 31, 1947, there shall be no unused excess-profits credit for a taxable year ending before January 1, 1948. The unused excess-profits credit for a taxable year beginning in 1947 and ending in 1948 shall be an amount which is such part of the unused excess-profits credit determined under the preceding provisions of this paragraph as the number of days in such taxable year after December 31, 1947, is of the total number of days in such taxable year."

(g) No carry-back to 1946 or 1947: Section 710 (c) of the Internal Revenue Code is hereby amended by adding at the end thereof the following new paragraph:

"(5) No carry-back to 1946 or 1947: For purposes of the determination of the taxes imposed by this subchapter for taxable years ending after December 31, 1947, the term 'preceding taxable year' and the term 'preceding taxable years,' as used in this subsection, do not include any taxable year ending prior to January 1, 1948."

(h) Technical amendments: The following sections of the Internal Revenue Code are restored to read as such sections read immediately prior to the enactment of the Revenue Act of 1940, to be effective as so restored, with respect to taxable years ending after December 31, 1947, as if section 122 (g) of the Revenue Act of 1945 had not been enacted:

(1) Section 26 (e) (relating to the credit for income subject to the excess-profits tax);

(2) Section 13 (a) (2) (defining "normal tax net income");

(3) Section 15 (a) (defining "corporation surtax net income");

(4) Section 26 (b) (relating to the credit for dividends received);

(5) Section 102 (d) (1) (defining terms for the purpose of the tax imposed by section 102);

(6) Section 131 (b) (prescribing certain limitations on the foreign tax credit);

(7) Section 204 (a) (2) (relating to foreign mutual insurance companies other than life or marine).

(i) Taxable years to which amendments applicable: The amendments made by subsections (b), (c), and (d) of this section shall be applicable with respect to taxable years ending after December 31, 1947. For treatment of taxable years beginning in 1947 and ending in 1948, see section 401.

That section 23 of the Internal Revenue Code, as amended (relating to deductions from gross income), is amended by adding at the end thereof a new subsection as follows:

"(bb) Deduction for capital expenditures by corporations: In the case of a corporation—

"(1) amounts expended during the taxable year for the acquisition of new buildings, facilities, equipment, or machinery, or for permanent improvement or betterments made to increase the value or productivity of any property; and

"(2) amounts expended during the taxable year to retire indebtedness incurred, during an earlier taxable year and subsequent to December 31, 1947, in the acquisition of new buildings, facilities, equipment, or machinery, or in the making of permanent improvements or betterments to increase the value or productivity of any property, but only to the extent that a deduction with respect to such acquisition, improvement, or betterment has not been allowed under paragraph (1).

"The amounts deducted under this subsection with respect to expenditures during any taxable year shall not exceed \$10,000." This proviso shall be effective with respect to expenditures made during taxable years beginning after December 31, 1947.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. McMAHON].

The amendment was rejected.

The PRESIDENT pro tempore. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

Mr. MILLIKIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. AIKEN (when his name was called). On this vote I have a pair with the senior Senator from Kentucky [Mr. BARKLEY] who, if present and voting, would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER], who is necessarily absent, is paired with the Senator from New York [Mr. WAGNER]. If present and voting, the Senator from Maine would vote "yea," and the Senator from New York would vote "nay."

The Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, the Senator from South Dakota would vote "yea."

Mr. LUCAS. I announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from California [Mr. DOWNEY] is unavoidably detained.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

On this vote, the Senator from New York [Mr. WAGNER] is paired with the Senator from Maine [Mr. BREWSTER]. If present and voting, the Senator from New York would vote "nay," and the Senator from Maine would vote "yea."

The result was announced—yeas 78, nays 11, as follows:

YEAS—78

Baldwin	Hill	O'Daniel
Ball	Hoey	Overton
Bricker	Holland	Pepper
Bridges	Ives	Reed
Brooks	Jenner	Revercomb
Buck	Johnson, Colo.	Robertson, Va.
Butler	Johnston, S. C.	Robertson, Wyo.
Byrd	Kem	Russell
Cain	Knowland	Saltonstall
Capehart	Langer	Smith
Capper	Lodge	Sparkman
Chavez	Lucas	Stennis
Cooper	McCarran	Stewart
Cordon	McCarthy	Taft
Donnell	McClellan	Thomas, Utah
Dworschak	McKellar	Thye
Eastland	McMahon	Tobey
Eaton	Magnuson	Umstead
Ellender	Malone	Vandenberg
Ferguson	Martin	Watkins
Flanders	Maybank	Wherry
Fulbright	Millikin	White
George	Moore	Wiley
Gurney	Morse	Williams
Hawkes	Murray	Wilson
Hickenlooper	O'Connor	Young

NAYS—11

Connally	Kilgore	O'Mahoney
Green	McFarland	Taylor
Hatch	McGrath	Thomas, Okla.
Hayden	Myers	

NOT VOTING—7

Aiken	Bushfield	Wagner
Barkley	Downey	
Brewster	Tydings	

So the bill H. R. 4790 was passed.

Mr. MILLIKIN. Mr. President, I move that the bill be printed showing the Senate amendments numbered.

The motion was agreed to.

Mr. MILLIKIN. Mr. President, I also move that the Secretary be authorized to engross the amendments to the bill, to make corrections in the section numbering and lettering and in cross references, and to correct any typographical errors and changes in the table of contents.

The motion was agreed to.

OUR SECRET DIPLOMACY—EDITORIAL FROM THE BISMARCK LEADER

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled "Our Secret Diplomacy," published in the Leader, of Bismarck, N. Dak., on Thursday, March 18, 1948.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OUR SECRET DIPLOMACY

We think Senator LANGER has called attention to a very weak spot in our diplomatic department with the introduction of a Senate resolution dealing with secret commitments and agreements with other nations.

In time of war secrecy is often justified. It is virtually impossible to prevent leaks if scores of men have knowledge of any matter;

but in peacetime it's quite a different thing. And even in war the practice can be carried too far.

As Mr. LANGER points out, in a speech carried elsewhere in this newspaper, the United States Senate has been left in total and complete ignorance of many important commitments and agreements entered into with other nations during the last decade. Some of these call for large expenditures of money, which the Congress is now being asked to vote—despite the fact that they had no voice in completing the agreements originally. It is this situation which Senator LANGER hopes to remedy by the following resolution:

"Resolved, That the Senate Committee on Foreign Relations shall cause to be prepared and distributed to each Senator a compilation of all international commitments or agreements which have been entered into on behalf of the United States during the course of the last 10 years.

"Sec. 2. It is the sense of the United States Senate that the Senate shall not be bound to implement by appropriation or other legislation any international commitment or agreement which shall be made or entered into on behalf of the United States of America unless such commitment or agreement shall be transmitted promptly after its execution to the Senate."

This does not prevent a President from entering into as many secret agreements as he may wish to make—but it does put him on notice that he had better see to it that they are sensible agreements that the Congress can reasonably approve of. If the resolution is finally passed, it should have a beneficial effect on our international relations.

After all, it's the people's country, too, and they and their duly elected Representatives have a right to know what's going on.

LEAVE OF ABSENCE

Mr. AIKEN asked and obtained consent to be absent from the Senate on Tuesday, March 23, 1948.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, at this time I should like to make an announcement to the Senate. Senate bill 2358 has been reported today from the Foreign Relations Committee. That bill is known as the Greek-Turkish aid bill. It will be before the Senate for consideration tomorrow.

Prior to its consideration, it is the purpose, if it meets with the approval of the Senate, to make House bill 5314, Calendar No. 1058, the Rubber Act of 1948, the unfinished business. This bill has a deadline of April 1. I have been informed by the distinguished chairman of the Banking and Currency Committee [Mr. TOBEY] and the junior Senator from Ohio [Mr. BRICKER], who reported the bill, that they feel that the bill can be disposed of without very much debate tomorrow, beginning at noon. I also have their commitments that in the event the debate on it is prolonged, it will be perfectly agreeable to move to set it aside and to take up the Greek-Turkish aid bill. Therefore, for the benefit of Senators, I make the announcement at this time. At the conclusion of today's business, I shall move to have Calendar No. 1058, House bill 5314, made the unfinished business, with the understanding that if the debate on it is prolonged, we shall ask to have it set aside, and to have the Senate take up Senate bill 2358. That bill is not yet on the calendar. It was reported today, and it will be on the calendar for consideration tomorrow.

Mr. McCLELLAN. The unfinished business, as I understand, will be Calendar No. 1058, House bill 5314.

Mr. WHERRY. The unfinished business will be Calendar No. 1058, House bill 5314, as indicated on page 12 of the Legislative Calendar.

SENATOR VANDENBERG'S BIRTHDAY ANNIVERSARY

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. REVERCOMB. Mr. President, I wish to thank the Senator from Nebraska for yielding to me and for giving me the very great and keen personal pleasure of felicitating the President pro tempore of the Senate, the senior Senator from Michigan [Mr. VANDENBERG], upon the occasion of the anniversary of his birthday, and to say to him that I wish for him, as I know all other Members of the Senate do, many years of happiness and a long continuance of his faithful, fruitful, and devoted service to his country. [Applause.]

The PRESIDENT pro tempore. The Chair thanks the Senator from West Virginia.

MAINTENANCE OF DOMESTIC RUBBER INDUSTRY

Mr. WHERRY. Mr. President, I now move that the Senate proceed to the consideration of House bill 5314, Calendar No. 1058.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 5314) to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes, which had been reported from the Committee on Banking and Currency, with an amendment.

EXECUTIVE SESSION

Mr. WHERRY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. VANDENBERG, from the Committee on Foreign Relations:

North Whship, of Georgia, a Foreign Service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to the Union of South Africa; and

Evett D. Hester, of Indiana, and sundry other persons for appointment in the Foreign and Diplomatic Service.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

CIVIL AERONAUTICS BOARD

The legislative clerk read the nomination of Harold Armstrong Jones, of California, to be a member of the Civil Aeronautics Board.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

80TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 1017

AID TO GREECE AND TURKEY

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 2358

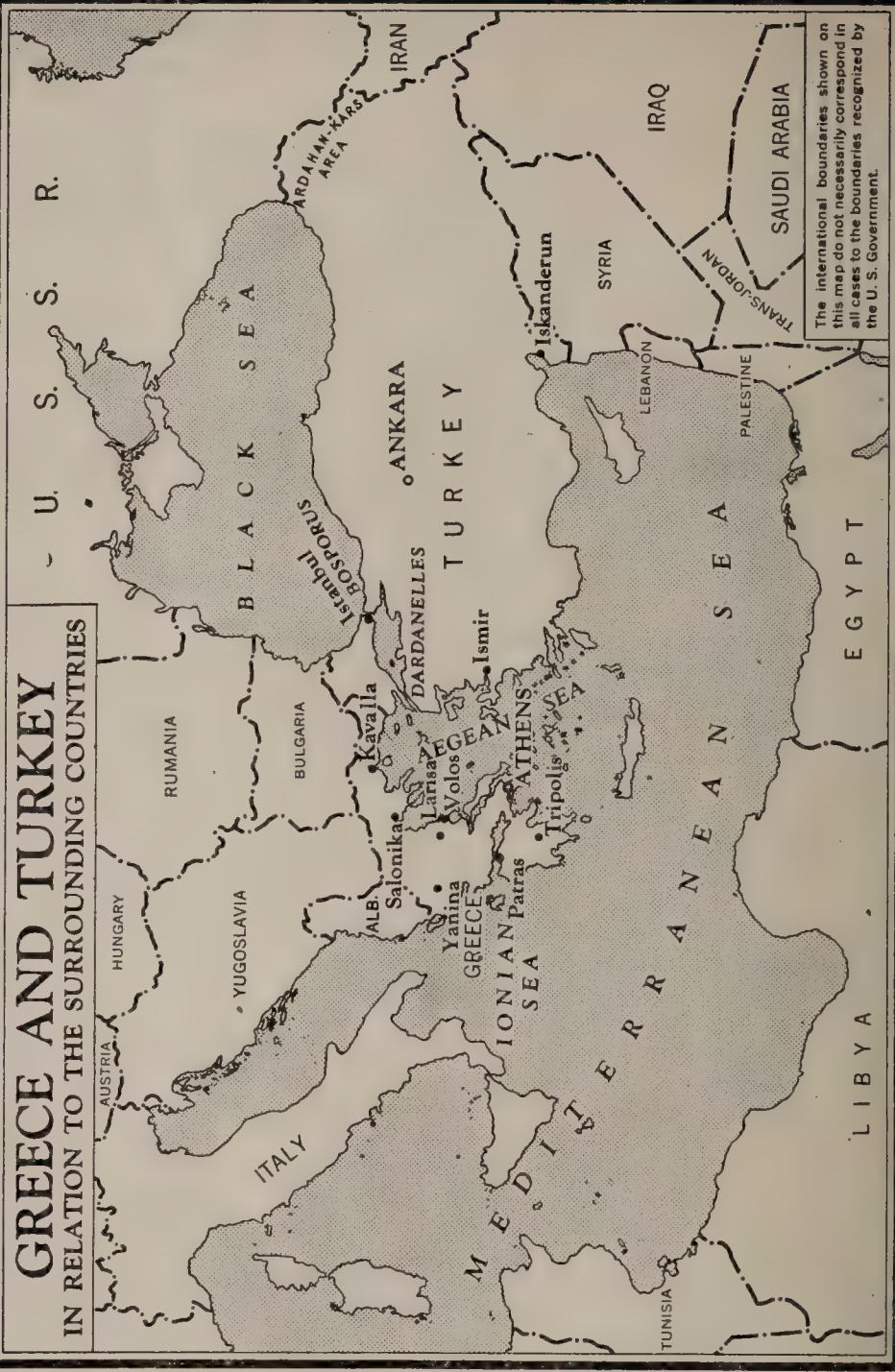
A BILL TO AMEND THE ACT APPROVED
MAY 22, 1947, ENTITLED "AN ACT TO
PROVIDE FOR ASSISTANCE TO
GREECE AND TURKEY"



MARCH 22 (legislative day, MARCH 15), 1948.—Ordered to be
printed with illustrations

UNITED STATES
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AID TO GREECE AND TURKEY

MARCH 22 (legislative day, MARCH 15), 1948.—Ordered to be printed, with an illustration

Mr. VANDENBERG, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2358]

The Committee on Foreign Relations, having had under consideration the subject of amending the act of May 22, 1947, providing for assistance to Greece and Turkey, unanimously report a bill (S. 2358) to amend said act to the Senate and recommend that it do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of this bill is to amend the act to provide assistance to Greece and Turkey by authorizing the appropriation of an additional \$275,000,000 for the period ending June 30, 1949. The additional sum requested will be used entirely for military assistance. The Reconstruction Finance Corporation is authorized to advance an amount not to exceed \$50,000,000 to carry out the provisions of the act. The bill also clarifies the status of United States personnel in Greece and Turkey, whose position was left uncertain following the repeal of the act of May 25, 1938.

PART I. THE REQUEST FOR FUNDS AND THE HEARINGS

2. SECRETARY MARSHALL'S LETTER TO THE CONGRESS

On February 28, 1948, Secretary of State George C. Marshall sent to the President Pro Tempore of the Senate and the Speaker of the House a draft bill providing for the continuation of assistance to Greece and Turkey. Since the letter which accompanied the draft bill sets forth in succinct terms the reasons for continued aid, it is reproduced here for the information of the Senate.

FEBRUARY 28, 1948.

When the Nazis were still unconquered and Japanese power in the Pacific had not yet been broken, the cooperation that had been engendered among the peoples of the world by their realization of mutual danger led us to hope, that following the successful termination of hostilities, we could expect a period in which the community of nations would work together with good-will and understanding for the common objective of universal peace. Many of the countries which had undergone the ravages of enemy occupation, or which had made sacrifices for the allied cause according to their capabilities, looked forward to the opportunity of pursuing, in peace, their national rehabilitation and democratic development. Unfortunately, events have not justified these hopes.

Greece and Turkey were among those countries which had hoped to be able to face their problems of postwar readjustment with the assurance that, as long as their policies did not encroach upon the rightful interests of other countries, they would be free and even encouraged to reestablish their national life on a peacetime footing, thereby contributing to the early return of normal international relationships. However, hostilities had barely ceased before a concerted campaign against both Greece and Turkey was inaugurated in neighboring countries. The purpose of this campaign was clearly to undermine the territorial integrity and political independence of Greece and Turkey which would deprive the peoples of these countries of the very liberties which they had struggled so hard during the war years to retain.

Turkey has been under constant pressure to grant military bases in the Straits to a foreign power and to cede to that same power Turkish territory in the Kars-Ardahan region. The northern neighbors of Greece have furnished moral and material support to the Greek communist guerrillas who are attempting to overthrow the legal Greek Government and establish the dictatorship of a foreign-inspired minority. This support is being continued in the face of a resolution adopted by the General Assembly of the United Nations last October.

In the circumstances it has been necessary for Turkey, in the interest of her national security, to maintain a large military establishment which constitutes a severe drain on her economy but which cannot be further reduced without destroying the confidence of the Turkish people in their ability to resist aggression. The conditions are even more critical in Greece, where, as the result of enemy destruction, no extensive rehabilitation was possible within the meager resources of the shattered Greek economy which the Germans left behind as a heritage when they withdrew.

The Congress is well aware, I am sure, that, since the liberation of Greece in 1944, several friendly countries have assisted in efforts to restore Greek economic stability, and that large sums have been expended to this end by the British Government, by UNRRA, and by the United States. These efforts have not been unavailing. Without them, I am convinced, Greece would not today be a sovereign nation. They have not, however, accomplished what might have been hoped, primarily because of the hostile forces determined to deprive Greece of her sovereignty have, with foreign assistance, intensified their efforts to spread chaos and disintegration.

The importance of assisting Greece and Turkey to maintain their status as free and sovereign nations, not only as it affects the security of the United States, but also as it relates to the orderly evolution of international peace within the framework of the United Nations, was recognized last year when the Congress approved the request of the President for authorization, under Public Law 75, to extend aid in the sum of \$400,000,000 to these two countries. As a result of that Congressional decision, both Greece and Turkey have been strengthened by the knowledge that the United States was willing to help them resist pressure from beyond their borders. Both have been successful in their efforts to retain their territorial integrity and political independence.

The President, in his second quarterly report on Assistance to Greece and Turkey submitted to the Congress on February 16, reviewed the progress made under this program and stated that additional aid would be sought. I am now requesting the Congress to amend Public Law 75, authorizing the appropriation of an additional \$275,000,000 to allow the United States to continue financial assistance to Greece and Turkey and a draft bill which will accomplish this purpose is attached. I am advised by the Director of the Budget that the proposed legislation is in accordance with the program of the President. The funds requested are intended for military assistance required by Greece and Turkey, and are exclusive of any economic assistance which will be provided under the European Recovery Program, if that program is authorized by the Congress. The urgency of prompt action by the Congress is emphasized by the necessity for maintaining

unbroken the supply lines from this country which support the Greek armed forces now in the field combating the guerrillas. Additional funds are required for the Greek program by April 1 if this flow is to be maintained.

The totalitarian groups whose aggressive aims have thus far been frustrated by the continued existence of a free Greece and a free Turkey are convinced that time will play into their hands; their leaders state with assurance that the United States will soon tire of giving aid to far-off Mediterranean countries, and that eventually they will be able to take over by default. It is my belief, however, that the Congress and the American people are unwilling to abandon the Greek and Turkish people at a time when a foundation is being laid which will enable them to stand their own ground without outside aid. It is in my judgment definitely in our self-interest as a nation and consistent with the principles of the United Nations Charter, to help these free people retain their freedom. A world in which it is possible for indirect aggression to deprive nations of their inherent right to pursue their peaceful national existence would be a world completely devoid of the ideals which the American people have so recently fought to preserve.

Faithfully yours,

G. C. MARSHALL.

3. TEXT OF THE COMMITTEE'S BILL

A BILL To amend the Act approved May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

SEC. 2. (a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word "repaid" the following: "without interest".

SEC. 3. Subsections 2 and 3 of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress) and section 10 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection 2 of such Act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

4. COMMITTEE HEARINGS

The committee met in closed session on March 15 to hear Secretary of State George C. Marshall on the general problem of assistance to Greece and Turkey. It met again on March 17 to hear George C. McGhee, Coordinator for Aid to Greece and Turkey, and Maj. Gens. Horace L. McBride and A. M. Harper, who have been serving as advisers in the field. On March 19, after a careful consideration of the basic issues involved, the committee wrote up the bill which it now presents for the Senate's approval.

In view of the extensive hearings held in 1947 on this question the committee did not believe it necessary to hold additional public hearings at this time. The testimony of Secretary Marshall and Mr. McGhee given in executive session is included as a part of this report, however, for the information of the Senate.

PART II. THE BACKGROUND

5. THE ORIGINAL BILL PROVIDING ASSISTANCE TO GREECE AND TURKEY

The committee report on the original Greek-Turkish assistance bill described the serious economic situation in Greece, the destruction wrought by communism and occupation by the enemy, the chaos and uncertainty caused by the guerrillas, and the great need of Greece for assistance from the United States if stability was to be restored. The immediate occasion for the consideration of the first bill was the announcement by the British Government on February 24, 1947, that it was unable to provide further aid to Greece. This was followed on March 3, 1947, by a request for assistance addressed to the United States by the Greek Government. On March 12, 1947, President Truman appeared before the Congress in joint session and urged assistance in the amount of \$400,000,000 for aid to Greece and Turkey, for the period ending June 30, 1948.

On May 22, 1947, the act to provide assistance to Greece and Turkey, incorporating the request of the President, became law. It authorized the President, when he deemed it in the interest of the United States, to extend financial and other assistance to the two countries. For this purpose an appropriation not to exceed \$400,000,000 was authorized. In general, the assistance contemplated took the following forms: (1) Financial aid such as loans, grants, and credits; (2) persons in the employ of the United States Government; (3) military personnel for advisory purposes only; (4) articles, services, and information; and (5) instruction and training of personnel in Greece and Turkey. Consistent with the sovereign independence of Greece and Turkey, the bill provided adequate safeguards against the improper utilization of the assistance rendered.

6. ASSISTANCE RECEIVED BY GREECE AS POSTWAR AID SINCE
LIBERATION DAY

Foreign assistance received by Greece from outside sources since the war is as follows:

	<i>Made available (in millions of dollars)</i>
Direct U. S. Government credits and grants: ¹	
Greek-Turkish aid program	300
Post-UNRRA relief (Public Law 84)	40
OFLC credits ²	80
Maritime Commission credits ³	45
Export-Import Bank loan	14
Total	479
International aid program:	
UNRRA ⁴	354
Pre-UNRRA civilian supply ⁵	28
Total	382

¹ Does not include lend-lease of \$81,000,000.

² Utilization to Dec. 31, 1947: \$46,000,000. Office of Foreign Liquidation Commissioner.

³ Utilization to Jan. 31, 1948: \$41,000,000.

⁴ United States share: approximately \$252,000,000.

⁵ From United States, United Kingdom, and Canadian military forces.

	Made available (in millions of dollars)
British assistance:	
Sterling loan.....	40
Military and other ⁶	200
Total.....	240
Other: ⁷	
Canadian post-UNRRA relief.....	4
New York Federal Reserve loan ⁸	6
Private relief organizations.....	17
Total.....	31
Grand total.....	1, 132

⁶ Incomplete; does not include some military subsidies in 1945 and 1947.

⁷ Source: Treasury Department.

⁸ Gold-secured; about \$2,000,000 of original amount of \$10,000,000 has been repaid and equivalent in gold security released.

7. BRITISH ASSISTANCE TO GREECE

The British assistance to Greece consists of advisory training missions and a contingent of troops. The advisory missions consist of a military, a naval, and an air mission. In addition there is also a police and prisons mission. These have been active in Greece since 1944, from which time until May 22, 1947, British assistance was substantial. The work of the British military missions both in organization and training complements the work of the United States military mission. Since December 1944, when they helped quell a communist-inspired insurrection, the British troops have not been actively engaged in military operations. It should be noted that first under the Caserta agreement of September 1944, and under all subsequent agreements of the Greek Government, British troops have been stationed in Greece upon the invitation and with the affirmation of the Greek Government.

8. RECENT DEVELOPMENTS WITH RESPECT TO GREECE AND TURKEY

Greece

Since the passage of the Greek-Turkish bill, Greece has been subjected to increased political pressures. The guerrilla warfare has been intensified and the guerrillas have increased in numbers. On December 24, 1947, they proclaimed a "Free Government" under the leadership of Markos Vafiades, which, although it has been unable to secure a seat in any community in Greece, still remains an external menace to the established government. Several identical Balkan treaties of alliance have been signed among the neighbors of Greece and the communiqués issued with them indicate that they were "especially pointed at Greece." In addition, societies have been organized in the neighboring countries to assist the Greek guerrillas.

Disturbed by the Greek developments, the United Nations Organization set up a Special Committee on the Balkans to investigate the situation in Greece. The Committee found that Yugoslavia, Albania, and Bulgaria were engaged in giving assistance to the guerrillas and

harboring them. In its report of January 2, 1948, the Committee said:

Without any doubt * * * the guerrillas were supplied with ammunition from across the frontier—

and that—

a constant supply of ammunition is arriving from Albania.

When the Free Government was established, the Committee on the Balkans warned on December 29, 1947, that either direct or indirect assistance by any state to this insurrectionary movement would constitute—

a grave threat * * * to * * * international peace and security.

On this occasion Under Secretary of State Lovett warned the Russian satellite states against recognizing the so-called free government.

Turkey

Turkey's problem, while distinct and different from the Greek, arises from the same causes, namely, direct and indirect pressures brought to bear by Soviet Russia. While Turkey suffered economically as a consequence of the war, her domestic economy and internal security remained intact. She would have been well on the way to prosperity were it not that the pressures from abroad force her to maintain a comparatively large standing army for security purposes. Two pressures in particular should be noted. In March 1945 Russia demanded a change in the 1936 Montreux Convention, which would give the U. S. S. R. joint control with Turkey over the straits. The Turkish Government, supported by the United States and Great Britain, rejected this demand. The second pressure was also applied in 1945, when the Soviet Government demanded the territories of Kars and Ardahan in eastern Turkey. These Soviet pressures continue without let-up to the present moment.

The committee was impressed with the splendid morale of the Turkish people and military personnel. It also noted with satisfaction the measures adopted by Turkey to help herself, and the use she is making of the assistance supplied by the United States.

PART III. THE PRESENT SITUATION

9. ECONOMIC BACKGROUND AND SITUATION IN GREECE

As noted in the committee's report on the original bill to provide assistance to Greece and Turkey, the Greek economy was completely disorganized by the war. Economic collapse during the past year has been avoided only through American financial assistance and technical guidance. The aim of the guerrilla warfare is and has been to disrupt the national security and to produce thereby seriously adverse economic conditions. As a result of the guerrilla activities 450,000 refugees are now grouped in the larger urban centers of northern Greece, where they are a heavy relief burden. Foreign trade has stagnated. Inflationary pressures continue. The disastrous drought last summer has cut the annual crop of bread grains to two-thirds of normal. Adverse political conditions make industrialists reluctant to invest in unproductive enterprises. Merchants market their goods only when they are assured that profits can be converted into other tangible goods.

The committee recognizes that it will be difficult to overcome many of these difficulties without security in Greece. As the President pointed out in his second report to the Congress on assistance to Greece and Turkey, "until the military threat to Greece has been removed there is no possibility of Greek economic recovery."

10. FISCAL SITUATION IN GREECE SINCE WORLD WAR II

Since the day of her liberation Greece has passed through two inflations. The Greek public has no confidence in its own currency, the sale of Government bonds is impossible, Government budgets have not been balanced, expenditures have exceeded anticipated receipts, refugees constitute a terrifically heavy charge, exports are disappointingly low, and there is an absence of a strong central authority to maintain proper control over expenditures. The committee was informed that as a result of corrective measures recommended by the mission the inflation tended to level out in January and the budget was approaching a balance as the fight against inflation was beginning to produce effective results. In spite of these hopeful signs the American aid mission finds itself confronted with a difficult fiscal problem the nature of which was described in the Report on Greece by the House Select Committee on Foreign Aid (p. 8):

Even with the unprecedented domestic revenue measures mentioned above, 40 percent of the Greek budget revenues are still derived from foreign-aid sources, nearly all of which have been supplied by this country, both through UNRRA and through direct aid. A subsidy of this magnitude cannot be maintained. In addition, the United States is providing \$172,000,000 in military equipment and supplies, \$25,000,000 in reconstruction equipment and supplies, as well as \$84,000,000 in consumer goods with which to finance the internal costs of reconstruction, and \$12,000,000 in agricultural equipment. Administration, public health, and training programs account for the other \$7,000,000. None of these expenditures appear within the Greek budget.

11. RATE OF PROGRESS ON ROAD TO STABILITY

Because of the lack of security and the other serious handicaps confronting the Government, progress toward recovery in Greece has been discouragingly slow. The committee noted, however, that a number of reforms have been adopted with the aim of correcting the economic and fiscal situation.

These reforms include the following: (1) Efforts are being made to stabilize the cost of living and to relate wages to the cost of living. (2) Success is attending efforts to bring the budget into reasonable balance. (3) The deficit in the new budget has been reduced from 1,900 billion drachmas to 207 billion drachmas. (4) About 15,000 Government employees are to be discharged, of whom approximately 8,000 have already been removed from the pay rolls. This represents a saving of 25 percent in civil-service salaries. (5) By raising taxes and levying new taxes, increases in revenue are anticipated to the amount of 42 percent. (6) Plans are on foot to install a centralized Government budget control. (7) Industrial production at the end of 1947 had risen to 75 percent of prewar production. (8) A program has been adopted to revive the Greek export trade including vital trade with the United States-United Kingdom zones in Germany. (9) An exchange certificate plan has been adopted to encourage Greek exports and thus increase the amount of foreign exchange available

to Greece. (10) Restrictions have been placed on the use of credit and to centralize control of bank credits in the Bank of Greece. (11) An import program has been developed in order to meet the needs of industry and the civilian economy on an austerity basis. (12) The reconstruction program as it relates to transportation and communication, industrial, mining, agriculture, and other fields is progressing.

The prospects for a good harvest are encouraging. Long-term projects for Greek self-sufficiency also look promising. The production of foodstuffs is increasing.

12. STATUS OF PREVIOUS \$400,000,000 APPROPRIATION

Greece

The original \$400,000,000 program of assistance to Greece and Turkey called for the expenditure of \$300,000,000 for Greece, 50 percent of which was to be for military purposes. The expansion of the Greek national army, however, has required a diversion of \$14,000,000 from the economic to the military program. How the \$300,000,000 allotted to Greece has been apportioned is shown by the accompanying chart.

As illustrated by the accompanying chart a total of nearly \$172,000,000 has been allocated for military purposes to Greece. This sum may be broken down as follows:

Ground Force.....	\$149, 500, 000
Air Force.....	9, 500, 000
Navy.....	12, 850, 000
Total.....	171, 850, 000

Turkey

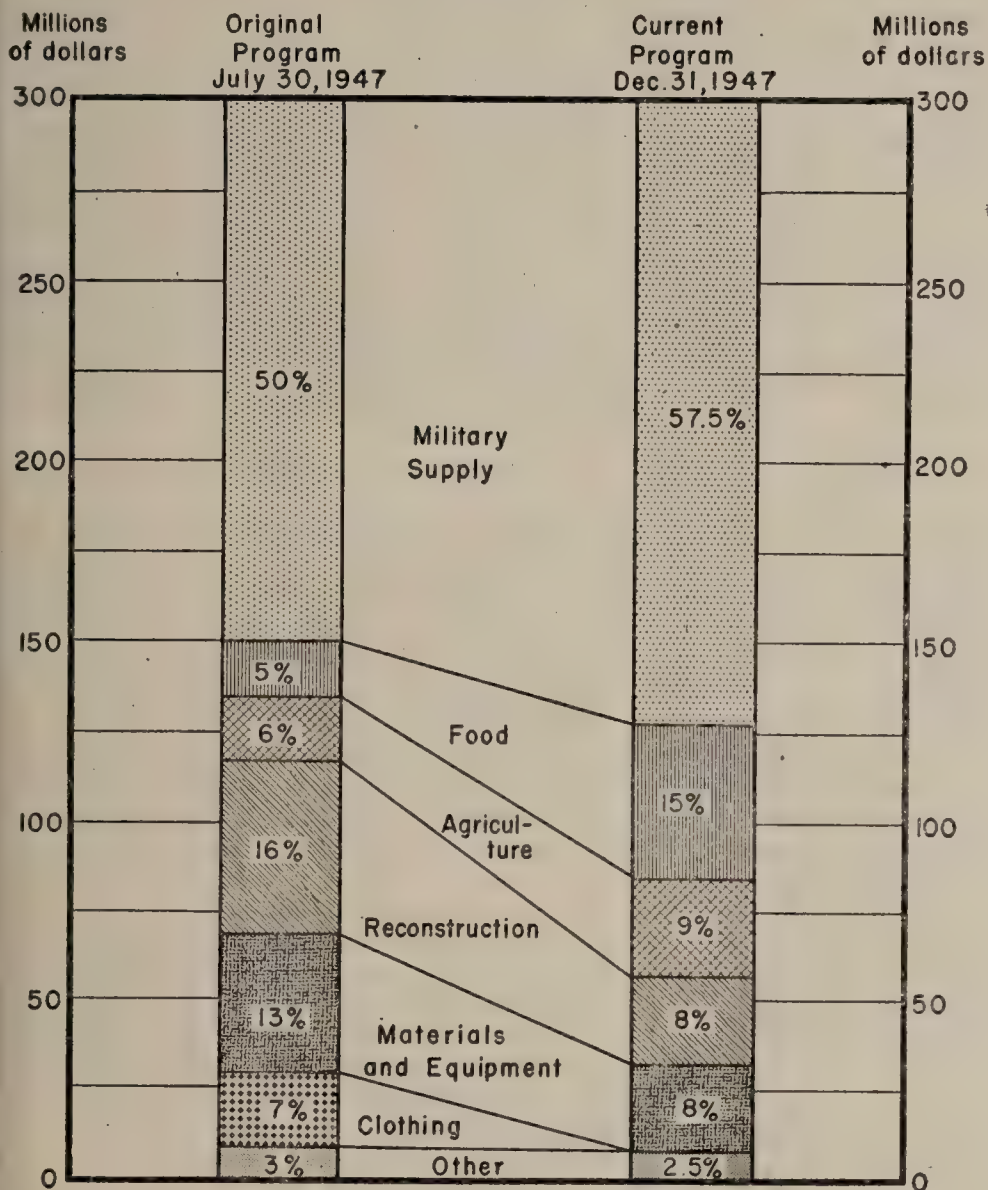
The \$100,000,000 for Turkey was apportioned as follows:

Ground Force.....	\$48, 500, 000
Air Force.....	26, 750, 000
Naval Force.....	14, 750, 000
Arsenal improvement.....	5, 000, 000
Highway improvement.....	5, 000, 000
Total.....	100, 000, 000

The funds thus provided have gone toward the purchase of heavy defensive ordnance, vehicles, other army equipment, airplanes, and naval supplies. Turkey possesses an excellent army imbued with a high morale, but its equipment is heterogeneous and obsolete. The \$100,000,000 allocated is being used largely for the modernization of equipment.

APPORTIONMENT OF GREEK AID FUNDS

Effect of Military and Economic Situation on Distribution of Aid Funds



PART IV. FURTHER MILITARY ASSISTANCE

13. MILITARY SITUATION IN GREECE

The first requirement of the assistance program is the destruction of guerrilla bands. The guerrillas have increased in number from 14,000 in May 1947 to 20,000 in December 1947, and they are now estimated at a probable 26,500. Only a fraction are Communists, a small part brigands and criminals, and a large proportion Creek conscripts pressed into the guerrilla services under systematic terrorization. Only military action will restore stability and permit economic development. As stated, the aim of the guerrilla forces is the dislocation of the rural population in northern Greece, which will produce an increased number of refugees who must seek assistance in the larger urban communities. Thus by swelling the population of the northern cities beyond the capacity of their permanent and temporary housing facilities, the guerrillas hope to create chaos and misery. Their forces operate over an area of hundreds of miles, possess the advantage of surprise, and have been able to develop heavy local superiority at most points chosen for attack. Upon the approach of Government reinforcements, the attackers are able to retreat into the mountains, or in some cases across the northern frontier, and evade pursuit.

14. THE NATURE OF UNITED STATES MILITARY ASSISTANCE

The total strength of the regular Greek National Army, when the mission began its work, was 120,000 men. It is now 132,000 men. This is the mobile force used to combat the guerrillas. In addition, the national guard is being increased from 21,000 to 50,000 men to protect the villages and communities. The regular army is being equipped further with mountain artillery and automatic arms. The United States military group operating in Greece prior to December 7, 1947, instructed the Greek regular forces in how to use the equipment supplied by the United States, determined which supplies were needed, and saw to it that supplies reached their destination. Since December 7, 1947, the members of the American military mission have also given military advice.

During the Senate debates on the European-recovery program the question was raised as to whether American troops are actually engaged in fighting the guerrillas in Greece. Committee members inquired into this matter further during the hearings and were categorically told that there are no units of American combat troops in Greece. Staff members of our mission have extended military advice to the Greek Army staff down to the divisional level. But they have not actively engaged in fighting at the front.

This point is emphasized in the President's report on assistance to Greece and Turkey. In referring to the Greek request to strengthen our military mission there the report states:

These United States military advisers will neither participate in combat nor command Greek troops.

15. NUMBER AND SERVICE OF AMERICAN PERSONNEL

Greece

On December 31, 1947, the American mission in Greece consisted of 286 people; 142 for economic aid, 8 for foreign relief, and 136 in the

military group. Of the latter figure, 95 belonged to the Army and 41 belonged to the Navy group.

There are at present 242 United States military (including 26 civilians) and 41 United States naval personnel, or a total of 283, attached to the military sections of the American mission for aid to Greece.

Of the military personnel, 136 men, including 73 commissioned officers and 63 enlisted men (all noncommissioned officers), are engaged in giving military advice to operational units of the Greek forces. The number of these military advisers is expected to be increased to a full strength of approximately 170, including 90 officers and 80 enlisted men.

The present civilian personnel consists of 183 members, most of them specialists able to assist in matters concerning public finance, civil government, industry, labor, public health, relief and welfare, public information, taxation, engineering, construction, budget, etc.

Turkey

The mission to Turkey is smaller than that sent to Greece. Of the 251 authorized, 182 have been assigned. There are 76 officers, 55 enlisted men, and 51 civilians; 71 belong to the Army group, 34 to the Air Force group, and 13 to the Navy group.

16. PROPOSED PROGRAM OF FURTHER MILITARY ASSISTANCE

The \$275,000,000 requested in the bill amending the act for assistance to Greece and Turkey is solely for military purposes. The Departments of State and of Defense believe it essential, if maximum benefits are to be derived from the expenditure, that a complete freedom of transfer of funds from Greece to Turkey, or from Turkey to Greece, as may be required, shall be provided for. Therefore, based on detailed estimates, they request authorization of a single sum of \$275,000,000, without allocation. The committee is of the opinion that the request is reasonable and should be granted.

The anticipated utilization of the \$275,000,000 is as follows:

Ground Force.....	\$202, 357, 363
Air Force.....	50, 642, 637
Navy.....	22, 000, 000
Total.....	275, 000, 000

It should be noted that the program covers the period of fiscal 1949, for both Greece and Turkey, as well as the requirements in the last quarter of fiscal year 1948, to meet Greek military needs over and above those for which funds are now available.

17. ADVANCE BY RECONSTRUCTION FINANCE CORPORATION

The original \$400,000,000 appropriated for assistance to Greece and Turkey will have been used up or earmarked by March 31, 1948. Since it is anticipated that approximately 3 months will elapse before the necessary appropriations can be made and take effect, during which time an expenditure of from \$15,000,000 to \$20,000,000 a month will be required, it is important to provide an advance in order to permit uninterrupted procurement of material essential to continuation of the program. In addition, about \$20,000,000 is needed for immediate procurement of material to be used in impending Greek

operations. The bill, therefore, provides that the Reconstruction Finance Corporation shall make available at the discretion of the President up to \$50,000,000 to carry out the provisions of the act, in order that there shall be no delay or discontinuity.

18. AMENDMENTS RELATING TO PERSONNEL

The present bill also provides for several technical changes in the original legislation in order to clarify the status of United States personnel in Greece and Turkey. Briefly summarized these changes are as follows:

1. Section 3 provides that personnel may be detailed to the United States mission in the country concerned, or to the Governments of Greece and Turkey. This clarifies the provision made in Public Law 75 (80th Cong.) which simply authorized the detail of personnel "to assist those countries."

2. A second change liberalizes the provision in the Greek-Turkish bill relating to loyalty clearance of personnel. The original bill provided that no civilian personnel should be assigned to Greece and Turkey until such personnel had been investigated by the Federal Bureau of Investigation. Because of the time factor involved the committee believed it would be preferable to permit personnel to assume their posts after preliminary clearance by the Department of State with a subsequent investigation by the FBI. This is, in substance, the provision of the Economic Cooperation Act of 1948 as approved by the Senate.

3. Public Law 75 also stipulates that the provisions of the act of May 25, 1938, as amended, shall be applicable to personnel detailed to Greece and Turkey in connection with the aid program. Public Law 402 (80th Cong.) expressly repealed the act of May 25, 1938, however, and the committee believed it desirable to make a specific reference to the relevant section of Public Law 402 in order to protect the status of our governmental personnel in Greece and Turkey.

4. Finally, the committee thought it advisable to place civilian and military personnel in Greece and Turkey on the same plane with respect to travel and subsistence allowances. Specific language was incorporated in section 3 of the bill to accomplish this purpose.

19. ADMINISTRATION OF THE PROGRAM IN THE FIELD

Since the inception of the Greek-Turkish program certain criticisms have been directed at the United States mission in Greece. For the most part they have concerned two aspects of the program: (1) The distribution of supplies; and (2) the relationship between the American Ambassador and the chief of the special mission in Greece.

The committee noted, however, that most of these criticisms have arisen with respect to situations over which the United States had no control. The recent discovery of large quantities of UNRRA supplies in Greek warehouses is a case in point. Clearly the failure to distribute UNRRA supplies should be attributed to the inadequacy of UNRRA machinery and to the local political situation in Greece rather than to any error on the part of our mission. As soon as the mission began its work it made arrangements for the equitable and immediate distribution of available supplies. Similarly, where perishable goods were deteriorating due to the break-down of governmental machinery, the mission took steps to insure that the distribution was

immediately effected. In short, the mission has been instrumental in seeing to it that not only its aid money but prior contributions have been wisely spent.

The committee also inquired into the differences which are reported to have arisen between the head of the Greek aid mission and the chief of the diplomatic mission of the United States in Greece. The committee is satisfied, however, that the relatively minor differences which initially existed were quickly resolved with the result that the relations between the two have been harmonious and satisfactory both to the State Department and to the missions themselves.

20. THE RELATIONSHIP OF THE EUROPEAN RECOVERY PROGRAM

At the present time the Congress is considering a European recovery program, which will extend economic assistance to 16 European countries including Greece and Turkey. According to the terms of the Economic Cooperation Act of 1948 the program will be under the supervision of a special economic mission in these countries. Clearly the activities of the special missions for economic cooperation must be closely related to the military and economic activities being carried on by existing American missions there.

While the committee expressed a deep interest in this general problem, it is obvious that the details must await the establishment of the Economic Cooperation Administration. Whatever administrative arrangements are finally worked out, the committee agreed that the two programs must be closely integrated with lines of responsibility clearly fixed so that American aid can be extended with maximum effectiveness and efficiency.

PART V. CONCLUSION

21. RECOMMENDATION OF THE COMMITTEE

On March 19 the committee completed its deliberations on the bill and by a unanimous vote of 13 to 0 agreed to report it to the Senate for favorable action.

In taking its decision the committee agreed that a very strong case had been made in the hearings for the extension of additional aid to Greece and Turkey. Assistance granted by the United States during the past critical year has been indispensable to these two countries in their valiant efforts against disheartening odds to preserve their freedom and their independence. But the objective is only half won. As a result of the constantly increasing totalitarian pressure in Europe the need for assistance in 1948 is even more imperative than it was in 1947.

The committee is convinced that it is recommending the only course of action, under the circumstances, which is consistent with our own national security and world peace. The withdrawal of American aid at this time would be a catastrophic blow to the forces of freedom and independence. It would result in the expansion of totalitarianism in Europe and would be painfully discouraging to those nations who believe in the vitality of democracy and who still have hope for tomorrow.

The committee hopes the Senate will act without delay upon this important measure. That is the best kind of an answer to those who charge that the democracies are incapable of timely and decisive action.

APPENDIXES

APPENDIX A

[PUBLIC LAW 75—80TH CONGRESS]

[CHAPTER 81—1ST SESSION]

[S. 938]

AN ACT To provide for assistance to Greece and Turkey

Whereas the Governments of Greece and Turkey have sought from the Government of the United States immediate financial and other assistance which is necessary for the maintenance of their national integrity and their survival as free nations; and

Whereas the national integrity and survival of these nations are of importance to the security of the United States and of all freedom-loving peoples and depend upon the receipt at this time of assistance; and

Whereas the Security Council of the United Nations has recognized the seriousness of the unsettled conditions prevailing on the border between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other, and, if the present emergency is met, may subsequently assume full responsibility for this phase of the problem as a result of the investigation which its commission is currently conducting; and

Whereas the Food and Agriculture Organization mission for Greece recognized the necessity that Greece receive financial and economic assistance and recommended that Greece request such assistance from the appropriate agencies of the United Nations and from the Governments of the United States and the United Kingdom; and

Whereas the United Nations is not now in a position to furnish to Greece and Turkey the financial and economic assistance which is immediately required; and

Whereas the furnishing of such assistance to Greece and Turkey by the United States will contribute to the freedom and independence of all members of the United Nations in conformity with the principles and purposes of the Charter: Now, therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of any other law, the President may from time to time when he deems it in the interest of the United States furnish assistance to Greece and Turkey, upon request of their governments, and upon terms and conditions determined by him—

(1) by rendering financial aid in the form of loans, credits, grants, or otherwise, to those countries;

(2) by detailing to assist those countries any persons in the employ of the Government of the United States; and the provisions of the Act of May 25, 1938 (52 Stat. 442), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph: *Provided, however*, That no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of this Act until such personnel have been investigated by the Federal Bureau of Investigation;

(3) by detailing a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the Act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph;

(4) by providing for (A) the transfer to, and the procurement for by manufacture or otherwise and the transfer to, those countries of any articles, services, and information, and (B) the instruction and training of personnel of those countries; and

(5) by incurring and defraying necessary expenses, including administrative expenses and expenses for compensation of personnel, in connection with the carrying out of the provisions of this Act.

SEC. 2. (a) Sums from advances by the Reconstruction Finance Corporation under section 4 (a) and from the appropriations made under authority of section 4 (b) may be allocated for any of the purposes of this Act to any department, agency, or independent establishment of the Government. Any amount so allocated shall be available as advancement or reimbursement, and shall be credited, at the option of the department, agency, or independent establishment concerned, to appropriate appropriations, funds or accounts existing or established for the purpose.

(b) Whenever the President requires payment in advance by the Government of Greece or of Turkey for assistance to be furnished to such countries in accordance with this Act, such payments when made shall be credited to such countries in accounts established for the purpose. Sums from such accounts shall be allocated to the departments, agencies, or independent establishments of the Government which furnish the assistance for which payment is received, in the same manner, and shall be available and credited in the same manner, as allocations made under subsection (a) of this section. Any portion of such allocation not used as reimbursement shall remain available until expended.

(c) Whenever any portion of an allocation under subsection (a) or subsection (b) is used as reimbursement, the amount of reimbursement shall be available for entering into contracts and other uses during the fiscal year in which the reimbursement is received and the ensuing fiscal year. Where the head of any department, agency, or independent establishment of the Government determines that replacement of any article transferred pursuant to paragraph (4) (A) of section 1 is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(d) (1) Payment in advance by the Government of Greece or of Turkey shall be required by the President for any articles or services furnished to such country under paragraph (4) (A) of section 1 if they are not paid for from funds advanced by the Reconstruction Finance Corporation under section 4 (a) or from funds appropriated under authority of section 4 (b).

(2) No department, agency, or independent establishment of the Government shall furnish any articles or services under paragraph (4) (A) of section 1 to either Greece or Turkey, unless it receives advancements or reimbursements therefor out of allocations under subsection (a) or (b) of this section.

SEC. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this Act nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient government; (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Act; (e) not to use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government; and (f) to give full and continuous publicity within such country as to the purpose, source, character, scope, amounts, and progress of United States economic assistance carried on therein pursuant to this Act.

SEC. 4. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (b) of this section, to make advances, not to exceed in the aggregate \$100,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine.

(b) There is hereby authorized to be appropriated to the President not to exceed \$400,000,000 to carry out the provisions of this Act. From appropriations made under this authority there shall be repaid to the Reconstruction Finance Corporation the advances made by it under subsection (a) of this section.

SEC. 5. The President may, from time to time, prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred upon him pursuant to this Act through such department, agency, independent establishment, or officer of the Government as he shall direct.

The President is directed to withdraw any or all aid authorized herein under any of the following circumstances:

(1) If requested by the Government of Greece or Turkey, respectively, representing a majority of the people of either such nation;

(2) If the Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable;

(3) If the President finds that any purposes of the Act have been substantially accomplished by the action of any other inter-governmental organizations or finds that the purposes of the Act are incapable of satisfactory accomplishment; and

(4) If the President finds that any of the assurances given pursuant to section 3 are not being carried out.

SEC. 6. Assistance to any country under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities, which shall include uses of funds by the recipient governments, under authority of this Act.

SEC. 8. The chief of any mission to any country receiving assistance under this Act shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such functions relating to the administration of this Act as the President shall prescribe.

Approved May 22, 1947.

APPENDIX B

TABLE I.—*Status of appropriation for assistance to Greece and Turkey as of Jan. 31, 1948*

Agency and program	Alloca- tions ¹ to disbursing agencies	Allotments by disbursing agencies to programs	Obligations	Expendi- tures
Department of State:				
Greek program.....	\$49,200,000	\$32,525,000.00	\$21,728,876.54	\$21,359,678.73
Turkish program.....	5,000,000	359.00		
Departmental administrative expenses.....	300,000	154,000.00	126,851.80	122,293.62
Total.....	54,500,000	32,679,359.00	21,855,728.34	21,481,972.35
Department of the Army: ²				
Greek program.....	132,000,000	88,823,425.64	51,043,857.71	14,376,732.06
Turkish program.....	76,237,500	22,924,612.86	10,413,399.68	284,601.47
Total.....	208,237,500	111,748,038.50	61,457,257.39	14,661,333.53
Department of the Navy:				
Greek program.....	17,460,000	9,926,111.86	4,447,713.36	2,072,165.11
Turkish program.....	14,012,500	5,165,446.12	2,333,309.87	1,605,810.17
Total.....	31,472,500	15,091,557.98	6,781,023.23	3,677,975.28
Treasury Department:				
Greek program.....	19,040,000	14,490,597.77	5,939,850.53	3,309,826.87
Turkish program.....				
Total.....	19,040,000	14,490,597.77	5,939,850.53	3,309,826.87
Department of Agriculture:				
Greek program.....	26,014,650	19,325,619.11	19,317,748.25	1,555,058.70
Turkish program.....				
Total.....	26,014,650	19,325,619.11	19,317,748.25	1,555,058.70
Federal Security Agency:				
Greek program.....	100,000	44,600.00	9,902.19	3,201.92
Turkish program.....				
Total.....	100,000	44,600.00	9,902.19	3,201.92

See footnotes at end of table, p. 17.

TABLE I.—*Status of appropriation for assistance to Greece and Turkey as of Jan. 31, 1948—Continued*

Agency and program	Alloca- tions ¹ to disbursing agencies	Allotments by disbursing agencies to programs	Obligations	Expendi- tures
Federal Works Agency:				
Greek program.....				
Turkish program.....	\$3, 750, 000	\$3, 750, 000. 00	\$1, 510, 469. 93	\$18, 254. 01
Total.....	3, 750, 000	3, 750, 000. 00	1, 510, 469. 93	18, 254. 01
Total for all agencies.....				
Greek program.....	243, 814, 650	165, 135, 354. 38	102, 487, 948. 58	42, 676, 663. 39
Turkish program.....	99, 000, 000	31, 840, 417. 98	14, 257, 179. 48	1, 908, 665. 65
Departmental administrative expenses.....	300, 000	154, 000. 00	126, 851. 80	122, 293. 62
Total.....	343, 114, 650	197, 129, 772. 36	116, 871, 979. 88	44, 707, 622. 66
Unallocated funds.....	56, 885, 350			
Appropriated by Congress.....	400, 000, 000			

¹ This column represents funds allocated to disbursing agencies by allocation letters to the United States Treasury Department through Feb. 15, 1948.

² Figures shown under the Department of the Army are for the period ended Dec. 31, 1947.

NOTE.—Allotments, obligations, and expenditures are based on reports submitted by the agencies.

APPENDIX C

EXECUTIVE SESSION

ASSISTANCE TO GREECE AND TURKEY

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D. C., Monday, March 15, 1948.

The committee met, pursuant to call, at 10 a. m. in the committee hearing room, United States Capitol, Senator Arthur H. Vandenberg (chairman) presiding.

Present: Senators Vandenberg (chairman), Capper, Wiley, Smith, Lodge, Connally, George, Thomas of Utah, Barkley, and Hatch.

Also present: The Honorable George C. Marshall, Secretary of State, accompanied by Maj. Gen. Horace L. McBride, Maj. Gen. A. M. Harper, and Mr. George C. McGhee, coordinator for aid to Greece and Turkey, Department of State.

The CHAIRMAN. The committee will come to order.

The bill before the committee this morning is the proposal to amend the Greece Turkey bill by the addition of \$275,000,000. Secretary of State Marshall.

Mr. Secretary, we will be glad to hear from you.

STATEMENT OF THE HONORABLE GEORGE C. MARSHALL, SECRETARY OF STATE

Secretary MARSHALL. Mr. Chairman, you have before you a request for the provision of further American military aid to Greece and Turkey in the amount of \$275,000,000 through the period ending June 30, 1949. The proposed legislation would supplement, with respect to these two countries, the European recovery program to which Congress is currently giving its consideration and which envisages only economic assistance to participating states. It would also extend the act of May 22, 1947, for aid to Greece and Turkey, voted by Congress in response to the President's message of March 12, 1947.

American aid already granted Greece and Turkey under this legislation has been of great importance in helping to preserve their freedom and independence during the past critical year. In the case of Greece, however, attainment of our objectives of economic rehabilitation and pacification has been prevented in part by the intensification of guerrilla warfare, supported from neighboring countries.

In July and August 1947, Soviet vetoes prevented action by the United Nations Security Council on the majority report of its Balkan Investigating Commission that Yugoslavia, Albania, and Bulgaria were supporting guerrilla warfare in Greece. These three neighboring countries have subsequently flouted the resolution of the United Nations General Assembly of October 21, 1947, calling upon

them "to do nothing which could furnish aid or assistance to the guerrillas" and to cooperate with Greece "in the settlement of their disputes by peaceful means." A United Nations special committee on the Balkans was set up by the Assembly to observe compliance with its recommendations and to be available to assist in their implementation. Yugoslavia, Albania, and Bulgaria have not only refused to permit this committee to enter their territory but have rejected repeated invitations by the committee to enter into negotiations for the peaceful conciliation of their differences with Greece. The Soviet Union and Poland have failed to accept the places on the committee which are still reserved for them. Greece, on the other hand, has given the committee full cooperation and facilities and has expressed its willingness to comply with the Assembly's recommendations.

On December 24, 1947, establishment of a Greek junta under the guerrilla leader Markos was announced over the Belgrade radio and on Christmas Day a large-scale guerrilla attack was launched against the Greek border town of Konitsa which, the United Nations committee reported, was logistically supported from Albania. Propaganda in favor of Markos and against the Greek Government and the United States is carried on ceaselessly by the Government-controlled press and radio in the Communist-dominated countries of eastern Europe, and intensive campaigns are conducted, obviously with official sanction, to collect money and supplies for the guerrillas in Greece.

As a consequence of foreign aid, the guerrillas have been able to improve their armament as well as their military organization and tactical planning, and they have more than doubled their numbers, chiefly by forced recruiting, since the inception of the American-aid program.

The results for Greece have been to pile still more ruins upon those left by the last war and to drive over 450,000 people from their rural homes in the districts where the guerrillas operate to seek refuge in the cities of northern Greece. It is significant that these people have not joined the guerrillas. They have fled from what the President described in his second report to Congress on assistance to Greece and Turkey as "determined and ruthless destruction intended to render people homeless and drive them from the soil; to force them into overcrowded urban centers where they have become charges of an already overburdened state; and to create for them conditions of misery and hardship in the hope that this will make them susceptible to political agitation." The latest example of the ruthlessness of the Greek guerrillas in connivance with foreign powers is the planned removal of 12,000 or more Greek children to the countries of eastern Europe, recently announced over the Belgrade, Sofia, Bucharest, and Markos radios. The true purpose of this plan can easily be seen behind the fiction of humanitarianism, and the Greek Government has justly denounced it as comparable to the practices of Nazi Germany.

Intensification of guerrilla activity has made necessary the strengthening of the Greek armed forces and the creation of local national guard units to take over from the mobile army the protection of threatened towns, villages, and lines of communications. This has required the diversion by the Greek Government of increasing amounts of money and supplies needed for economic rehabilitation. It has also obliged the American aid mission to divert to military purposes some \$23,000,000 of the American funds originally intended for the Greek economy. In all, \$172,000,000, or about 57 percent of the total of \$300,000,000 programmed for Greece under the 1947 act, is being expended for military purposes.

Serious as it is, the Greek situation is not without hope. Unfavorable worldwide and local economic factors which have contributed to retard recovery now show signs of improvement. Important administrative, financial, and fiscal reforms and many reconstruction projects undertaken in Greece with the help of the American mission are beginning to make their effects felt. On the political side, the Greek Government has commendably resisted temptations to meet the crisis by departure from democratic principles and recourse to totalitarian methods and has carried on as a coalition under the leadership of the chief of the Liberal Party and with the support of a large majority of the freely elected Greek Parliament. Greater military progress may also be expected through intensified operations against the guerrillas by the Greek forces in the numbers and with the equipment presently authorized and now proposed and with the advice of the American military officers who have recently reached the field.

The danger remains that the Communist-dominated countries of Europe will increase their pressure on Greece just as they have in other directions in Europe. It is the boast of the totalitarian leaders that democracies are incapable of timely and decisive action.

Should we fail to continue our efforts, the consequences would be swift and tragic and they would not be confined to Greece. The recent report on Greece

of the subcommittee of the House of Representatives Select Committee on Foreign Aid states: "Should the United States now withdraw its support from Greece, which would almost certainly result in the establishment of a Communist government, the Communist parties throughout Europe would undoubtedly utilize the opportunity to point out to those who are now valiantly resisting Communist infiltration in other countries the uncertainty of relying on United States help. The effects of such withdrawal would greatly weaken the determination of the constitutional forces resisting communism elsewhere."

Turkey is confronted by the same threat as Greece, but not in so active a manner. Turkey is economically and militarily stronger than Greece and was thus able, with foreign diplomatic support, to resist Soviet pressure for the cession of the strategic eastern Provinces of Kars and Ardahan and for control of the straits. Thereafter, in the latter half of 1946, the guerrilla movement began in war-ravaged Greece, an easier route for Communist expansion toward the Mediterranean, the Near East and Africa. To remain relatively safe from aggression, Turkey must remain strong; but she cannot do so indefinitely on her own meager resources. The maintenance of the large army rendered necessary by the situation imposes a special and heavy financial burden.

While the proposed program for military aid to Turkey and Greece involves no moral or other commitment for its continuation beyond the fiscal year 1949, no assurance can be given that additional aid will not be required so long as the active Communist threat to these two countries exists. This was recognized in the President's message to Congress of March 12, 1947, in which he said that he would not hesitate to go before Congress again if further funds or further authority should be needed. This matter, the President then said, was one involving the foreign policy and national security of the United States in a fateful hour.

The hour is far more fateful now than it was 1 year ago. By intimidation, fraud, and terror, Communist regimes have been imposed upon Hungary and Czechoslovakia. Totalitarian control has been tightened in other countries of eastern Europe, and these states have been linked together in a network of alliances. Other European peoples face a similar threat of being drawn against their will into the Communist orbit.

In this situation, the United States must avoid hasty action which could lead to the dissipation of our resources, or fear which would lead to sterile inaction. With calm determination we must pursue the policy confirmed last May by the Congress.

I think it is possible, Mr. Chairman, that I might touch on several things that came up in the House hearing and that have arisen since, that will save some questioning later.

The CHAIRMAN. Before you do that, may I ask you, Mr. Secretary, if there is anything about the statement you have made thus far that would preclude our giving it out as a public matter?

Secretary MARSHALL. No, sir; that is permissible.

These questions have been asked me: Why, in the light of our previous recommendations regarding the military situation in Greece, there has been so little success, and what are the prospects for improvement? The fact of the matter is, when our people arrived there they found that what was happening was the appeal of each village for protection, and the natural reaction of the political leaders to give the villages that protection, so that the guerrilla forces could select a particular village with reasonable assurance that the troops of the permanent army, the mobile army, were largely chained to the defense of other villages. Each village insisted on holding the guard that it then had, which consisted of troops of the permanent army, so it was plainly evident that the guerrillas could always be in the majority unless there was some freedom of action on the part of the permanent forces. When there was a Communist threat, the authorities of the village would appeal directly to Athens against the removal of any troops from that village to concentrate to meet this Communist threat, so the first thing that had to be done to remedy that situation was to create what we might call a home guard, 100 battalions, and about 60 of those, I believe, are already formed and armed. They are supported by the Greek Government. The total is to be 100. That means that these villages can be protected by home-guard units.

Senator CONNALLY. Of what strength are the home guard battalions?

Secretary MARSHALL. About 500 men each, and they are armed. They have released the troops of the permanent army so that they can act with decision and in strength against any action of the guerrillas.

Senator SMITH. The figure that I got, that I recall, and my colleagues can correct that if I am wrong, was that the guerrillas were approximately 20,000 last October

and the Greek Army was about 100,000. Possibly both have increased a little bit since then.

Secretary MARSHALL. The guerrilla strength may have been as you have just stated. I thought it was a shade smaller than that. But the strength of the army was about 120,000 and it is now 132,000. The effectiveness of the army is not measured in the increase from 120,000 to 132,000 nearly so much as in the fact that the army has now become a more compact available mobile unit, and its training has been improving right along.

General Van Fleet was selected to represent this Government in advisory assistance to the Greek Government and particularly the Greek Army—specifically the Greek Army—in their operations against the guerrilla forces, because it was felt that he understood the business of aggressive fighting. The army had been suffering from this stalemate where they had to defend villages and were prevented from having freedom to act in strength against any guerrilla threat, and that had had an effect on morale.

Now, with the freedom from village guardianship, leaving that to the home guards, the morale situation has naturally improved, and the effectiveness of the army has naturally improved. The aggressive leadership that is now being brought into the situation I think is far more effective than even the additional matériel that is being provided at the present time and will be provided.

Senator SMITH. Do you mean, Mr. Secretary, aggressive leadership on our part?

Secretary MARSHALL. On their part.

Senator SMITH. It was stated on the floor the other day by a Member of the Senate that he knew that we had American troops fighting in Greece.

Secretary MARSHALL. That is not correct. I think the total strength of our personnel, military personnel, in Greece, is about 257 people, most of whom are involved in more or less executive and administrative tasks.

Senator SMITH. That is clearly what we understood when we were there, and I was amazed at this statement from one of our colleagues who said he knew the facts, that there were American fighters on the front line in Greece.

The CHAIRMAN. I am getting that statement now from the record, because I think we have to have a categorical reply on the record just as soon as we locate it.

Senator BARKLEY. Let me ask you this, General: I realize what you said, that the effectiveness of the army is not necessarily reflected in the comparative size. But we are asked, and will be asked even more when this matter comes up, why it is that 132,000 Greek soldiers can't destroy and defeat 22,000 or 24,000 guerrillas. That is not an easy question to answer.

Secretary MARSHALL. I would not quite say that, Senator Barkley. Where you can concentrate as you desire, secretly in a mountainous country covering a very great area, a twenty-odd-thousand guerrilla force has a potential effectiveness far and away beyond its comparative strength with the opposing forces. We were involved in very much the same situation on the Mexican border in 1916. We had 1,200 miles of border and we finally put all the National Guard down there, a great many troops. It was largely the result of a foray by Villa with a very small force, but the difficulty was that he could select virtually any point on that border he wanted to assault, and if we were not there in reasonable strength to meet his effort he would be successful, as he was momentarily at Columbus, N. Mex.

The northern frontier of Greece is 600 miles or more long, and south of it there are all the mountains, trails, roads, and passes, and all the little villages and farms to terrorize, so that a force of the size of the guerrillas has a capacity far and away beyond its comparative strength with that of the other side.

Senator BARKLEY. Is that guerrilla force in a body, or is it deployed along that 600 miles of border?

Secretary MARSHALL. It works both ways. There is no front in Greece in a military sense either along the border or in the interior of the country. There are guerrilla groups scattered throughout the whole of continental Greece and on some islands in mountainous regions. These groups vary in size at different times and places from small, isolated bands to units of a thousand or more men. But they tend to be largest in size and most dense in concentration in the areas near Greece's northern frontier. Just where they are at any particular time is a matter of secrecy, and their appearance is sudden and with all the elements of surprise. Is that correct?

General HARPER. That is correct.

Secretary MARSHALL. That, of course, gives a great advantage, and particularly the fact that the forces in northern Greece (I believe it has been proven) can retire into a neighboring state for rehabilitation and for protection, as well as for a gathering for another effort. That is quite a pertinent factor.

Senator LODGE. Mr. Secretary, how long has this home guard been established, or is it in the process of being established now?

General HARPER. Since about the middle of December.

Senator LODGE. Then, do you expect that the professional Greek Army will be an effective unified striking force when this spring offensive takes place?

General HARPER. We expect that it will be positively improved.

Senator LODGE. Do you think that this home guard will be able to maintain order and security in these local communities?

General HARPER. To a degree.

Senator LODGE. Are they well trained?

General HARPER. They are not as well trained as we should desire. Their physical vigor is a question of individuals. They are reservists who have been called back to duty. Therefore, the home guard consists mostly of men who have families and children at home.

Senator LODGE. Will they result in the pressure being taken off the Greek Congressmen, the demand that the Greek Army be subdivided into small units? Will it have that effect?

General HARPER. It will tend to do so.

Senator LODGE. So at least we can say it is a step in the right direction?

General HARPER. Positively so.

(Discussion was continued off the record.)

The CHAIRMAN. Before you leave that subject, I would like to get this on the record. A Member of the Senate in the debate on March 12 made the following statement: "I may say to the Senator from Massachusetts that as a member of the Armed Services Committee I have reason to know that not only do we have troops up in front unarmed, but the number is being increased.

What is your comment?

Secretary MARSHALL. Mr. Chairman, I would say that the expression "troops" is quite misleading. There was an increase from the original number of military personnel who went to Greece which was slightly over 100, and that has now been built up to 257. Eventually we will reach the figure of 300.

Practically all of those individuals are involved in administrative or executive roles or as advisers to Greek military officials, and they are not troops in any accurate sense of the word.

The CHAIRMAN. Will you state for the record precisely what function is served by any American military representatives "up in front"?

Secretary MARSHALL. Those that are, to use that language, "up in front", have been doing, I think, two things: Looking over the situation in order to keep us informed as to just what conditions actually are, and offering advisory assistance to the leaders of Greek units on the divisional level. That does not prohibit their helping by their advice subordinate leaders.

The CHAIRMAN. Does that mean that we have no American military units of any nature in actual combat?

Secretary MARSHALL. That is correct, sir. We have no combat unit in Greece.

The CHAIRMAN. So that the ordinary use of the word "troops" would not apply to any representatives of the Army that are even up in front?

Secretary MARSHALL. That is correct, sir. What we have could, I think, properly be described as a mission, a helpful mission.

The CHAIRMAN. That is essentially a mission of officers?

Secretary MARSHALL. Yes, sir.

Senator BARKLEY. They are in uniform?

Secretary MARSHALL. Yes, sir.

Senator CONNALLY. You, probably have some enlisted men or noncommissioned officers, of course?

Secretary MARSHALL. Some noncommissioned officers.

Senator THOMAS of Utah. May we have a break-down of the 257 Americans, to see just what they look like, actually?

Secretary MARSHALL. I will have that submitted to complete my statement.

Senator HATCH. I was going to say, when Senator Vandenberg developed his point, I got the very necessary implication, if not the direct charge, that we have—he used the term "combat troops"; I was going to say "fighting men."

Secretary MARSHALL. We have no fighting men in Greece from our Army in the sense that they are occupied in fighting. We have some very splendid officers there in an advisory capacity.

Our agreement with the Greek Government provides for our officers acting only in an advisory capacity.

There are several questions coming up, but it might help if I read here General Van Fleet's statement after his reconnaissance of the front, if that is agreeable.

The CHAIRMAN. Very good.

Secretary MARSHALL. "We have had an opportunity to visit five divisions throughout northern and eastern Greece, some battalions of the national guard, schools and training centers, gendarmerie, and units of the Royal Hellenic Air Force. We also visited many wounded and prisoner bandits. We saw the results of the very good job the British Military Mission is doing, the tremendous amount of matériel which had been given by Great Britain to Greece. American equipment which will continue to arrive weekly will greatly encourage the Greek Army, and this encouragement already has been felt.

"My impression is that the Greek soldier is a magnificent fighter. He is proud, brave, and determined. His morale is excellent. More important perhaps is that the morale of the people of northern and eastern Greece is also wonderful. All the nation, to the last man, is behind the army, which, with continuing American aid, will finish its job this year. The will of the Greek nation for freedom, order, and everlasting peace is so strong that I cannot see any other force able to overcome this will.

"I saw a great number of bandits taken prisoner. They are well cared for and well fed by the army which captured them. Among them there are some fine-looking lads who have been forced by bandits to fight with them, and it is possible that many of these young men will return back to the national ranks.

"The other type of bandit is a very poor human type. They are men of low mentality, degenerate, with no sense of honor, without any morality. It is against this type of bandit that the Greek Nation fights, and surely all of us wish to see Greece get rid of them. I come back from this inspection trip very optimistic, and I think this terror will end this year.

"We are sorry that there must be fighting and more bloodshed in this cruelly tried country. My advice to the misguided bandits is to surrender immediately. To the others it is to get out of Greece and stay out forever, otherwise be killed. I am sure that with continuously increasing American aid the Greek Army will finish its job and be victorious this summer."

Senator SMITH. What was the date of that?

The CHAIRMAN. That is a statement by General Van Fleet?

Secretary MARSHALL. That was made on March 9 by General Van Fleet.

The CHAIRMAN. Will you state in just a few sentences just who General Van Fleet is, by way of indicating his experience and reliability?

Secretary MARSHALL. General Van Fleet commanded a regiment in the landing on the Normandy beaches. When I arrived there, I think 4 days after the initial landing, one of the first statements made to me in the summary of the situation, while we were still on the beach, was that there was a colonel over to the right of us commanding a regiment who should be commanding a division, and his name was Van Fleet.

A little later he was given a brigade—I think in about a week or two—and a little later he was given a division, and commanded it in the sweep across France. He commanded it in the fighting at Metz; he then commanded the division in the fighting in the Bulge in December and January of 1944-45. He led that division across the Remagen Bridge and, once on the other side, he was given command of the corps that defended the bridgehead. With that corps he played a few weeks later a conspicuous part in the reduction of the Ruhr encirclement, where some 300,000 Germans were eliminated.

Continuing as a corps commander, he was then involved in the advance to the southeast, toward the Czechoslovak border. So in a period of 7 months—I think 7 months—he had risen from commanding a regiment of some 3,000 men to commanding a corps of some two-hundred-and-more-thousand men. It was one of the most conspicuous demonstrations of great leadership that we had during the war, and with all that he is a very quiet, unobtrusive man. He has nothing to say for himself at all, but he is very effective regarding his job and his mission.

The CHAIRMAN. And he is the head of our military mission in Greece?

Secretary MARSHALL. He is now the head of our military mission in Greece, with the authority of this Government and of the Greek Government to act as principal adviser in the development of an effective Greek military effort to reduce this guerrilla threat. He, of course, is a part of Governor Griswold's mission.

Senator LODGE. Does he believe that the Greek Army, using only its own personnel, can take care of this thing next year?

Secretary MARSHALL. That is his statement here.

Senator LODGE. And there is no evidence of the need of sending in any non-Greek troops at all?

Secretary MARSHALL. He says nothing of that sort.

The CHAIRMAN. As the public record stands, it is quite clear, on the basis of General Van Fleet's statement publicly, that the answer to your question is reasonably satisfactory.

Senator LODGE. He expresses the belief that the Greek Army can do it by itself.

Secretary MARSHALL. As regards the economic situation in Greece, there has not yet been an opportunity under our program to provide the assistance required to get full benefit, but we are encouraged by the fact that in January the situation leveled off. In other words, the deterioration which had continued up through December ceased and, to use the expression again, the situation rather leveled off. At that time, as I understand it, although Mr. McGhee can give you the exact details, the budget was practically in balance. In other words, their internal revenue would nearly meet their internal expenses. I think the deficit was calculated as only about 207 billion drachmas or, at the effective rate of exchange, \$23,000,000, and the budget was about 2,960 billion drachmas, or \$329,000,000 at the effective rate. That is a great improvement over the previous situation. And from that I hope an improvement can be started which will be very important.

As to the reconstruction work that has been carried on of a purely nonmilitary nature by the Griswold mission, the beneficial results from that would come now, rather than last fall or last winter. The Corinth Canal soon will be cleared for commerce; certain harbors are being rehabilitated; about 800 miles of roads are being rebuilt, which are very important to the general economy. Quite a bit of that nature is being done. Of course, in some places close to the front they have had the unfortunate experience of putting in a bridge and finishing it at night, and having it destroyed before morning by the Communist forces.

I might add that the technique displayed by the Communist Party and its representatives everywhere is always to increase the burden on the state. Turkey, which I will refer to later, is under the heavy burden of having to maintain a very large military force, which it cannot afford to maintain without some measure of relief. It is only necessary to maintain that because of the threats against Turkey. The Greek Government is forced to maintain these hundred battalions of the Home Guards, to make good on the destruction that is done and to care for some 450,000 refugees. All of that takes it out of the Greek exchequer, which is part of the scheme of maneuver of the Communist movement. The strikes in France and Italy, but notably in France, had as their most serious effect, before they were finally avoided, the increased burden on the French treasury which threatened to defeat our interim-aid program.

Everywhere we find the same procedure, and that is now threatened in Italy. As to Italy—

Senator SMITH. Could I ask just one question about Greece before we get to Italy?

I understood Mr. McGhee to refer a minute ago to our new policy in Greece—I am interested in that, because when I was in Greece in October I was told by our military advisers there that they had to be careful about giving any military advice because of instructions from here. Did we widen our authority to them so far as giving military aid instructions which they had not had before?

Secretary MARSHALL. Yes.

Senator SMITH. Could we have, in just a word, the extent of that widened authority? How far have we gone?

Mr. MCGHEE. The public statement made at the time of the change in policy was that we would give "military" advice, which might also be called operational advice. Previously we had groups there only to determine the logistic requirements of the Greek Army, to see that the right matériel got there and that the Greeks were taught how to use it. We broadened that to give them military advice.

The CHAIRMAN. Will some witness be available to tell us how you reached the figure of \$275,000,000?

Secretary MARSHALL. Yes, sir. Mr. McGhee, here, is Governor Griswold's immediate representative. He is in the State Department, and is familiar with every detail of that.

The CHAIRMAN. Before we go to him, let's see if there are any questions of you. We obviously will have to have another day on this. I thought perhaps we could get through with you this morning and have your associates come back on Wednesday morning.

Senator HATCH. We have been discussing almost altogether the military situation in Greece. We are constantly confronted on the floor with criticism of the political conditions in Greece, the contest between the right and the left, and maintaining the rightist government, against the Liberal forces.

Mr. McGHEE. I think we can tell you that the coalition between the Liberals and the Conservatives, the Populists and the Liberals, is working very well. As you know, there was composed last fall a coalition government which represents the vast majority of the electorate of Greece as reflected in the 1946 elections. The Liberal, Mr. Sophoulis, was made Premier, and the Populist, Mr. Tsaldaris, Vice Premier.

Senator HATCH. There was complete division of authority, I have heard. No one has a say. One minister would overrule others. Did that occur?

Mr. McGHEE. On the face of it there was some division of authority. It is true, of course, that the Cabinet positions are divided between the Liberals and the Populists, and it is true that the Populist Ministers tend to follow Mr. Tsaldaris and the Liberals to follow Mr. Sophoulis. However, we have recently been advised by both Governor Griswold and the Embassy that that coalition is working very well; that there is no serious division in the Cabinet.

Senator HATCH. Then you are satisfied that the political situation is improving?

Mr. McGHEE. Yes, sir. We do not pretend that it is perfect. Obviously a coalition government is by its nature a weak government. Other things being equal it would be much stronger if all the ministers were of the same political party. However, you can't have both. You can't have at the same time a broad-based government, which we feel Greece now has, and as strong a government as you would like. However, discipline within the government I think has been improved.

Mr. McGHEE. A lot of the weaknesses in the Greek Government flow from the disorganization created during the war. They greatly overstaffed themselves. Many of their good men were taken away. The improvement of that situation is a long and difficult process, and the mission is working directly with the ministers concerned. There has already been some reorganization of the ministries. There has been the removal of some 8,000 and there will eventually be the removal of 15,000, civil servants from the rolls. The basic thing has been the weakness of the structure rather than the failure of the two party leaders to cooperate.

The CHAIRMAN. Before you leave, will you describe the present status of the British in Greece, and what is contemplated by way of further British cooperation in Greece?

Secretary MARSHALL. The British Government has agreed to leave their small military force in Greece and to continue on with their personnel in instruction along the lines that they have been engaged in.

The CHAIRMAN. How big is that force?

Secretary MARSHALL. About 5,000.

Secretary MARSHALL. With the introduction of our military personnel into the picture, along the lines of advice on operations, tactics, and strategy, we had to find a basis of procedure which would not result in confusion among the British and ourselves, and the Greek forces. That has been satisfactorily arranged and the whole procedure is going ahead in a harmonious fashion. The British are doing and have been doing a very valuable work there in their training activities. Most of the equipment of the Greek troops is British equipment, with which, of course, the British military personnel are much more familiar than ourselves, and much better able to act as instructors. All that has been harmonized and we have no trouble.

The CHAIRMAN. Are the 5,000 British troops still there?

Secretary MARSHALL. They are still there.

The CHAIRMAN. Do they engage at all in combat?

Secretary MARSHALL. They do not at the present time.

Secretary MARSHALL. In 1944 the British military forces joined with the forces of the Greek Government in fighting the Communists in the region of Athens, successfully driving the Communists out. Since then there has been no active military participation. This force is now based at Salonika.

The CHAIRMAN. And it is expected to remain?

Secretary MARSHALL. And it is expected to remain.

The CHAIRMAN. Are there any other questions to be asked of the Secretary?

Senator CONNALLY. Just one question. With regard to the Greek Army, this 120,000 or 132,000 that you described, have they headquarters somewhere up in northern Greece where they are mobilized, or are they scattered out all over the country?

General HARPER. They have two corps headquarters, one at Salonika and one at Katerine. The main headquarters is in Athens. In addition to that they have eight divisions in the field.

Senator CONNALLY. Do they operate under the jurisdiction of these two corps commanders?

General HARPER. They operate under the corps commanders; yes, sir.

Senator CONNALLY. The reason I asked the question was, it seemed to me it would be necessary to keep a large force concentrated somewhere there so they could send out from it detachments or other organizations to combat these guerrillas that run in and take a village.

General HARPER. In great measure they are deployed throughout Greece, as the Secretary has explained, due to the striking capacity of the guerrillas to strike anywhere, they have to be distributed. It is hoped that when we have all these national guard battalions formed that they can concentrate the Greek Army. I think the committee will see the effects of that soon, when it is hoped that we will see an offensive operation on the part of the Greek Army.

The CHAIRMAN. We will ask General Harper and General McBride to come back along with Mr. McGhee on Wednesday morning at 10 o'clock. We will continue on into the details of this matter. I just want to release the Secretary today, if possible.

Senator WILEY. I do not see how we can get a clear understanding of this situation unless we ask the Secretary something about this Jewish-Arab situation, and also in relation to American investments in oil lands out there, and that whole lay-out in the Near East. Just what is the situation? Where does Russia fit into that situation between the Arabs and the Jews, and where do we fit in? What can we expect there at any time?

Secretary MARSHALL. That is a rather broad question, Senator.

Senator WILEY. They are pretty close to one another right up there.

Secretary MARSHALL. The Palestine problem is a very serious one, as you all realize.

The CHAIRMAN. I have to go to the floor. I will ask Senator Connally to continue the meeting until we are through with the Secretary, and I will ask the committee to come back at 10 o'clock Wednesday morning; also General Harper, General McBride, and Mr. McGhee. There is no meeting tomorrow.

Senator CONNALLY. Have you the information as to how much of the \$300,000,000 appropriated for Greece has been spent?

Secretary MARSHALL. I think it is all allocated.

Mr. McGHEE. By the end of this month all except about \$8,000,000 will actually have been committed.

Senator GEORGE. What about Turkey?

Mr. McGHEE. All of the \$100,000,000 for Turkey has been given to the Departments of the Army and Navy for expenditure. It is true, though, that all of the supplies which have been ordered will not reach Turkey until later. (The discussion continued off the record.)

Senator CONNALLY. What proof have you, if any, or what information have you, that actual supplies for these guerrillas have been coming out of Yugoslavia and Albania?

Secretary MARSHALL. The type of supplies and equipment found on the dead and wounded.

Mr. McGHEE. We have evidence from the United Nations Special Committee for Observation of the Balkans that in the Battle of Konitsa artillery shells and other equipment had to come across the border. There was no other way the equipment could have arrived at this place.

Senator LODGE. Where was it made?

Mr. McGHEE. In part it is captured German and Italian equipment. In part it is United States equipment that was distributed in the Balkans to the underground forces. General Harper can give more details on that.

Senator LODGE. You know it must have come through Yugoslavia and Albania?

Mr. McGHEE. Yes, sir.

Secretary MARSHALL. Wasn't that the finding of the United Nations Commission?

Mr. McGHEE. That is right.

Senator CONNALLY. Are there any other questions by any member of the Senate committee?

Thank you very much, General, for your very enlightening statement. You have no objection to giving the press a copy of your statement?

Secretary MARSHALL. No, sir.

(Whereupon, at 12 noon, the hearing was adjourned, to reconvene at 10 a. m. Wednesday, March 17, 1948.)

APPENDIX D

EXECUTIVE SESSION

ASSISTANCE TO GREECE AND TURKEY

UNITED STATES SENATE,
 COMMITTEE ON FOREIGN RELATIONS
Washington, D. C., Wednesday, March 17, 1948.

The committee met, pursuant to adjournment, at 10 a. m. in the committee hearing room, United States Capitol, Senator Arthur H. Vandenberg, chairman, presiding.

Present: Senators Vandenberg (chairman), Wiley, Lodge, Connally, George, Thomas of Utah, Barkley, and Hatch.

Also present: Maj. Gen. Horace L. McBride, Maj. Gen. A. M. Harper, Lt. Col. Charles I. Davis, and Mr. George C. McGhee, coordinator for aid to Greece and Turkey, Department of State.

The CHAIRMAN. The committee will come to order. We can start in on the record.

Mr. McGhee, are you in a position to speak for the State Department regarding the meaning of this bill, and so forth?

Mr. MCGHEE. Yes, sir.

The CHAIRMAN. Will you take a seat at the table?

Do you wish to make a statement of your own first?

Mr. MCGHEE. Yes, Mr. Chairman, I have a statement here, if it please your committee.

The CHAIRMAN. Go right ahead.

STATEMENT OF MR. GEORGE C. MCGHEE, COORDINATOR FOR AID TO GREECE
 AND TURKEY, DEPARTMENT OF STATE

Mr. MCGHEE. Secretary Marshall has discussed the broad political considerations involved in continuation of the program of military assistance to Greece and Turkey. My purpose is to review in greater detail operations to date under the Greek and Turkish economic as well as military programs, and to discuss plans for utilization of the new \$275,000,000 appropriation which has been requested.

The progress thus far made in Greece is not as great as originally was expected, primarily as a result of the continued assistance which Greece's northern neighbors have given to the guerrilla forces. Secretary Marshall has said that the most important success has been the continued existence of Greece as a free nation, which would not have been possible in the absence of the aid program. More specifically, accomplishments under the program have been that the supplies needed to maintain the Greek state, which otherwise could not have been obtained, have been provided; work has gone ahead in reconstructing Greece's badly needed transportation facilities which were destroyed during the war; significant progress has been made in rehabilitation of Greek agriculture; basic economic and governmental reforms which are necessary for Greek recovery have been instituted; and the Greek National Army has been strengthened both in manpower and matériel, and a national defense corps has been established.

The American Mission for Aid to Greece consists of 183 American civilians and 257 American military personnel under the leadership of former Nebraska Governor, Dwight P. Griswold. In carrying out its vast responsibilities, the mission has worked closely with the Greek Government, which has shown every disposition to cooperate in undertaking the basic reforms needed to place the Greek economy on a sound basis. It has not always been easy to assure implementation of measures agreed to be essential, however, largely because of the fact that the Greek Government structure was greatly weakened as a result of the war and occupation and continued insecurity since liberation. As part of the mission's program, concerted efforts are being made to improve the Greek Government machinery.

Intensive guerrilla activity has made it necessary to transfer some \$23,000,000 from economic to military programs, and rehabilitation has suffered accordingly. Thus, while it originally was contemplated that about half of the \$300,000,000 earmarked for Greece would be spent for economic purposes, the revised program now provides only \$127,000,000. Further, continued insecurity has retarded production and trade and has led to a serious condition of inflation, aggravated by enlarged military expenditures and the drain upon the Greek budget necessitated by caring for some 450,000 refugees who have concentrated in urban areas.

The sum of \$84,450,000 has been earmarked from Greek aid funds to finance the civilian imports program, and an additional \$37,900,000 under Public Law 84 funds has been provided for this purpose. American-procured Greek imports financed through February 29, 1948, from these funds include 317,000 long tons of wheat and flour, 20,000 tons of milk, 11,000 tons of pulses, 121,000 tons of petroleum products, and 55,000 tons of coal. These supplies have not only sustained the life of the Greek people but have enabled the Greek economy to make the maximum contribution toward self-sufficiency.

The reconstruction program, originally scheduled at \$48,000,000, has been reduced to \$25,000,000. Substantial progress has been made under the amended program in the repair of vital Greek transportation and other facilities destroyed during the war.

The CHAIRMAN. You are referring now to the previous program?

Mr. McGHEE. That's right. This is a report of what happened under the previous program.

Clearance of the Corinth Canal, which saves 200 miles in passage from the Aegean to the Adriatic Sea, is scheduled for completion by the 1st of June. Reconstruction of the port of Salonika and repair of the docks at Piraeus are expected to be completed in July. By the 1st of May, construction and development work on five airfields needed for both military and civilian transport in Greece will be completed. It is expected that by August 31, 800 miles of highways will have been restored to prewar condition. Present estimates are that by March 1 more than 19,000 families will have been rehoused under the mission's program.

Twelve million dollars of aid funds have been set aside for agricultural rehabilitation, and it is expected that by April 1 9,000 acres of new land will have been drained and 60,000 acres restored to drainage through the repair and maintenance of existing works.

Senator WILEY. Where is that located?

Mr. McGHEE. Mostly in the north and northeast, in Macedonia.

Senator WILEY. Is that where the guerrillas are?

Mr. McGHEE. The guerrillas are active in this territory, but these plains have been rehabilitated and are now in agricultural production.

Senator WILEY. What percentage of increase in agricultural production do you estimate?

Mr. McGHEE. I am not sure that I can say that. Greek agriculture is now running about 90 percent of prewar. The immediate objective is to restore it to full 100 percent, and then to increase it.

Senator WILEY. Is that sufficient to take care of the requirements, the food requirements?

Mr. McGHEE. No, sir. Greece has never sustained itself, particularly in regard to wheat. Right now Greece needs to import some 400,000 tons of wheat a year. They are actually cultivating some 33-degree slopes in an effort to attain maximum production, and have a \$7.50 per bushel, measured in drachmas, priced internally to stimulate production. In some other products, of course, Greece has an exportable surplus, and exports agricultural products.

Senator WILEY. What is that, now?

Mr. McGHEE. Their principal exports are olive oil and tobacco.

Senator WILEY. I mean in dollars. What does it amount to? You said they have an exportable surplus. Do you mean by that a surplus of exports over their imports?

Mr. McGHEE. No, sir; an exportable surplus of certain commodities over their needs for these commodities. It amounts this year to about \$67,000,000. They have an over-all deficit, a balance-of-payments deficit. This deficit ran before the war some 30 to 40 million dollars a year. The deficit is much greater now.

The CHAIRMAN. Go ahead.

Mr. McGHEE. Irrigation projects will by April 1 make it possible to cultivate 33,500 acres of land not now in use. To improve the distribution and utilization of agricultural produce, there will be constructed 16 food-processing plants.

Greece now has for the first time since liberation a comprehensive economic program. Of great significance is the fact that there is now, at least on paper, a nearly balanced internal budget. This has been made possible by the adoption of new stringent tax laws and improvements in the machinery for revenue collection; and by substantial reductions in Greek Government expenses, including the removal from the public pay rolls of some 15,000 civil-service employees. Extensive banking and credit reforms are being instituted. In order to alleviate the hardship on the Greek export trade imposed by overvaluation of the drachma, an "exchange certificate plan" has been put into operation. This plan provides

greater monetary incentive to exporters without incurring the disadvantages which would accompany an outright devaluation of the currency. The Greek distribution system is being drastically reorganized in order to attain more effective utilization of supplies, and by June 30, 1948, all UNRRA stocks will have been disposed of. Trade between Greece and Germany, which constituted the largest single segment of prewar Greek commerce, has to some extent been revived. A foreign trade administration, headed by an American, has been created, which must approve all applications for import licenses based on essentiality to the Greek economy.

On the military side, with American assistance it has been possible to increase the size of the Greek National Army from 120,000 to 132,000 men and to create a national defense corps which ultimately will total 50,000 men. Thus, while the guerrilla situation has as yet shown no improvement, the Greek forces are now in a much better position to cope with the problem. Over \$100,000,000 worth of American equipment and maintenance supplies have already been furnished these forces, and additional matériel, including mountain artillery and heavy machine guns, are scheduled to be provided under this year's program. The formation and equipment of the national defense corps battalions and improvements in the Greek National Army will for the most part have been accomplished by early spring, and the effect of these measures should be reflected in more successful operations of the Greek armed forces during the spring and summer of 1948. The extent of success, however, is of course dependent upon whether the dimensions of the military task are appreciably increased by developments which cannot be foreseen at this time.

The special problem of the Turkish program, which consisted of \$100,000,000 for military assistance, necessitates a long planning period in order to assure the best use of the funds in increasing the effectiveness of the Turkish armed forces. A military survey group was sent to Turkey to develop a specific list of requirements and to establish a program based on this list in the light of fund and supply availabilities. The final program was completed in December 1947 and since that date procurement has been actively prosecuted. As a result of the normal procurement lags, superimposed upon the rather protracted planning period, the first important shipments to Turkey could not be made until the early months of 1948, and consequently some of the supplies will not be ready for shipment until after the end of the fiscal year. It is estimated, however, that the bulk of the shipments will be ready at United States ports before the end of July 1948, and if the capacity of Turkish ports and internal transport permit, as is now believed to be the case, by the end of September 1948 nearly all program cargoes under the present program will have been received in Turkey.

At the current rate of commitments, virtually all funds in the present programs for Greece and Turkey will be exhausted by March 31, 1948, although deliveries will continue through part of the next fiscal year. It is necessary that funds from the proposed supplementary appropriation be authorized for use at the earliest practicable date in order to initiate procurement for military requirements during the next fiscal year, as well as to meet urgent military needs for Greece during the remainder of the present fiscal year over and above those for which funds are now available. It is for that reason that the Department has requested the Congress to incorporate in the bill extending Public Law 75 authority for the advance by the Reconstruction Finance Corporation of \$50,000,000, to be reimbursed to the Corporation after enactment of the related appropriation bill.

As it has been stated, the additional funds requested under Public Law 75 are for military purposes only. Both Greece and Turkey are included in the proposed European recovery program now before the Congress, and it is assumed that any additional economic requirements for those countries will be met under that program.

The CHAIRMAN. Will you at that point divide the additional \$275,000,000 between Greece and Turkey?

Mr. McGHEE. Our tentative planning calls for \$200,000,000 to Greece and \$75,000,000 to Turkey. It is hoped no commitment will be made for these amounts, and that the Executive will be permitted to allocate in the light of the relative urgencies of the two countries as the program develops.

Senator LODGE. Do you have an itemization of the \$200,000,000?

Mr. McGHEE. Yes, sir; we have a detailed itemization which is contained in a secret document which has been furnished to the committee.

Senator LODGE. I don't want to know the secret, but what can you tell me that isn't a secret?

Mr. McGHEE. We will tell you everything, Senator Lodge.

Senator LODGE. I don't want to have it in confidence. What can you say for the record as to the break-down of that \$200,000,000?

Mr. McGHEE. If it suits the committee, could you wait until General Harper and General McBride testify? They are here representing the American missions in Greece and Turkey, respectively, for that purpose, and I think can go into those details in a more authoritative manner than I can. We have detailed break-downs on the \$275,000,000 which are based on careful study, and of course they are all for military expenditures.

The CHAIRMAN. Well now, your money for relief in Greece under the original Greek-Turkey Act is all gone?

Mr. McGHEE. All of it will be gone by March 31. As a matter of fact, Governor Griswold advises that his present programs actually extend him 17½ million dollars beyond existing funds, so he is cutting back now on his programs.

The CHAIRMAN. And there is no relief contemplated in the new addition?

Mr. McGHEE. This \$275,000,000 includes no funds for relief or economic purposes.

The CHAIRMAN. Therefore, all economic relief in Greece after April 1 will be under the European recovery program?

Mr. McGHEE. That is correct, sir.

The CHAIRMAN. How will the management of the economic-recovery program dovetail and gear into Governor Griswold's machinery and the military machinery?

Mr. McGHEE. These questions, sir, remain to be worked out in detail after the ERP legislation is passed and the Administrator is appointed. There is now contained in Governor Griswold's mission all of the economic activities in which ERP will want to engage. As a matter of fact, there is a wider range of activities in Governor Griswold's mission than will be in existence in any other of the ERP countries. With the new source of funds, and with the new legal responsibilities, it is quite true that whoever administers the economic program in Greece must look to the ERP Administrator. Our experience has shown, however, that it is extremely important to integrate the economic- and military-aid programs in Greece. The two are directly related. You can't permit an increase in the Army without an immediate economic impact. You can't sustain the military effort without sustaining the Greek economy. You can have a collapse of the Greek economy through inflation or other financial factors.

What we would seek, sir, if it is not possible to name the same man in Greece ERP Administrator and Public Law 75 Administrator, is an extremely close degree of coordination.

The CHAIRMAN. All right.

Mr. McGHEE. The requirements of Greece and Turkey for economic assistance from the United States under the European recovery program differ considerably. The havoc wrought upon the Greek economy by the war and subsequent turmoil renders it necessary that Greece continue to receive substantial aid to meet her international balance-of-payments deficit during the period covered by the program. In Turkey, while the war did not result in destruction of production facilities, the cutting off of normal sources of imports and the necessity for maintaining a large standing army have had serious effect upon the country's domestic economy. Industrial and transportation equipment suffered from disuse and under maintenance; agricultural production was hampered by the diversion of manpower and animals to the army; and stocks of consumer goods were drastically reduced. If Turkey is required to spend substantial amounts on military equipment beyond the American aid program, a gold and dollar drain might be created which would prejudice her participation in the European recovery program on a cash basis.

The sum of \$275,000,000 requested under Public Law 75 is considered to be the minimum amount which will be needed during the period April 1, 1948, to June 30, 1949, to accomplish the objectives of the program. The amount has been established as a result of careful appraisal by the Department of State and the Department of National Defense of the military requirements for Greece and Turkey developed by the respective aid missions in these countries.

The tentative break-down of the military programs, which was made for purposes of planning and for presentation to the Congress, has not been officially communicated to the Greek and Turkish Governments, nor is it intended that any commitment will be made to those countries as to the amounts which they will receive. It is important that the President be vested with authority to allocate the funds as between the two countries and the various services in the light of the relative urgency of requirements as the program develops. To accomplish this objective it is necessary that the funds be made available in total and not earmarked by country and otherwise.

I would like to discuss briefly two changes in Public Law 75 which have been incorporated in the new draft bill prepared by the Department of State for the purpose of improving the administration of the program.

Section I (2) of Public Law 75 provides that no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of the act until such personnel have been investigated by the Federal Bureau of Investigation. In programs such as these time is an extremely important factor, and in many cases time lost in investigations has been costly; urgent work in the field has been delayed, and qualified applicants have accepted positions elsewhere during the course of their investigations. It is hoped, therefore, that in extending the Greek and Turkish programs the Congress will see fit to authorize the appointment of personnel subject to subsequent investigation by the Federal Bureau of Investigation, provided that such personnel may assume their positions and perform their functions after preliminary investigation and clearance by the Department of State. I understand that similar provision is incorporated in proposed legislation for the European recovery program.

The CHAIRMAN. Is that included in your draft bill?

Mr. McGHEE. Yes, sir.

Senator LODGE. Why should they need that now that your program has gotten going?

Mr. McGHEE. Senator, we face the problem of replacement of existing personnel. A considerable number will come home after this initial year's commitment, and at that time we would encounter the usual 6 to 7 weeks' delay which has been our experience if we waited for the investigations. We feel there is no appreciable risk in the people going over concurrent with the FBI clearance after the usual State Department clearance.

Senator LODGE. I don't think there is, but why can't you organize the thing so you could put the investigation on in anticipation?

Mr. McGHEE. I wish it were possible. You know it is very difficult to get personnel. When we get a request for a man from the mission we have to find and then negotiate for several weeks with the individual concerned, and if they have to wait 6 or 7 weeks for clearance he may accept another job during the period he is waiting.

Senator LODGE. Are these people with the Government or people privately employed?

Mr. McGHEE. Both. We have usually first sought people privately employed, and by and large most of our people were privately employed. Then, when a fellow gets over, he discovers he needs an assistant, and then you have to wait 6 or 7 weeks for the assistant to be cleared.

Senator LODGE. If you planned, you would know he would need an assistant before he left.

Mr. McGHEE. I wish we could. The limitations of planning are very great. The picture moves swiftly. People in the mission wait until the last minute to decide that they are going to come home. The difficulties of getting personnel are very great.

The CHAIRMAN. Go ahead.

Mr. McGHEE. Section I (2) of Public Law 75 also provides that the provisions of the act of May 25, 1948 (52 Stat. 442), as amended, applicable to personnel detailed pursuant to that act shall apply to persons in the employ of the Government of the United States detailed to Greece and Turkey in connection with the aid program. Public Law 402 (80th Cong., 2d sess.) approved January 27, 1948, expressly repealed the act of May 25, 1948. An amendment of Public Law 75 will be required to meet this situation, and in proposing the legislative change there has been incorporated wording to meet an administrative problem which has been encountered in the establishment of allowances for military and naval officers attached to the American Mission for Aid to Greece. Under the proposed amendment such officers, as well as civilian personnel employed by the mission, may be paid identical travel and subsistence allowances, the amounts to be determined by the President notwithstanding pertinent regulations of the United States armed forces.

With the exception of the foregoing modifications, it is planned that administration of the funds requested will continue substantially as for those previously approved under Public Law 75 for military purposes. With the enactment of the European recovery program, however, consideration may be given to a change in the organization of the American representation in Greece in order to provide greater coordination of the several American programs in that country.

The CHAIRMAN. Well, Mr. McGhee, I think that is a very good statement, and in many aspects it is very encouraging to me. I want to ask you one or two fundamental questions.

Your amendment contemplates a 15-month program?

Mr. McGHEE. The funds requested, Mr. Chairman, will be spent over the period of 15 months. The extension of it, of course, is just for the additional fiscal year. Most of the funds requested will be spent during the fiscal year 1949. Some of the funds would be committed during fiscal 1948. The program, though, is estimated to carry through fiscal 1949.

The CHAIRMAN. What I am getting at is, supposing Congress decided to handle this in its fiscal aspect on the same basis as ERP and made the increased appropriation to April 1 instead of to July 1. Would it be a pro rata calculation?

Mr. McGHEE. No, sir. There will at the outset of this program be a greater expenditure than would be called for pro rata, for the reason that we are very anxious to get into the guerrilla war in Greece some material that is vitally needed, and we will begin requisitioning a considerable amount of that material and equipment the moment we have these increased funds. There would be an initial saving, obviously, under the procedure you refer to and it would be feasible to do it. The saving would not be pro rata.

Could we have a quick estimate of that amount?

Colonel DAVIS. Beginning the 1st of April?

Mr. McGHEE. That's right.

Colonel DAVIS. About 10 to 15 million dollars a month.

The CHAIRMAN. For 3 months, that is 30 to 45 million dollars.

Colonel DAVIS. That is right off the bat, sir.

The CHAIRMAN. I don't know that the committee would be interested in it. I wanted to get the comparable figure.

It is particularly important to us, I think, that we nail down beyond any chance for argument the precise size and type of the personnel which goes to Greece at the present time and under the contemplated bill.

I have this memorandum from the State Department this morning. I think the figure is slightly different from those you have used, although not appreciably so. I would like to know if this is a fair statement:

"There are at present 242 United States military, including 26 civilians, and 41 United States naval personnel, or a total of 283, attached to the military sections of the American Mission for Aid to Greece." That is a total of 283.

"Of the military personnel, 136 men, including 73 commissioned officers and 63 enlisted men (all noncommissioned officers) are engaged in giving military advice to operational units of the Greek forces." That is a total of 136 men—73 commissioned officers and 63 enlisted men.

"The number of these military advisers is expected to be increased to a full strength of approximately 170, including 90 officers and 80 enlisted men."

Is that correct?

Mr. McGHEE. That statement is essentially correct.

General HARPER. That is correct.

The CHAIRMAN. Is there any point in the activities of these 170 men where they are engaged with combat troops?

Mr. McGHEE. They are in an advisory capacity with various echelons of combat troops; yes, sir.

The CHAIRMAN. Down to what level?

Mr. McGHEE. They are down to the division level, although they may in individual cases advise at lower echelons.

The CHAIRMAN. What do you mean by "advise"? Is that advice at headquarters or does it carry on into the field?

Mr. McGHEE. It carries on into the field, sir. It is military advice, operational advice.

The CHAIRMAN. Do the advisers move into the field with troops?

Mr. McGHEE. Yes, sir.

The CHAIRMAN. What is the answer, then; what is the authentic and final answer to the critic who says that we are putting—

Senator LODGE. He said we had combat troops in Greece, which is not true.

The CHAIRMAN. Is that a correct answer, that Senator Lodge has just indicated?

Mr. McGHEE. That is absolutely correct. The missions of these men do not involve combat. Our agreement with the Greek Government provides only for advisory services.

Senator LODGE. An officer there as an instructor or observer isn't in a position of a combat officer, and he is liable to get shot at.

The CHAIRMAN. Perhaps I should have waited with my question, but I wanted to identify these data with your statement on the same subject.

Mr. McGHEE. People are arriving and departing all the time, but the figures you gave are substantially correct.

Senator LODGE. Your figure of 136 military advisers, subtracted from 242, leaves 106. Who are they?

Mr. McGHEE. They were part of the original mission. Our original function in Greece was to supply the Greek Army. We had people to determine the requirements, supervise unloading, and to teach the Greeks how to use the equipment.

Senator BARKLEY. Is this number of people referred to there in that memorandum entirely separate and apart from the number who are under Griswold?

Mr. McGHEE. All of these, sir; constitute the military portion of Governor Griswold's mission. They are part of his mission. They are separate from the civilian personnel.

Senator BARKLEY. He has others in his mission?

Mr. McGHEE. That is correct.

Senator BARKLEY. How many of them are there?

Mr. McGHEE. The figure, I think, is 183 civilians in the mission.

Senator BARKLEY. So that 183 plus the 283 is the whole contingent?

Mr. McGHEE. There are in addition, sir, some Corps of Engineer personnel who are engaged in implementation of the construction program, and certain personnel employed by American contractors who are over and above the mission personnel.

Senator BARKLEY. They are privately employed?

Mr. McGHEE. Yes, sir.

Senator BARKLEY. The Army engineers aren't.

Mr. McGHEE. The Army engineers have established a Grecian district in Athens. They are not under Governor Griswold, although their chief is his technical adviser and they supervise construction projects of the mission.

Senator BARKLEY. They are also separate from these you mentioned a while ago?

Mr. McGHEE. Yes, sir.

Senator BARKLEY. How many of them?

Mr. McGHEE. There are approximately 254 Americans employed by contractors, and somewhere around 125 Corps of Engineer personnel.

The CHAIRMAN. I just want to ask one or two other fundamental questions.

The greatest propaganda publicity in this country about waste abroad has been attached to what has happened in Greece heretofore. Have you caught up with all of those errors and mistakes, and are you going to quit making them, and are you responsible for them?

Mr. McGHEE. Mr. Chairman, one of the greatest burdens this mission has had to suffer is that people have generally attributed to the mission some of the mistakes that it has discovered and has been attempting to correct.

The CHAIRMAN. I think that is true.

Mr. McGHEE. There was the time that the mission announced that they had discovered \$75,000,000 worth of UNRRA supplies in warehouses. That was no new discovery. Everybody knew the stuff was there. The initial cost of that equipment was probably not in excess of \$50,000,000. But we get letters from people in the Department every day who honestly think that is Public Law 75 material.

Senator WILEY. Did you take it over?

Mr. McGHEE. No, sir. It was brought over by UNRRA. The United States was not, as you know, in a position to control the operations of UNRRA. The UNRRA organization itself, although they had a large number of personnel in Greece, was in a very weak position vis-à-vis the Greek Government. They could not enforce any agreements they had with the Greek Government.

Senator WILEY. What became of the \$50,000,000?

Mr. McGHEE. As soon as it was discovered by the mission, we took our best men and created a Division of Distribution under Governor Griswold. The Greek Government abolished the old Ministry of Supply and created a new Ministry of Distribution, and the Ministry, with the help of the mission, has now scheduled these UNRRA goods so that they say all will be distributed by June of this year.

Senator WILEY. Of what did it consist, mostly?

Mr. McGHEE. Everything in the world; a lot of things the Greek Government doesn't want or need. For various reasons which I could explain, but which

make sense really only in Greece because it is such a complicated picture, the various Ministries in charge had not distributed the supplies. In some cases the material was destined for parts of Greece that have since been cut off by the guerrillas. In many cases the Ministries had held on to the supplies because they were their only source of income, and there was a tendency to dole them out. In other cases they were holding out for higher prices. Sometimes the Ministry concerned didn't have the drachma actually to pay for transporting the supplies or, in the case of machinery, for installing it. In many cases there weren't transportation facilities to take the supplies where they were to be utilized.

However, the total UNRRA program was a large program. It was some \$354,000,000, excluding freight, and the program had only terminated at the period when we came in, so the undistributed balance was not a disproportionate amount of the total supplies that were brought in, if this amount was only \$50,000,000 when it was discovered by the mission in October.

I assure you, sir, that there has been no report, even, of the stoppage of the distribution of supplies under the Public Law 75 program. There was a subsequent report about food spoilage. We have tracked them all down. They all pertain to UNRRA supplies, and the mission is making vigorous efforts to see that the UNRRA supplies are taken care of.

Senator GEORGE. Who has charge of those supplies now?

Mr. MCGHEE. The Greek Government owns the supplies, and previously the distribution was by the various Greek ministries who were concerned with the particular thing involved. There has now been centralized in the Ministry of Distribution the express authority for the distribution of these supplies to the Greek economy, and there has been developed a program which will assure a fair distribution over Greece by June of this year of all of those supplies. Our mission has been very careful not to bring in anything where there were UNRRA supplies that could meet the purpose.

We had, for instance, a large program for canning plants. We discovered a great many there that UNRRA had brought in and had not been distributed. We canceled our program. We brought nothing in until these canning plants had been set up and gotten into operation, and 16 of them which had been sitting there in warehouses have now been installed.

Senator WILEY. What do you mean by "canning plants"?

Mr. MCGHEE. To process and can foods. There is a great surplus of certain foods in Greece, but due to lack of refrigeration and preservation facilities it cannot be preserved for future use. We have established community-canning projects where the people can bring their fruits and vegetables and have them canned on a cooperative basis.

The CHAIRMAN. One thing more from the head of the table: Will you take the text of this bill and point out to us the precise language which changes existing law?

Mr. MCGHEE. Yes, sir; I will attempt to do that. I am not, however, any authority on legislative law.

The basic thing, of course, is the extension of the amount.

The CHAIRMAN. Let's start at the front of the bill and show me the language which is different in this bill from the existing law.

Mr. MCGHEE. Yes, sir. All of this language here amends existing law. This language does not repeat any existing law.

The CHAIRMAN. You say subsection 2 is all new language?

Mr. MCGHEE. Yes, sir.

The CHAIRMAN. Is that your understanding, Dr. Wilcox?

Dr. WILCOX. Essentially that is true. Section 2, paragraph 3, is modified by adding the words "to the United States Missions to Greece or Turkey under this act, or to the Governments of those countries in implementation of the purposes of this act." That language is to be found both at the beginning of paragraph 2 of section 1 and of section 2, paragraph 3.

Mr. MCGHEE. That is correct.

Dr. WILCOX. There was some question as to why that added clause was put into the bill at both these points—whether that had any real effect upon the number of men to be detailed.

Mr. MCGHEE. No. I would like to explain the purposes of that, sir. This is a technical point. It arises out of our efforts to preserve the Civil Service rights of Americans in the employ of this Government who go to Greece either in the mission or in the employ of the Greek Government. We relied for the preservation of these rights upon this act which was subsequently repealed, so it was necessary to introduce new legislation in order to preserve the rights.

In introducing the legislation we changed the wording in the manner Dr. Wilcox has mentioned, in order to indicate that the preservation of these rights applies both to people detailed to the Government concerned and enter into the employ of the Government, and also to those who are members of American missions who are assisting the Government. That is the only intent, sir. It is to take care of the repeal of this law on which we depended in our original act, and to clarify further the language of that law so that we can be sure that the people who are members of the American missions, and not just those detailed to the Governments, are covered.

In doing so, we also sought to take care of another technicality which has arisen, in that the GAO tells us that our right to give the same allowances to military personnel as to civilian personnel was questionable under the law. We have been doing that because we have felt that it is only fair to the military people to get the same allowances as the civilian personnel. We seek clearly to establish that right, which will also assure that what has been done in the past will in fact be legalized.

The CHAIRMAN. Is that all this act does, except to change the amount of the appropriation?

Mr. McGHEE. That is correct. We have inserted, of course, the \$50,000,000 RFC loan which previously was \$100,000,000, and the FBI change. That is all the changes.

The CHAIRMAN. Where is the FBI change?

Dr. WILCOX. At the bottom of page 2.

Mr. McGHEE. These are all, in fact, technical points, sir, except the increase. Basically we do not seek to change this act.

The CHAIRMAN. So that the passage of this suggestion of yours, aside from increasing the amount \$275,000,000, and aside from referring to a \$50,000,000 temporary advance from the RFC, does nothing except to correct the personnel status as you have indicated?

Mr. McGHEE. That is correct, sir. Of course, we have expressed in our presentation to you the intent of applying this money for military purposes only.

Senator CONNALLY. Mr. McGhee, have you been over there personally, in Greece?

Mr. McGHEE. Yes, sir. I was there for a brief period, approximately 3 weeks, 4 months ago, Senator Connally.

Senator CONNALLY. I notice you say that under the program you originally intended to spend a great deal of money, about half of the \$300,000,000, for the economic program. The revised program now provides only \$127,000,000.

Mr. McGHEE. That is correct.

Senator CONNALLY. Is that out of the \$300,000,000 or out of this?

Mr. McGHEE. This all refers to last year's program.

The CHAIRMAN. So you are still giving some of this \$100,000,000 that you are giving them here, or \$200,000,000.

Mr. McGHEE. The new \$200,000,000 tentatively planned for Greece will go entirely for military expenses. We rely on the ERP for funds for economic purposes.

Senator CONNALLY. That whittles that down.

Now, you said a good many supplies went to maintain the Greek state. Do you mean the running expenses of the Greek Government?

Mr. McGHEE. No, sir; that probably is loose language. It means the Greek Nation.

Senator CONNALLY. I got the idea that you meant you had to subsidize the Greek Government to keep it in operation.

Mr. McGHEE. No, sir. One basic policy of our program is that our funds are spent only for supplies to be purchased abroad. The Greek Government does not receive any of this money directly.

Senator CONNALLY. You said something about levying new taxes. My understanding is that when we went in there, Greece had a very poor taxation system.

Mr. McGHEE. That is correct.

Senator CONNALLY. A lot of rich fellows were escaping taxation. Have you corrected that?

Mr. McGHEE. We think we have. The basic problem was that there has been no legal requirement for people in business in Greece to keep books as we do in this country, and there was no evidence upon which to base an income-tax system, as we have in this country. There has been introduced in Parliament, and we expect to have passed any day, a law requiring that by April 1 all business concerns must keep books.

Even before that can take place, largely due to our pressure, new tax reforms were introduced which increased taxes 42 percent.

Senator LODGE. What kind of taxes?

Mr. McGHEE. One has to use the best taxes one can get, in the absence of any basis for a direct income tax. The most profitable of these taxes have been taxes against people who have made windfall profits, taxes against importers who have made windfall profits, taxes against people who made profits out of the loans that they had made before the currency suffered inflation; increased taxes against the shipowners, which was a result of a law recently passed and which will for the first time assure that the Greek shipowners will pay to the Greek Government a fair share of their profits.

They now pay a tax of 40 percent on their earnings, and it is not the earnings that they say they are making; it is a tax on earnings based on what that type of ship will earn in the world market according to Lloyd's Register.

There is also a new tax on night clubs. However, night clubs have since been abolished in Greece. But basically the attempt has been made to impose the tax on people who have the capacity to pay.

Senator CONNALLY. Mr. McGhee, how much did you spend on clearing the Corinth Canal?

What did that cost?

Mr. McGHEE. We originally estimated it might cost \$2,000,000. We now estimate that it will cost only some \$700,000.

Senator CONNALLY. That is not a large amount, but that does not contribute so much to the domestic economy of Greece. That is, it does not contribute except to Greece's getting out into the Adriatic; does it?

Mr. McGHEE. It serves two functions, sir. Ships in international trade will go through and will pay revenue to the Greek state in foreign currencies, which will be very useful. In addition any ship going from Athens to the western coast of Greece will be saved the 350-mile trip around the Peloponnesus. And Patras, which is an important port in the Gulf of Corinth, is a very short distance—only 100 miles or so—from Athens directly, whereas if you have to go around the Peloponnesus it is a very great distance.

Senator CONNALLY. What did you do with the 121,000 tons of petroleum products?

Mr. McGHEE. The first priority goes to supplying the Greek military machine. They have a number of trucks, a tremendous number of trucks, engaged in transport. Some is for civilian use, the normal civilian requirements in a poor country. There are relatively few automobiles in Greece, and during the most of the period of our aid mission, gasoline has been eliminated for pleasure purposes. Only government employees, doctors, and people of that sort can get gasoline for automobiles. Greece has almost been out of gasoline and petroleum products several times since we have been there.

Senator CONNALLY. You are building and developing five airfields?

Mr. McGHEE. That is correct.

Senator CONNALLY. You say they are needed for both military and civilian transport in Greece?

Mr. McGHEE. Mostly for the military.

Senator CONNALLY. Why should we spend any money giving them civilian transport facilities for airplanes, when you can walk across Greece?

Mr. McGHEE. Greece needs at least one international airport. That pays for itself, of course.

Senator CONNALLY. All of this new money, then, would be for the military?

Mr. McGHEE. That is correct.

Senator CONNALLY. And we are going to increase the personnel somewhat?

Mr. McGHEE. No, sir; we anticipate reducing the personnel.

Senator CONNALLY. The military personnel?

Mr. McGHEE. No, sir. That will go up to the levels the chairman has read, and will level off.

Senator CONNALLY. We will increase that somewhat?

Mr. McGHEE. On the civilian side we hope to decrease.

Senator CONNALLY. I hope you increase your military and get busy over there. How do you plan now to tie this in with ERP? You said there was some hope that the ERP man and the mission head would be the same man. You will get your eggs pretty badly scrambled if you don't look out in that sort of thing.

Mr. McGHEE. As I started to say, this is our objective. It depends on the final form of the ERP legislation and upon negotiations with the Administrator. I am advised by our lawyers that nothing under the present wording precludes

that, and we would seek to justify that on the basis, which I have explained, that we have found by experience the necessity for extremely close coordination between the military and the economic efforts, and hitherto, of course, this has all been under the control of Governor Griswold. We feel that it is necessary that the two be conducted as one program.

Senator CONNALLY. How long do you figure it is going to take to complete this plan to crush the guerrillas and establish the Greeks on a high plane of prosperity and happiness?

Mr. McGHEE. Sir, we do not necessarily seek to establish the Greeks on a high level of prosperity and happiness. I think the answer on the economic side is really a part of the economic recovery program. That program is a 4-year program, and Greece is one of the 16 countries. It is unlikely that Greece will recover ahead of general European recovery, because her recovery really depends upon general European recovery. Before the war she sold most of her products to European countries, and some 40 percent to Germany. She bought most of her things from European countries, some 27 percent from Germany.

I think since Greece did not have a complicated industrial set-up, which means Greece does not have vast numbers of workers who are dislocated if they don't have the raw materials, that Greece in many ways has a simpler problem in recovery, at least to her prewar level, low as it was, than do certain other European countries in achieving their prewar levels.

Senator CONNALLY. Has there been any improvement in the government over there? They have had a coalition sort of government. At first you had a great deal of difficulty, one minister going in one direction, another minister going in a different direction. Has that been improved any?

Mr. McGHEE. Originally there was this difficulty you mentioned. I don't pretend it is now working to everyone's complete satisfaction. There are certain inherent difficulties in a coalition movement. Mr. Sophoulis, the Liberal, is the Prime Minister and Mr. Tsaldaris, the Populist, is the Foreign Minister and Deputy Prime Minister. We have been recently advised that the coalition is now working very well together.

Senator CONNALLY. Why don't you tell them to get busy and work together or we will withdraw.

Mr. McGHEE. You can see some improvement, and the fact that this coalition now appears to be working is heartening.

Senator CONNALLY. In Greek political life there are a whole flock of factions and groups over there. Every little group has a leader, and they are butting in and raising the devil about something.

Mr. McGHEE. That is correct.

Senator CONNALLY. It looks to me like they ought to have a strong pronouncement: "You fellows here want to get ahead with this program. You had better cooperate. If you don't, we are through."

The CHAIRMAN. Are there any other questions of Mr. McGhee?

Senator WILEY. Yes; I wanted to ask one question.

You have given us the additional amounts that you are asking for aid to Greece and Turkey. Now we have got, as you have already testified, quite a good-sized mission to Greece, and I presume we have quite a good-sized mission to Turkey.

Mr. McGHEE. Not so large, of course, sir.

Senator WILEY. I want to know whether that mission is paid out of the sums you are asking for.

Mr. McGHEE. The mission is paid out of these funds. Last year the Appropriations Committee of the House limited the amount to be spent for administrative purposes under this act to \$4,500,000, of which no more than \$300,000 could be spent in Washington, and we have lived under that limitation.

Senator WILEY. I suppose the military are not paid out of it?

Mr. McGHEE. The military are not paid out of that sum. The military men's expenses are paid out of the total sum of Public Law 75. Their salaries are paid by their Departments.

Last year we did have some post-UNRRA funds, which will not be available this year. That was approximately \$39,000,000.

Senator WILEY. You had \$39,000,000 more than was appropriated for aid last year? Is there any other source of revenue for Greek aid in any way?

Mr. McGHEE. The only other source would be through surplus property credits, but the supplies available against such credits are just about eliminated, so it is unlikely that there will be any substantial amounts going to Greece further under the existing credits. There is a \$25,000,000 credit which has not yet been exhausted, but there are no supplies available in Germany available against that credit.

Senator WILEY. At what do you estimate the reservoir of UNRRA supplies on hand?

Mr. McGHEE. I would judge that the original cost value of the supplies remaining would probably be around \$35,000,000. This, of course, has in many cases very small current utility value. A lot of these stocks are in a bad state of repair. Many of them do not fit into the program. They include many things which are surplus to the basic requirements of Greece, which is what we are considering.

Senator WILEY. Then you have outlined, so far as you know, any what you might call revenue sources for aid for Greece?

Mr. McGHEE. That is correct, except out of Greece's own earnings in the world markets.

Senator WILEY. Or where we are holding the bag.

Mr. McGHEE. That is correct, sir.

Senator CONNALLY. Mr. McGhee, under this bill the President could switch money from Greece to Turkey or Turkey back to Greece?

Mr. McGHEE. That is correct.

Senator CONNALLY. Up to the limit of the appropriation?

Mr. McGHEE. We feel that is desirable. The situation can change greatly in each country. Previously we had some flexibility in that we could shift from the economic to the military, and we did do that. Under this we would not have that type of flexibility. This is solely a military expenditure.

Senator CONNALLY. With regard to this \$200,000,000, will that be for equipment, supplies, ammunition, and food for the Army?

Mr. McGHEE. General Harper will give you that break-down, Senator, but it is basically for the subsistence of the Greek Army plus the supplies they need.

Senator WILEY. I saw in the papers last night, or heard somewhere, that the President had transferred to Italy some 200 ships. Well, are we going to transfer ships to Greece?

Mr. McGHEE. We have transferred under this program six gunboats to Greece. There is no plan for the transfer of further ships to Greece.

The CHAIRMAN. All right; thank you, Mr. McGhee.

Senator WILEY. I just want to ask Mr. McGhee, in the transfer of these ships and the transfer of these gunboats, that is over and above this money, again?

Mr. McGHEE. No, sir, it is included in the money, and the cost of these items, according to the terms of Public Law 75, is charged against this program.

Senator WILEY. Do you know on what basis they figure?

Mr. McGHEE. The basis varies. The basis in general, I would say, under this type of goods which are declared surplus to the needs of the supplying department, runs from 10 to 20 percent of original cost.

Senator WILEY. In actual money, approximately what would it be? We are disposing of these gunboats or what not. How much would the total amount be that would reduce this total amount in paying the bill, 5 or 10 million dollars?

(The discussion continued off the record.)

Senator WILEY. Was there any other property transferred?

Mr. McGHEE. No, sir.

Senator WILEY. Any airplanes?

Mr. McGHEE. Oh, yes; but they are all charged against this program. The original act requires that anything charged to Greece or Turkey be charged against this program.

Senator WILEY. Then the idea is, if we appropriate this money, the Army and Navy will sell the goods and they get the money?

Mr. McGHEE. That's correct. The money goes to them in compensation for what is provided on the same basis that these supplies would be sold to any country to which it is our policy to sell. There are no cut-rate prices given on equipment going under this program which would not be given to any other country to whom we sell such supplies.

Senator WILEY. But the results of the sale mean that this amount of money is transferred, then, to the Army and Navy for them to go ahead and spend?

Mr. McGHEE. No, sir. Normally the Army and Navy take the money and, of course, requisition and purchase supplies to replace things that are taken away that are not surplus to their needs.

Senator BARKLEY. Does any of it go into the general fund of the Treasury?

Colonel DAVIS. I might clarify that a little bit. We have a certain criterion of requirements for the Army from which we determine the supplies excess to foreseeable requirements of the Army, which may be applied against these programs. If those supplies that are needed for these two programs are excess to our

requirements, they go into the programs at a price for which we would dispose of them to any other purchaser. Now, if we receive, under a deal like that, \$10,000,000 for the property, that goes into the miscellaneous receipts of the Treasury. If the requirement for these two programs is sufficiently great that we need to take things out of our stocks that we have to replace, then that money is retained in the Army fund and is used to replace the items on our shelves.

Senator WILEY. Does that apply to the Navy in the same way?

Colonel DAVIS. So far as I know, in general that is correct. If those ships that were provided were excess to the Navy's requirements, I am under the impression that the proceeds are covered into the miscellaneous receipts of the Treasury. But if we provide an item that we have to replace for use of the Army, we keep that money and go out and make our purchases for their replacement.

Senator CONNALLY. That is very satisfactory.

The CHAIRMAN. Is there anything else? Thank you very much, General. We are obliged to you, Mr. McGhee, and to all of you for your helpfulness. I think you have made a pretty good case. In fact, that is an understatement.

I would like to meet on Friday morning at 10 o'clock and write up this bill and have it over with. Senator Lodge had a witness.

Senator GEORGE. We are not going to do anything about China in this bill?

The CHAIRMAN. No. Then we will go right to China after we do this.

Senator, you suggested that you had a witness who knows whereof he speaks. I wonder if he would not be more eligible for the Appropriations Committee than he would for us, under the general concept that we confront.

Senator LODGE. All right; whatever you say.

The CHAIRMAN. At any event, let's try and all be here at 10 o'clock Friday morning to finish up this bill. I am skipping Thursday because there is a Republican conference tomorrow, and I thought perhaps, Senator, you still needed a free day.

Senator BARKLEY. I will take it.

The CHAIRMAN. We will recess until Friday.

(Whereupon, at 11:45 a. m., a recess was taken until Friday, March 19, 1948, at 10 a. m.)



Calendar No. 1060

80TH CONGRESS
2D SESSION

S. 2358

[Report No. 1017]

IN THE SENATE OF THE UNITED STATES

MARCH 22 (legislative day, MARCH 15), 1948

Mr. VANDENBERG, from the Committee on Foreign Relations, reported the following bill, under authority of the order of the Senate of March 19, 1948, which was read twice and ordered to be placed on the calendar

A BILL

To amend the Act approved May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That in addition to the amounts authorized to be appropriated
4 under subsection (b) of section 4 of the Act of May 22,
5 1947 (61 Stat. 103), there are hereby authorized to be
6 appropriated not to exceed \$275,000,000 to carry out the
7 provisions of such Act, as amended.

8 SEC. 2. (a) Subsection (a) of section 4 of such Act of
9 May 22, 1947, is hereby amended by adding at the end
10 thereof the following: "The Reconstruction Finance Cor-
11 poration is authorized and directed to make additional ad-

1 vances, not to exceed in the aggregate \$50,000,000, to carry
2 out the provisions of this Act, as amended, in such manner
3 and in such amounts as the President shall determine. No
4 interest shall be charged on advances made by the Treasury
5 to the Reconstruction Finance Corporation for this purpose.”

6 (b) Subsection (b) of section 4 of the said Act is hereby
7 amended by inserting after the word “repaid” the following:
8 “without interest”.

9 SEC. 3. Subsections (2) and (3) of section 1 of such
10 Act of May 22, 1947, are hereby amended to permit de-
11 tailing of persons referred to in such subsections to the
12 United States Missions to Greece and Turkey as well as to
13 the governments of those countries. Section 302 of the Act
14 of January 27, 1948 (Public Law 402, Eightieth Con-
15 gress), and section 10 (c) of the Economic Cooperation
16 Act of 1948 (relating to investigations of personnel by the
17 Federal Bureau of Investigation) shall be applicable to any
18 person so detailed pursuant to such subsection (2) of such
19 Act of 1947: *Provided*, That any military or civilian per-
20 sonnel detailed under section 1 of such Act of 1947 may re-
21 ceive such station allowances or additional allowances as the
22 President may prescribe (and payments of such allowances
23 heretofore made are hereby validated).

80TH CONGRESS
2^D Session

S. 2358

[Report No. 1017]

A BILL

To amend the Act approved May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey".

By Mr. VANDENBERG

MARCH 22 (legislative day, MARCH 15), 1948

Read twice and ordered to be placed on the calendar

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 24, 1948
For actions of March 23, 1948
80th-2nd, No. 55

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Education.....	9,21	Information.....	12	Taxation.....	6
Federal aid.....	9,17,19,21	Lands, farm.....	10	Trade, foreign.....	22
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Foreign affairs		Personnel.....	2,15	Water pollution.....	19
Relief.....	1,8,20,23	Quarantine, animal.....	5	Water utilization.....	4
Grain.....	18	plant.....	5		

HIGHLIGHTS: House debated foreign-aid bill. House received USDA proposal for animal and plant quarantine re air navigation. Senate passed bill providing for maintenance of rubber-producing industry. Senate passed Greece-Turkey aid bill.

HOUSE

1. FOREIGN AID. Began debate on S. 2202, the foreign-aid bill, after agreeing, 314-21, to the resolution providing for its consideration (pp. 3407-32). Rep. Herter, Mass., said "it is my understanding that general debate will consume the next 3 days, and that the House will then adjourn over Good Friday until Monday, and that the bill will be read for amendment beginning Monday" (p. 3408). He said the bill "represents an extremely fair compromise" and that he would "support it in all its principal provisions." Rep. Michener, Mich., inserted an article by J. T. Sanders, of the Grange, supporting ERP from the standpoint of agriculture (pp. 3410-11). Rep. Bloom, N. Y., spoke in support of the provision not setting up a corporation but permitting the Administrator to do so if he wishes (p. 3421).
2. PERSONNEL. Reps. Rees, Sadlak, and Murray of Tenn. were appointed conferees on S. 1486, which would provide for payment of salaries covering periods of separation from Government service in the case of persons improperly removed and would permit department heads to remove summarily any officer or employee on grounds of national security (p. 3407). Senate conferees were appointed Mar. 16.
3. HOUSING. Passed with amendments H. R. 5854, extending the mortgage-insurance provisions of the National Housing Act through Mar. 1949 and increasing the authorization another \$2 billion, of which \$1 billion is statutory and \$1 billion is discretionary with the President (pp. 3402-7).
4. RECLAMATION. Rep. Fletcher, Calif., spoke favoring H. R. 4097, to authorize

commencement of U. S. action to determine the interstate water rights in the Colorado River (pp. 3400-1).

5. ANIMAL AND PLANT QUARANTINE. Received from this Department proposed legislation to amend the Air Commerce Act of 1926, as amended, to provide for application to civil air navigation of laws and regulations relating to animal and plant quarantine; to Interstate and Foreign Commerce Committee (p. 3433).
6. TAXATION. It is expected that, today, the House will consider a resolution from the Rules Committee to concur in the Senate amendments to H. R. 4790, the income tax reduction bill (p. 3433).

SENATE

7. RUBBER. Passed with amendments H. R. 5314, to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry (pp. 3367-71). The bill as passed contains the language of S. 2187 as reported by the Banking and Currency Committee, with clarifying amendments proposed by Sen. Taft, Ohio.
8. FOREIGN AID. Passed without amendment S. 2358, to authorize an additional \$275 million for military aid to Greece and Turkey (pp. 3371-84).
9. EDUCATION. Agreed, 53-21, to the motion by Sen. Wherry, Nebr., to proceed to the consideration of S. 472, to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare (pp. 3385-91).
10. FARM LANDS. Received a Mo. Legislature resolution opposing the inundation of farm lands in Mo. in the construction of projects by the Army Engineers (pp. 3365-6).
11. HOUSING. The Post Office and Civil Service Committee reported without amendment S. 1950, to provide for a decennial census of housing. (S.Rept. 1020) (p. 3366).

BILLS INTRODUCED

12. INFORMATION. H.R. 5956, by Rep. McDowell, Pa., to permit the President pro tempore of the Senate and the Speaker of the House of Representatives to require the production of certain documents for examination in cases involving the national security. To Judiciary Committee. (p. 3433.) Remarks of author (p. 3401).
13. STRATEGIC MATERIALS. H.R. 5954, by Rep. Durham, N.C., to amend the act of June 7, 1939, as amended by Public Law 520, 79th Cong., relating to the acquisition of stocks of strategic and critical materials for national defense purposes. To Armed Services Committee. (p. 3433.)
14. FLOOD CONTROL. H.R. 5959, by Rep. Simpson, Ill., to provide for emergency flood-control work made necessary by recent floods. To Public Works Committee. (p. 3433.)
15. PERSONNEL. H.R. 5962, by Rep. Sadlak, Conn., to amend section 8 of the Veterans' Preference Act to provide that the name of a veteran eligible shall not be deemed to have been passed over if another preference eligible is selected from any certification of eligibles by the Civil Service Commission. To Post Office

The Government has \$697,000,000 invested in the synthetic rubber industry, and it is desired that we stimulate two things, first, research in the production of synthetic rubber, with the hope and belief that we will ultimately plan a process for making synthetic rubber that will be better and cheaper than the production of natural rubber, and in the second place, we do not believe that we will forever be in a national or international crisis, and therefore we want to look forward with confidence to the time when this Nation can go full steam ahead under the fundamental principle of free enterprise, and free competition, because we are satisfied, from our observation of governments abroad, that the further they have gone in the adoption of totalitarian forms of government the greater are the restrictions they have put on enterprise and the individual, and the less effective has their production been. We want to hold to a system that has made our Nation prosperous and strong, as well as free and happy.

Mr. President, in a word, that is one of the essential differences between the two bills. We look forward to the time when the free enterprise system will be in control, and the House bill holds out no hope of that kind.

I will ask the Senator from Ohio if my statement is not correct.

Mr. BRICKER. Yes, Mr. President, that is really the chief difference between the House bill and the Senate bill. The difference is in the philosophy of operation. The House bill does not make provision for the elimination of Government control, but the Senate bill looks forward to the time of the return to private enterprise and private production.

Mr. TAFT. Mr. President, I have conferred with the junior Senator from Ohio, and I wish to offer an amendment to the committee amendment, on page 22, line 1, after the word "and" at the beginning of the line, to insert the words "specification controls of." That will make the provision read:

To effectuate the policies set forth in section 2 of this act, the President is authorized to exercise allocation, specification, and inventory controls of synthetic rubber, and specification controls of products containing natural rubber and synthetic rubber.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio [Mr. TAFT] to the committee amendment.

Mr. ROBERTSON of Virginia. Mr. President, it was a little difficult to hear what the amendment proposed.

The PRESIDING OFFICER. The language proposed to be inserted is in line 1, page 22, immediately following the first "and", where the Senator from Ohio proposes to insert "specification controls of."

Mr. ROBERTSON of Virginia. I heard all that, but I did not hear the explanation.

Mr. TAFT. The reason for the amendment is that there is no intention of having a provision for allocation and inventory controls of products. There is no intention I know of to have allocation and inventory controls of all the

tires in the United States, under which it would be possible to ration all tires and tubes, and so forth. There is reason for having specification controls of those, but so far as I know, no reason or intention for continuing the rationing of tires after the synthetic rubber is used in them.

Mr. ROBERTSON of Virginia. Mr. President, I wish to say to the distinguished senior Senator from Ohio that that issue was not raised by the representatives of the industry, so far as I know. The bill has been checked, rechecked, and double-checked by a number of experts, and with all due deference to the distinguished Senator, I hesitate to say that I will accept the amendment, when the language now in the bill is the language which the experts said the bill should contain, and to which industry made no objection. I will ask the junior Senator from Ohio if any industry has objected to this language.

Mr. BRICKER. Mr. President, I think I can clarify the situation very quickly. The question was not raised, and the provision was inserted at the request of the Government. This was the Government's request—I am reading from a memorandum prepared by Mr. Steelman's office and submitted to the committee by Mr. David Bruce, Assistant Secretary of Commerce:

It is also necessary to include authority covering rubber products, to insure against any possible interpretation of the law as not authorizing specifications controls in products manufactured of rubber.

So the amendment of the senior Senator from Ohio meets exactly what the Government wanted, and does it in clearer language than the language of the bill.

Mr. ROBERTSON of Virginia. With that assurance from my copatron of the bill, I will gracefully yield.

The PRESIDING OFFICER. The question is on the amendment offered by the senior Senator from Ohio to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now recurs to the committee amendment, as amended.

Mr. COOPER. Mr. President, will the Senator from Ohio yield to me so I may ask a question?

Mr. BRICKER. Yes.

Mr. COOPER. I ask the Senator from Ohio if it is true that the House bill was not clear as to whether or not Government-owned plants and facilities could be sold or leased to private industry.

Mr. BRICKER. The House bill is not exactly clear, and the amount set forth in the House bill would preclude the sale of some plants that ought to be sold. I think the Senator from Kentucky is primarily interested in the neoprene plant at Louisville.

Mr. COOPER. My interest arises from the fact that since the war there has been continuous depreciation, and obsolescence of the neoprene plant. If the Government cannot keep it in suitable repair, it should at least have the un-

questioned authority under proper safeguards to sell or lease the plant.

Mr. BRICKER. That is true.

Mr. COOPER. There was some doubt as to whether it could be sold to private industry. Is it certain that this bill would give full power and authority to make such disposal and sale as would carry out the provisions of the bill and promote the objective of national security?

Mr. BRICKER. It is. The representative from the Louisville district appear before our committee—

Mr. COOPER. Representative Morton; he has been very much interested in the maintenance of the plant at Louisville and has done a great amount of work on the matter in the Congress.

Mr. BRICKER. Representative Morton; yes. He wanted to assure himself that under the provisions of our bill the neoprene plant at Louisville might be sold. It is true that it can be. It is not clear, under the provision of the House bill, whether that is true or not. Both sides are anxious to have it sold. The Government wants to sell it. The operating company wants to buy it. It is an industry which was established long before the war broke out and will stand on its own feet because of the need for neoprene products.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill H. R. 5314 was read the third time and passed.

ASSISTANCE TO GREECE AND TURKEY

Mr. VANDENBERG. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2358, to provide for assistance to Greece and Turkey.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2358) to amend the act approved May 22, 1947, entitled "An act to provide for assistance to Greece and Turkey."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Michigan.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Baldwin	Cain	Dworshak
Ball	Capehart	Eastland
Brewster	Capper	Eaton
Bricker	Chavez	Ellender
Bridges	Connally	Ferguson
Brooks	Cooper	Flanders
Buck	Cordon	Fulbright
Bushfield	Donnell	George
Byrd	Downey	Green

Gurney	McClellan	Revercomb
Hatch	McFarland	Robertson, Va.
Hawkes	McGrath	Robertson, Wyo.
Hayden	McKellar	Russell
Hill	McMahon	Saltonstall
Hoey	Magnuson	Smith
Holland	Malone	Stennis
Ives	Martin	Stewart
Jenner	Maybank	Taft
Johnson, Colo.	Millikin	Thomas, Utah
Johnston, S. C.	Moore	Thye
Kem	Murray	Tobey
Kilgore	Myers	Vandenberg
Knowland	O'Connor	Watkins
Langer	O'Daniel	Wherry
Lodge	O'Mahoney	Wiley
Lucas	Overton	Williams
McCarran	Pepper	Wilson
McCarthy	Reed	Young

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, I shall be very brief in presenting this bill, Senate bill 2358, to amend the act approved May 22, 1947, entitled "An act to provide for assistance to Greece and Turkey." The bill is reported unanimously by the committee. It seems to me that the current and transparent circumstances recommend its passage beyond any words of mine. Except as we are prepared to default in our interest in maintaining a free world for ourselves and others, I should say that prompt enactment of this measure is indispensable to the hopes by which men live. We may not like it, but I submit that almost all of us would like far less the contagious consequences of its failure.

The legislative issue is simple. Except for one inconsequential detail dealing with civilians attached to the mission at Athens, there is only one question involved in the pending bill, namely, Shall we authorize an additional appropriation of \$275,000,000 for aid to Greece and Turkey in further assistance of their independence at a key point in the contest against Communist aggression? At the moment, when subversive aggression displays increasingly immense appetites for conquest, shall we sustain our interest in helping Greece to stabilize herself against an obvious conspiracy which aims to put her in Communist chains? Shall we sustain our own interest in helping Turkey, which is the only truly independent nation left on the borders of Soviet Russia, from the Baltic to the Black Sea? Shall we sustain our own self-interest and the well-being of our non-Communist friends and of our associates in the true spirit of the United Nations? I can think of nothing which would do us and western civilization more grievous harm or invite more dangerous or more provocative misunderstanding of our purpose than to abandon this particular enterprise at this particular time; and I am entirely confident that Congress, regardless of previous differences of opinion on the subject, will take this view. We confront a condition, not a theory.

I shall omit today any general discussion of foreign policy. That should and must come upon another occasion. We have before us, in connection with the pending bill, a special and specific situation which, I submit, requires affirmative action, regardless of what our differences may be in respect to other phases of the international problem. This is

not a new prospectus; this is unfinished business.

When I presented the original bill on this subject, 1 year ago, I said:

This plan is for 15 months. Can this job be done in 15 months? I do not know. I doubt it. * * * I ask neither Congress nor the country to ignore the nature of this obligation. I trust them to prefer the truth.

Mr. President, the job has not been done in 15 months. In some aspects, conditions have worsened, consistent with the stepped-up Communist threats to independent self-government everywhere. It would be a miracle if Greece and Turkey were exceptions, when even our own national security is now discussed in terms of a renewal of selective service. On the other hand, the cardinal fact remains that Greece and Turkey are still independent nations. That may be a coincidence, but I think it is a sequence, and I submit that the continuing sequence is worth its cost.

Furthermore, the record is significant, and in spots it is encouraging. It is significant because it plainly discloses the nature of the conspiracy which the world confronts. It is encouraging because of the progress that has been made in Greece and Turkey, despite the deterioration in the general situation.

Therefore, for today I confine myself to this record as a basis for our approval of the pending bill.

First, Mr. President, let me refer to the parliamentary situation. The House has chosen to put the European recovery bill, the Greek-Turkish-aid bill, and the China relief bill into one package. When it comes back to the Senate, it would be grossly unfair to the Senate to have to send it to conference without a prior opportunity for the Senate to speak intelligently on the Greek-Turkish-aid bill and the China relief bill. Therefore, we shall ask the Senate to act independently on the two latter propositions at once. Thus, the Senate conferees may be properly instructed when the House omnibus bill goes to ultimate conference.

Mr. President, I now refer very briefly to the record in Greece and Turkey, the subject to which the pending legislation is exclusively confined. The chronology in Greece tells its own tale, and I think it is the simplest way to understand the situation in which we and they find ourselves at the moment.

Mr. President, the pertinent parts of the story begin on March 31, 1946, when Greece held a free, independent election. There have been many things said from from time to time, of a loose and unpersuasive character, to the effect that we are backing a monarchy in Greece, as if in some aspect we were thus departing from our allegiance to our own ideals of organized freedom. But of course the fundamental fact about freedom is that so long as it is the representation of the free choice of those who enjoy it, it is the kind of freedom which is entitled to total respect by all who support self-government. So it seems to me that the first thing of importance is for us to realize that the election which was held on March 31, 1946, in Greece was a free election. It was supervised by American, British, and French ob-

servers, to make sure that it was a free election; and the present Parliament was chosen at that time. It represents the choice of the Greek people themselves.

On April 19 of the same year, the Communist Party issued a manifesto against the election—in the usual Communist pattern. But on May 24, 1946, the Government obtained its first vote of confidence in the Greek Parliament by a vote of 209 to 113.

Then, on September 1, 1946, came the key referendum to determine whether or not the Greeks themselves desired, on the one hand, to return to a semiconstitutional monarchy or whether they preferred to establish a free republic. Here, again, there was an absolutely free and independent election. The United States and the United Kingdom, for their own information, went to the extent of examining all the election rolls, so that they could know for themselves whether the plebiscite was going to produce and did produce an honest result. The result was, in round figures, that of 1,800,000 qualified voters in Greece registered at that time 1,700,000 voted; 1,200,000 voted for the restoration of the monarchy, and 520,000 voted for the Republic. Therefore I repeat that the form of government which exists in Greece is self-chosen in a free way, it is an expression of self-determination, it represents independence, and whether we like the particular form of independence which is thus indicated is beside the point. So long as it is a free and independent choice of those who are governed it represents freedom in a world where that type of freedom is rapidly being blotted out.

Now, Mr. President, let us continue with this chronology, because it tells really the story which we confront in this area. On November 23, 1946, the Greek Foreign Office issued a statement listing 31 alleged violations of Greek borders with Albania, Yugoslavia, and Bulgaria, since September 1, 1946. This is the beginning of the cynical and sinister record of subversion and aggression.

On December 3, 1946, the Greek charges against Yugoslavia, Bulgaria, and Albania were placed before the United Nations. On December 19, 1946, the Security Council agreed to send a special commission to Greece to investigate the situation in the northern border areas, with authority to visit all four of the countries involved. The commission consisted of representatives of the 11 members of the Security Council.

Now, Mr. President, we come down to January 30, 1947, when this first United Nations Commission starts its work in Athens. At the inception of its work it had some freedom of latitude in the neighboring areas, but when it left for the purpose of drawing up its initial report and left a subcommission on duty charged with the responsibility of investigating the border incidents where the guerrilla warfare was already seriously threatening Greek independence, the subcommission of the United Nations—in the first place, the Commission was never recognized by either Soviet Russia or any of its satellites—was prohibited access not only to satellite countries, but to one satellite country in particular

which was itself a member of the United Nations. This is the point at which the reckless contempt for the United Nations starts. We hear a great deal about how the United States has bypassed the United Nations in connection with Greece and Turkey. This chronology will indicate where the responsibility lies for bypassing the United Nations in the record in respect to Greece and Turkey. There has been no bypassing on our part, as I shall presently indicate. On the contrary, however, there has been a frank, brutal refusal on the part of Soviet Russia and her satellites to recognize even the elementary authority of the United Nations at this critical point on the world's map.

On March 4, 1947, the State Department released the text of the Greek Government's appeal for assistance, dated March 3. This is the point at which the Greek Government applies to the United States for aid; and our aid, I want to underscore, proceeds upon a direct plea from the authentic government of Greece itself and a similar appeal from the authentic Government of Turkey.

President Truman then sent his message to Congress on May 22. The Congress approved the program for assistance to Greece and Turkey, and I again underscore the fact that it did not bypass the United Nations in this connection, although that charge is constantly made, because the second subsection of the congressional action at that time authorized and directed the President to withdraw any or all aid authorized under the act "if the Security Council," that being the organ of the United Nations, "finds, with respect to which finding the United States waives the exercise of any veto, or the General Assembly finds, that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable."

So now, Mr. President, we are down to May 1947, with the first action by the present Congress in connection with the Greek-Turkish situation. Let us return to Greece and Turkey and see what has happened. On May 23, 1947, the report of the United Nations Commission of Investigation Concerning Greek Frontier Incidents, by a majority of eight members, found that Yugoslavia, Albania, and Bulgaria had given assistance to the Greek guerrilla movement. The Commission made recommendations to the Security Council concerning renewal of diplomatic and good neighborly relations between Greece and its northern neighbors, renewal or revision of frontier conventions, and so forth.

The Security Council of the United Nations began a discussion of this report on June 28, 1947. I am speaking now of the report of the United Nations Commission which was sent to Greece and Turkey to inquire into what was going on in the particular area which is involved in all the Greek trouble on its northern boundaries. This Commission, as the Senate will recall, had reported by a majority of eight members that the Soviet satellite states were guilty of assisting the invasion of the northern Greek border by so-called guer-

rillas, and the Security Council now proceeds on the indicated date to discuss this report of its own Commission, a report, I submit, which was in the nature of an indictment. But it was entirely impossible for the Security Council to arrive at any conclusive decision whatever, because the Soviet Union used its veto upon at least two, and my recollection is three, occasions to prevent any conclusive action by the Security Council regarding these border incidents. As a result, at the initiative of the Government of the United States, the matter was dropped from the agenda of the Security Council and went to the General Assembly, where there is no veto.

Thereupon, on October 21, 1947, a resolution of the General Assembly established a special committee of the General Assembly to observe conformance of the states concerned with the resolution recommending resumption of normal diplomatic and good neighborly relations between Greece and Albania, Bulgaria and Yugoslavia, and so forth.

This special committee again was boycotted by Soviet Russia and by all its satellites. It was not only boycotted, but when it held its first meeting on December 2, 1947, in Salonika, it discovered that it was not to be permitted even to enter the neighboring areas of Yugoslavia, Albania, and Bulgaria, even though one of those countries was under solemn obligation to the United Nations itself.

Nothing could be more important, Mr. President, than to underline the particular situation to which I am now advertising, because it involves the area in which there is confined the entire question of stabilizing Greece and ending not only the reign of terror, but ending the era of economic instability. If the border could be pacified, that would be the end of the question. The border has not been pacified through the instrumentality of the United Nations, because the northern border countries, under the dominion of Moscow, have declined even to permit the agents of the United Nations to enter the area to determine the situation.

Those who argue so persistently on the hustings, and sometimes even in this Chamber, that in some way the Government of the United States has given inadequate consideration to the United Nations in connection with the Greek situation, make me very weary. They particularly weary me when they totally neglect to call attention to the other side of the record, which is the side which identifies the ominous reason why the United Nations is failing to succeed in pacifying the Greek situation.

Mr. President, it is as a result of this situation which not even the United Nations was permitted to have a chance to view, and it is because of the situation on the northern Greek border, that we are again called upon to survey the necessity of assisting independent Greece, living under its own self-chosen government, to survive its trial by fire and by ordeal.

On December 29, 1947, the United Nations committee established by the General Assembly and sitting in Salonika,

unanimously adopted a resolution declaring its view that a recognition, even de facto, of the Greek guerrillas as a government, followed by direct or indirect assistance against a member of the United Nations and in defiance of international law, peace treaties, and the principles of the Charter, would constitute a grave threat to the maintenance of international peace and security.

On January 22, 1948, Foreign Minister Bevin declared in the House of Commons that there was a dangerous situation in Greece, that the United Nations had been flouted by the Balkan neighbors of Greece, and that there was a real danger that they and the Soviet Union might make a great blunder over this business, warning that it was dangerous in international affairs to play with fire.

Still more important, from our point of view, on January 27, 1948, the Select Committee on Foreign Aid of the United States House of Representatives published a preliminary report on the necessity of aid to Greece. It noted that the geographical location of Greece was of considerable strategic significance, called attention to the totalitarian threat to Greece, and declared that if the United States withdrew its support from Greece the Communists would seize control of Greece and the constitutional forces resisting communism elsewhere would be weakened.

It is in respect to that chronology that we now come down to the necessity for supplemental action by the Congress of the United States. This chronology is, of course, oversimplified, but it tells the latest story in the tragedy of heroic Greece which has been the ill-fated victim of longer and more continuous alien disaster than perhaps any other land on earth. Yet it bravely struggles on to preserve its independent inheritance in a tradition which has blessed the world for centuries. Today, as always in its contributions to civilization, it is a symbol of vast influence, a symbol, today, of the modern battle for human rights and fundamental freedoms, a symbol of light fighting against darkness.

I think it is particularly interesting, Mr. President, to read from page 22 of the committee's report the initial impression of General Van Fleet, who is now at the head of the American mission in Greece. I shall read his comments as the result of his first inspection of these Greek patriots, fighting with their backs against the wall. I shall quote one paragraph from General Van Fleet's statement:

My impression is that the Greek soldier is a magnificent fighter. He is proud, brave, and determined. His morale is excellent. More important perhaps is that the morale of the people of northern and eastern Greece is also wonderful. All the nation, to the last man, is behind the army, which, with continuing American aid, will finish its job this year. The will of the Greek nation for freedom, order, and everlasting peace is so strong that I cannot see any other force able to overcome this will.

Mr. President, I want to be quite specific about the situation which exists in Greece and which we confront in connection with the recommendation for a continuation of cooperation. The Greek

guerrilla forces have increased in numbers. The record very clearly discloses that there has been an increase since May 1947. At that time the Greek guerrilla force numbered 14,000. In December it numbered 20,000. It is now estimated that the number is 26,000. It is to be added, however, that, according to the testimony, this is no reflection of enhanced Communist popularity. It is very often due to a cruel system of involuntary conscription impressed upon undefended areas in northern Greece by the invading guerrillas. The Greek Army itself, which numbered 120,000 when our mission first arrived, now numbers 152,000 in its mobile forces available to combat the guerrillas. But the important thing regarding the change in the situation is not the relatively small increase in numbers. The important thing is that the entire number of men is now available as a mobile force to fight the guerrillas, whereas, in the first instance, a year ago, when we first arrived and when this problem was first beginning to unfold, it was impossible to concentrate any central mobile force to striking purposes against the guerrillas because each of the little Greek towns, scattered all over the northern part of the country, insisted—and we can well understand the situation—that it must be protected with a special service unit against the possibility of a guerrilla raid. There was no adequate home-guard defense. Therefore one of the things developed so helpfully during the past year is the evolution of the home-guard battalions, so that now most of the towns of any particular importance in northern Greece have their own home-guard units, well equipped and under adequate command to deal with the sporadic threat which is always incident to guerrilla warfare. It never fights a frontal battle, but fights a sporadic battle on the flanks when one least expects it. It is the completion of these home guard battalions which now releases the main Greek Army to its main task, and it is on that basis that General Marshall, General Van Fleet, and the others who are in command of the situation, have a considerable optimism that the attack against the guerrilla threat itself can now proceed to a far greater degree of success.

Some question was raised on the floor of the Senate during the preliminary discussions of the European recovery program about the nature and size of the American mission in Greece, its character and its operations, and what was contemplated under the extension of the present act.

The Foreign Relations Committee sought specific information on this subject, and the information is as follows:

On December 31, 1947, the American mission in Greece consisted of 286 people, 142 for economic aid, 8 for foreign relief, and 136 in the military group. Of the latter figure, 95 belonged to the Army, 41 belonged to the Navy group.

There are at present 242 United States military, including 26 civilians, and 41 United States naval personnel, or a total of 283, attached to the military sections of the American mission for aid to Greece.

Of the military personnel, 136 men, including 73 commissioned officers and 63 enlisted men, all noncommissioned officers, are engaged in giving military advice to operational units of the Greek forces.

The number of these military advisers is expected to be increased to a full strength of approximately 170, including 90 officers and 80 enlisted men.

The present civilian personnel consists of 183 members, most of them specialists able to assist in matters concerning public finance, civil government, industry, labor, public health, relief and welfare, public information, taxation, engineering, construction, budget, etc.

There was a particular inquiry, during the recent debate in the Senate, regarding what were called troops up front. There seemed to be a fear that we had American troops in combat in some fashion in the Greek area. The committee was particularly careful to pursue this subject so that there might be no possibility of doubt regarding it.

The conclusion was that it may be categorically stated that there are no units of American combat troops in Greece. The staff members of our mission have extended military advice to the Greek Army staff down to the divisional level, and in some instances to a lower level. But they have not actively engaged in fighting at the front.

The point is emphasized in the President's report on assistance to Greece and Turkey. Referring to the Greek request to strengthen our military commission there, the report states:

These United States military advisers will neither participate in combat nor command Greek troops.

If Senators are further interested in the details of this particular phase of the matter, I suggest that a long cross-examination will be found in the printed report upon the desks of Senators, which goes into substantial detail dealing with this phase of the matter. I quote, only for the general information of the Senate, from the cross-examination of Secretary Marshall. He was saying:

Practically all of those individuals—

That is, the American military advisers—

Practically all of those individuals are involved in administrative or executive roles or as advisers to Greek military officials, and they are not troops in any accurate sense of the word.

Mr. President, I merely wish to refer to one other phase of the Greek matter to show that while the situation has worsened in some respects, there is really encouraging and stimulating progress being made by this great American experiment in Greece.

I wish to call attention to the fact that the Greeks have not been overwhelmed by the accumulation of their own disasters down the years, although, I repeat, I know of no country in the world that has been more continuously harassed for a long time than Greece; and, in addition to all this accumulation of problems, Greece confronts the problem of having 450,000 refugees, for whom she must be responsible. The

combination of difficulties involved in meeting the internal economic situation is really appalling. Despite this fact, I am very happy to report that the committee found from its investigation that very substantial progress is being made in the stabilizing direction in which Congress has so frequently indicated it is primarily interested in the Old World. Already reforms in Greece include the following:

First, efforts are being made to stabilize the cost of living and to relate wages to the cost of living; second, success is attending efforts to bring the budget into reasonable balance; third, the deficit in the new budget has been reduced from 1,900,000,000 drachmas to 207,000,000 drachmas; fourth, about 15,000 Government employees are to be discharged, of whom approximately 8,000 have already been removed from the pay rolls—this represents a saving of 25 percent in civil-service salaries; fifth, by raising taxes and levying new taxes, increases in revenue are anticipated to the amount of 42 percent; sixth, plans are on foot to install a centralized Government budget control; seventh, industrial production at the end of 1947 had risen to 75 percent of pre-war production; eighth, a program has been adopted to revive the Greek export trade, including vital trade with the United States-United Kingdom zones in Germany; ninth, an exchange certificate plan has been adopted to encourage Greek exports and thus increase the amount of foreign exchange available to Greece; tenth, restrictions have been placed on the use of credit and to centralize control of bank credits in the Bank of Greece; eleventh, an import program has been developed in order to meet the needs of industry and the civilian economy on an austerity basis; twelfth, the reconstruction program as it relates to transportation and communication, industrial mining, agriculture, and other fields is progressing.

Mr. President, I think this is very significant information, as indicating worthwhileness of the Greek adventure, in spite of all its set-backs and in spite of all its discouragements.

I desire particularly to indicate what our own aid specifically has accomplished. The Senate likes to think of specific projects in determining the value of foreign cooperation. I want to speak about some of the specific projects which have been accomplished under our inspiration and aid in Greece in the comparatively brief time we have had to operate. I refer to the clearance of the Corinth Canal, which saves 200 miles in passage from the Aegean to the Adriatic Sea, and is scheduled for completion by the 1st of June.

I refer to reconstruction of the port of Salonika and repair of the docks at Piraeus, which are expected to be completed in July.

By the 1st of May, construction and development work on five air fields needed for both military and civilian transport in Greece will be completed.

It is expected that by August 31, 800 miles of highways will have been restored to prewar condition. Present es-

timates are that by March 1 more than 1,900 families will have been rehoused under the mission's program.

Twelve million dollars of aid funds have been set aside for agricultural rehabilitation, and it is expected that by April 1, 9,000 acres of new land will have been drained and 60,000 acres restored to drainage through the repair and maintenance of existing works.

Irrigation projects will by April 1 make it possible to cultivate 33,500 acres of land not now in use. To improve the distribution and utilization of agricultural products, there will be constructed 16 food-processing plants.

In other words, Mr. President, the Greek picture has its discouragements because of the worsening of conditions in that part of the world, but it has its tremendous encouragements, and it particularly has its encouragements in respect to a continuation of the American programs which are under able management, which are receiving splendid cooperation, and which are promising to substantially hold this important key point in the free world on the rim of the iron curtain.

Now I should like to say a word about Turkey.

Turkey's problem, while distinct and different from the Greek, arises from the same causes; namely, direct and indirect pressures brought to bear by Soviet Russia. While Turkey suffered economically as a consequence of the war, her domestic economy and internal security remained intact. She would have been well on the way to prosperity were it not that the pressures from abroad force her to maintain a comparatively large standing army for security purposes. Two pressures in particular should be noted. In March 1945 Russia demanded a change in the 1936 Montreux Convention, which would give the U. S. S. R. joint control with Turkey over the straits. The Turkish Government, supported by the United States and Great Britain, rejected this demand. The second pressure was also applied in 1945, when the Soviet Government demanded the territories of Kars and Ardahan in eastern Turkey. These Soviet pressures continue without let-up to the present moment, according to reports of all witnesses.

The committee was impressed with the splendid morale of the Turkish people and military personnel. It also noted with satisfaction the measures adopted by Turkey to help herself, and the use she is making of the assistance supplied by the United States.

Mr. President, we constantly speak of "calculated risks" in connection with our foreign problems. I believe I voice the united sentiment of all branches of our Government—including the military and certainly including the Foreign Relations Committee—that Turkey is one of the very best of all "calculated risks." It has made superb progress in democratic ways. It has a spirit and a morale which are magnificent. It has a passionate attachment to its own independence. It will fight to the finish for its independence—even though it fights alone. It is a bastion of freedom at the very heart and core of the world's hazard

and distress. I am proud to pay it this deserved compliment; and I anticipate that the Congress will be glad to express its compliments in the tangible form which the pending measure contemplates.

Mr. President, that substantially concludes a survey of the facts that are involved. I think I have covered the whole situation. I think if I may say so most respectfully, that in my view it leaves us with no option in our own self-interest except to pass this supplemental authorization for the sake of a common cause in which we ourselves have such a definite stake. I think the record indicates the justification for this action on our part.

In conclusion, I simply want to quote to the Senate a statement by the Secretary of State to our committee in regard to the problem which I now bring to the bar of the Senate. I am quoting Secretary Marshall:

The totalitarian groups whose aggressive aims have thus far been frustrated by the continued existence of a free Greece and a free Turkey are convinced that time will play into their hands; their leaders state with assurance that the United States will soon tire of giving aid to far-off Mediterranean countries, and that eventually they will be able to take over by default. It is my belief, however, that the Congress and the American people are unwilling to abandon the Greek and Turkish people at a time when a foundation is being laid which will enable them to stand their own ground without outside aid. It is, in my judgment, definitely in our self-interest as a nation and consistent with the principles of the United Nations Charter, to help these free people retain their freedom. A world in which it is possible for indirect aggression to deprive nations of their inherent right to pursue their peaceful national existence would be a world completely devoid of the ideals which the American people have so recently fought to preserve.

I add this additional sentence from another statement by the Secretary:

Should we fail to continue our efforts, the consequences would be swift and tragic, and they would not be confined to Greece [and Turkey].

Mr. President, I am very hopeful that the bill may pass this afternoon.

Mr. CONNALLY, Mr. BRIDGES, and Mr. ELLENDER addressed the Chair.

Mr. VANDENBERG. Does the Senator from Texas wish me to yield to him?

Mr. CONNALLY. I wish to obtain recognition to speak in my own time.

Mr. VANDENBERG. I yield to the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I wish to address several questions to the distinguished Senator from Michigan, the chairman of the Foreign Relations Committee. As I understand the authorization is not to exceed \$275,000,000.

Mr. VANDENBERG. Yes.

Mr. BRIDGES. In the submission of evidence to the committee were definite statements made as to the proportion to be used between Greece and Turkey? I noted on page 8 of the committee report that \$100,000,000 has been allocated to Turkey, and \$175,850,000 to Greece. Do these figures pertain to the current proposal or the previous aid program?

Mr. VANDENBERG. I think the Senator from New Hampshire is talking about the previous program.

Mr. BRIDGES. I read the figures to be found on page 8 of the report.

Mr. VANDENBERG. Let me answer the Senator's question regarding the present situation. The first necessity is that the situation should be held substantially liquid inasmuch as these inter-related necessities in this area can strategically require, as the Senator will understand, a shift in division. In the first instance, as I recall, the division is something like \$75,000,000 to Turkey and \$200,000,000 to Greece.

Mr. BRIDGES. Was there any evidence presented to the Senator's committee showing ways or means to be adopted to close some of the leaks in the administration in Greece? For instance, the Senator tells the Senate that so far as Turkey is concerned we have had no complaints as to how the money has been spent, but as to Greece we have had not only complaints but have seen with our own eyes some of the things that have happened. While I agree with the Senator in everything he has said about the necessity for aid to Greece, I should like to know that some of the holes are being blocked and that some of those very serious weaknesses which I observed personally, and which I know other Members of the Senate have observed, are being corrected.

Mr. VANDENBERG. I shall be very happy to answer the Senator's question. I think I can do it quite persuasively. The wastes to which the Senator refers I think were more atrocious in the Greek area than any other section of the UNRRA administration. Practically all the problems to which the Senator refers occurred under the UNRRA dispensation and under the related Greek management of UNRRA supplies.

I am very happy to say to the Senator that we explored that subject in the committee, and we found that most of the disclosures of wastes have been made by the new mission itself. They were the ones who succeeded in bringing most of these wastes into public view. Not only have they now practically liquidated all the old wastes, but I think there is reason to believe that they are highly dependable in preventing any duplication of such scandals.

I should like to be sure that the Senator fully understands the last answer, because the question he asked is one which has bedeviled every American legislature with any sense of responsibility. The stories have been awful, and some of the wastes have been awful. Looking forward instead of backward, I think there is substantial reason to rely upon the new American mission, because of the fact that it was the new American mission which disclosed most of the old scandals.

Mr. BRIDGES. Mr. President, will the Senator further yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. Following up my question, I may say to the Senator that it was after the American mission had been in operation for some time that Members of the Senate visited Greece. In spite of the fact that we were extending new aid, they saw approximately \$75,000,000 worth of American-furnished UNRRA equipment and supplies, every

article in short supply in this country and at the same time vitally needed in the Greek-economic structure, piled up and exposed to the elements for a year. The Senator from California [Mr. KNOWLAND] was the first one to come in contact with that situation. Later other Members of the Senate visiting Greece saw the situation personally. It was shocking.

We went down to the wharves at a port near Athens, and we saw riding at anchor or tied to the wharves new fishing boats sent over from America. They had never been taken out. There was a country two-thirds surrounded by water. Its people were hungry, and yet those fishing boats had not been used.

I am in favor of aid to Greece. I was before, and I am today. But I do want waste eliminated. I realize that it started under UNRRA, but the same situation existed under the American mission when we were there.

Mr. VANDENBERG. Let me say again that my first answer to the Senator's question is that I think the present American mission is itself responsible for most of the disclosures to which the Senator refers. The testimony indicates that they have done a shipshape job in catching up with the waste.

The second thing I should like to say to the Senator is that, of course, this bill applies exclusively to military supplies, and does not involve the type of thing concerning which the Senator speaks.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. We had called the attention of the representatives now in Greece to the complaints.

Mr. VANDENBERG. The Senator is quite right.

Mr. PEPPER. Mr. President, will the Senator please raise his voice? Unless we leave our seats we cannot hear what our colleague is saying. We certainly would be grateful for an opportunity to hear.

Mr. VANDENBERG. I shall try to reach the Senator from Florida. Sometimes I have difficulty in doing so.

Mr. PEPPER. It is not the tenor of the speech of the able Senator from Michigan but too often the contents which do not persuade the Senator from Florida.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. There is one other point which I should like to raise with the Senator. Perhaps there is no opportunity to correct the situation in this bill, because, as I understand it, the bill is limited to military purposes. One of the things which bothers me—and I know it bothers other members of my committee, because we have been working on the problem for some time—is the question of awarding contracts for rehabilitation work in Greece. We heard some very weird stories in Greece with respect to such awards, and how they were made. It was impossible to learn what American officials were responsible. In no instance were contracts awarded on the basis of competitive bidding.

They were "hand out" contracts to selected contractors in this country. The contractors were chosen either by the Army engineers or the State Department, or a combination of both. Tens of millions of dollars were spent without competitive bidding. Contractors were not consulted in groups, but individual contractors were called in, and bids were negotiated. Is there any way in which this legislation could be amended so as to provide that all future contracts shall have the protection of competitive bidding, so that contracts would not be awarded to the favored few? In the weeks ahead some of the reports which are being prepared will prove very serious. I think the junior Senator from Michigan [Mr. FERGUSON], who has been working on the problem, will corroborate my statement.

Mr. VANDENBERG. Mr. President, I believe that what the Senator is discussing is outside the jurisdiction of the bill, because the pending bill deals exclusively with military supplies, which, under the terms of the bill, must be procured through the regular military procurement methods here and shipped across. So I respectfully submit that the problem which he raises is not involved at the point of this legislation. I am very happy to note that the Senator, with his usual persistence, is seeking adequate answers and will be seeking adequate limitations on appropriations when this area of action comes before the Committee on Appropriations.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. ELLENDER. A while ago the distinguished Senator, in answer to a question by the Senator from New Hampshire [Mr. BRIDGES], stated that \$75,000,000 of this money would be used for aid to Turkey and \$200,000,000 for aid to Greece.

Mr. VANDENBERG. I stated that that was the tentative division at the moment, with the distinct and constant reservation that the situation over there is changeable, and so liquid that the appropriation must be left substantially in flux.

Mr. ELLENDER. Who makes that determination?

Mr. VANDENBERG. I think the President of the United States, in the last analysis, would make that determination.

Mr. ELLENDER. I notice from the report accompanying the pending measure that the additional sum requested will be used entirely for military purposes.

Mr. VANDENBERG. That is correct.

Mr. ELLENDER. That applies to both Turkey and Greece.

Mr. VANDENBERG. That is correct.

Mr. ELLENDER. Can the Senator tell us how many British soldiers are in Greece at present?

Mr. VANDENBERG. I think there are approximately 5,000. The subject is discussed at some length in the document which is on the Senator's desk.

Mr. ELLENDER. To what extent, if at all, will any of these funds be used to pay for the upkeep of British soldiers stationed in Greece?

Mr. VANDENBERG. I should say not at all.

Mr. ELLENDER. To what extent does the Greek Government assist in main-

taining the Greek Army which is now fighting the guerrillas in Greece?

Mr. VANDENBERG. I do not know the division of the Greek budget, but certainly we are far from furnishing funds to pay the total pay roll of the Greek Army.

Mr. ELLENDER. The report accompanying the bill states that all these funds will be used for military purposes, as I have previously pointed out. Does that mean to buy food to feed the soldiers, to purchase implements of war, and things of that character?

Mr. VANDENBERG. Yes; chiefly supplies. I would not be able to break down the fund.

Mr. ELLENDER. As I understand, there is no requirement by which the Greek Government could be forced to pay its pro rata share of the cost of maintaining the army described in the report.

Mr. VANDENBERG. The Senator may be very sure that the Greek Government still finds itself confronted with very heavy expenditures for these same purposes, despite our aid.

Mr. ELLENDER. I am sure the Senator is acquainted with the charges that were previously made that under the present law it was possible that our own soldiers may be used in Greece for combat purposes. As I understand, it is the view of the Senator that neither the act we are considering nor the law which it seeks to amend provides for anything other than military advisers from the United States.

Mr. VANDENBERG. I think that is categorically correct.

Mr. ELLENDER. And that none of these military advisers can be used in combat or to command the Greek troops.

Mr. VANDENBERG. The Senator is correct. Furthermore, I think the Senator will find in the testimony that that interpretation is underscored and underwritten by those responsible for our decision.

Mr. ELLENDER. Yes; I simply wished to be sure.

Does the Senator from Michigan know whether this money will be used to increase the number of United States military advisers?

Mr. VANDENBERG. It is a very small increase—15 or 20. I do not recall the exact figure. I gave the Senate the exact detail, and the Senator will find it in my remarks.

Mr. ELLENDER. I thank the Senator.

Mr. KNOWLAND. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. KNOWLAND. I should like to address an inquiry to the chairman of the Foreign Relations Committee, and to make a brief statement.

I am in support of this proposed legislation. I voted for the last Greek-Turkish aid bill, and I intend to support this one.

However, the inquiry I desire to address to the Senator from Michigan deals with whether the Foreign Relations Committee is requesting from the State Department and the armed services information as to the actual monthly shipments going to both Greece and Turkey.

I can say to the able Senator, as I have discussed with him some time ago, that I have not been entirely satisfied that the shipments, the actual loadings of cargoes on ships, and the deliveries of the cargoes to where they are needed, have been going as expeditiously as they should go. The United States did a very splendid job during the war in transporting various materials across the seas; but I call to the attention of the able Senator that the mere fact that funds have been allocated is not the same as the delivery of the goods to where they are needed, nor is a statement under the heading "Allotments or obligations" a true test of the ability to deliver the goods, because, in the first place, an allocation, as I understand, is merely the writing of a letter, in effect, from the State Department to the Department of the Army or the Department of the Navy, telling them that so many dollars are available. The obligation may not be in any sense an actual expenditure or the starting of a shipment to its destination.

I merely wish to express the hope that the Foreign Relations Committee will require not less than quarterly, and I hope perhaps monthly, statements on this subject—and I can say that as a member of the Appropriations Committee I intend to make the same request there—to see what can be done to expedite the actual shipments so that these materials will actually be in the hands of the Greek Government and the Turkish Government when they may be needed.

Mr. VANDENBERG. I am glad to have the Senator's observation, and I comment only, in reply, that we did have some testimony on the subject to which the Senator refers. There was a considerable delay, particularly in shipments to Turkey, as my recollection goes; but I think the Senator would find upon inquiry that the delay was caused primarily by the necessity for scrupulously planning the program before it was started, and that that was the chief cause of a lapse in shipments in the first instance. I seem to recall also some testimony about port congestions which caused considerable delay. But I shall hope to keep the Senator fully advised, as he requests, because his request is entirely reasonable.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I shall yield, but I am anxious to yield the floor to the Senator from Texas [Mr. CONNALLY].

Mr. COOPER. Mr. President, will the Senator yield to me at this point?

Mr. VANDENBERG. I yield.

Mr. COOPER. During the debate on the European recovery program, the distinguished Senator from Michigan pointed out many times in the course of his speech the great pains that had been taken—and appropriately so, I think—to mark out clearly the lines of authority of the representatives of the State Department and the Administrator of the European recovery program. In the last few months, I have seen from time to time in the newspapers the suggestion that there has been disagreement

between the Ambassador to Greece and Mr. Griswold. Did any information come before the committee which indicated such disagreement and which was reflected in the administration of aid to Greece?

Mr. VANDENBERG. Yes; we inquired specifically into that question, because of those stories. The testimony in reply is substantially a denial of any frictions whatsoever of the character which apparently were so grossly exaggerated in the press.

Mr. COOPER. Remembering the work done in the development of the Economic Cooperation Act to prevent disagreement between the State Department and the Administrator of the European recovery program, is it the Senator's belief that there exists in this act the same possibility for disagreement?

Mr. VANDENBERG. I think in this area and in connection with this problem, the situation relatively is greatly simplified, as compared to the sort of contemplation we faced in the larger European recovery program. I think I would be entitled to say that it is the committee's judgment that it was satisfied that there have been no frictions which have caused any difficulty. I may add that the then sitting ambassador to Greece has been transferred to Portugal, and a new ambassador is going to Greece; but that is purely a coincidence, I am advised.

Mr. COOPER. I thank the Senator.

Mr. DWORSHAK. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. DWORSHAK. I recall that last year, when the authorization act was approved, one proviso referred to the interest of the Security Council of the United Nations; and also that the United Nations sent a commission to make an investigation of the border disputes between Greece, Albania, Bulgaria, and Yugoslavia. At that time that situation was referred to as an emergency.

I inquire whether the United Nations is currently interested in helping to stabilize conditions in Greece, or whether the project is entirely on a unilateral basis insofar as the United States is concerned.

Mr. VANDENBERG. The first thing I wish to say to the Senator from Idaho is that I think that perhaps before he returned to the Chamber, I covered in detail the relationship between the United States and the Greek program, to underscore the fact that Soviet Russia and her satellites have refused to permit the authorized representatives, first of the Security Council, and then of the General Assembly, even to have admission to the areas of friction. So, insofar as the interest of the United Nations, in this border situation is concerned, it finds itself totally checkmated by acts of definitive contempt for the United Nations.

So far as the activities involved in this bill are concerned, of course they are unilateral and exclusively those of the United States; and in view of the United Nations' record, I doubt whether there could be any assistance of any nature except as it was unilateral.

Mr. PEPPER and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield first to the Senator from Florida.

Mr. PEPPER. Mr. President, I have two or three questions I should like to ask, if I may. I did not hear the able Senator state, and I do not recall from the report, the number of guerrillas who were considered to be in the field at the time the original Greek-Turkish-aid bill was enacted last year. Does the Senator recall about that?

Mr. VANDENBERG. Yes. I think it was approximately 14,000 in May 1947.

Mr. PEPPER. What is the estimated figure at the present time?

Mr. VANDENBERG. About 26,000.

Mr. PEPPER. Would the Senator give us the relative strength of the Greek armed forces at the time the Greek-aid bill was passed last year and at the present time?

Mr. VANDENBERG. Yes. It was 120,000 then; it is 132,000 now. I may say to the Senator that I discussed this whole subject before he came in.

Mr. PEPPER. I very much apologize for my inability to be present sooner.

Mr. VANDENBERG. I simply want the Senator to know that he will find a very complete discussion of the figures in the RECORD. Since he is asking these questions, I anticipate that the Senator is about to suggest that 130,000 troops ought not to have too much difficulty in dealing with 26,000 guerrillas. Perhaps I anticipate him wrongly, but that question would be an interesting one. It was raised in the committee. It was disclosed to the committee in some detail that the nature of a conflict of this kind gives such a total advantage to the irregular attacking force over a frontier 600 miles long, involving rugged mountains and wide uninhabited spaces, that a relationship mathematically really is of no particular moment. General Marshall drew some interesting parallels between what General Villa did on the Mexican border with relatively no force at all, as indicating why the guerrilla has such a tremendous advantage over his adversary.

Mr. PEPPER. Would the Senator give us the approximate population of the Greek state at the present time?

Mr. VANDENBERG. I am told it is about 7,000,000.

Mr. PEPPER. Has the Senator given consideration, or has the United Nations, through any of its instrumentalities, given consideration to establishing their mission on the Greek side of the border with due regard for the location of guerrilla forces, so that it might, as an organization of the international organization, view the scene and itself perhaps participate in the solution?

Mr. VANDENBERG. It is my understanding that the present United Nations mission representing the General Assembly is centered at Salonika. I may not be right about that, but it certainly is centered in Greece, and it has been denied access to the Yugoslavian side, the Albanian side, and the Bulgarian side of the border.

Mr. PEPPER. What I had in mind is whether there is any way by which the

representative or representatives of the United Nations Organization could, even from the Greek side, get close enough to the scene to form any opinion, in presenting a report on the aid that is spoken of as coming across the Greek border, or otherwise aid in the stability of that area?

Mr. VANDENBERG. No. If I understand the Senator's question, I think he is right at the heart and core of the tragedy of this business. First, the Security Council of the United Nations sent its representatives to this area for the precise purpose the Senator is describing, and in my view if it had been allowed to function, this whole situation would have stabilized long ago. But they were refused the right to cross the line into the three other countries. When they brought back their report, in which a majority strongly condemned this action on the part of Greece's neighbors, and it was put on the Security Council agenda, there could be no conclusive action in respect to it, because this was one point at which Russia used her veto twice, I think, or perhaps three times. As a result of that stalemate, the problem was transferred to the General Assembly, whence another commission was sent, but it confronted precisely the same prohibition. As a result, it has not been possible for the United Nations to exercise, as I agree with the Senator, what would have been not only a highly salutary influence but in the opinion of the Senator from Michigan, if there could have been decent, fair-play co-operation with either of those commissions on the part of all parties involved, we would not have this problem before us today.

Mr. PEPPER. Could the Senator tell us, out of his wide knowledge of this subject, whether there have been any soldiers other than Greek in character and origin who have been captured among the guerrilla forces, and if so, how many, and at what places?

Mr. VANDENBERG. No. I think I recall testimony bearing somewhat on the Senator's question. I am inclined to think most if not practically all those captured are Greeks. Before the Senator came in I indicated that a part of the increase in the strength of the guerrillas has been due to a very brutal and ruthless process of impressment by the guerrillas swooping down into isolated and unprotected northern Grecian areas and virtually kidnaping Greeks and putting them into the ranks of the guerrillas, according to the authenticated testimony of our own representatives. I do not mean to infer for an instant that that represents the complete increase in the figures. But I think the Senator is correct, that essentially the ones captured are Greeks. The interesting thing, however, is that when they are captured or when the casualties resulting from the conflict are brought in with their arms, it almost inevitably results that the arms can be identified as having come in one way or another from Yugoslavian sources or Bulgarian sources or Alabanian sources; I think I ought to add, even from American sources, as a result of weapons which were thrown away during the World War.

Mr. PEPPER. How long is this appropriation of funds expected to last? They are from the present, are they not?

Mr. VANDENBERG. Fifteen months.

Mr. PEPPER. Fifteen months henceforth?

Mr. VANDENBERG. That is correct.

Mr. PEPPER. And as the Senator said a bit ago, are all the funds involved in this bill for both Greece and Turkey for military aid to those countries?

Mr. VANDENBERG. The Senator is correct.

Mr. PEPPER. Mr. President, I wish to address myself briefly to this subject, but I believe I heard the Senator from Michigan say that the Senator from Texas wished to speak. I should of course defer to him, if he cares to address himself to the subject now.

The PRESIDING OFFICER. The Chair may say to the Senator from Florida that the Senator from Texas has sought recognition for some time.

Mr. PEPPER. I gladly defer to the Senator from Texas.

Mr. CONNALLY. I thank the Senator very much.

Mr. President and Members of the Senate, I shall detain the Senate only very briefly. The chairman of the committee, the distinguished Senator from Michigan [Mr. VANDENBERG], has already traced the chronological development of the whole Greek-Russian situation, and it will not be necessary of course for me to repeat it. The Committee on Foreign Relations has most carefully reviewed the Greek-Turkish situation, as it did in considering the bill which was passed a year ago. The Committee on Foreign Relations reported the bill unanimously.

Mr. President, the Greek-Turkish aid bill is an enterprise from which we cannot retreat. It involves the prestige of the United States. It involves the prestige of the United Nations. Any relaxation on our part at this time would have a profoundly melancholy effect upon the world situation. What would those who are denouncing us in the press each day send out through their agencies of propaganda? "The United States, the imperialists, have lost their courage and abandoned their efforts to rehabilitate Greece and Turkey."

Mr. President, the Turkish program involves difficulties. I do not wish to tire Senators, but I should like to refer briefly to the kind of warfare and the place of warfare with which the Greeks have been confronted.

The area along the northern border of Greece next to Bulgaria, Albania, and Yugoslavia, is a mountainous, wooded area. The guerrillas who are attacking the Greeks do not fight in the conventional manner of an army organization. They are more or less of the type of bandits. They find an undefended village, rush in, and take over all the food and supplies they can find, impress the young men into their own forces, and, if the Greeks appear in a sizable force, the bandits scatter and go back to the hills and the woods. To compare the 26,000 guerrillas with the 132,000 Greek forces is not a fair comparison. We have hope that the situation will be relieved. General Marshall explained to us that there is taking place the organ-

ization of 40 or 50 home-guard units or police units which will defend the villages in their own localities. That will enable the Greek Army and the forces operating with the Greek Army to make frontal attacks on the guerrillas.

It was testified before the committee that the Greek forces would form a headquarters in the territory from which they could send out forces, and the villages in the meantime would be protected by home guards.

Mr. President, something has been said regarding waste. We found that under the old UNRRA organization there was much waste. There may be waste under this program. There is waste in almost all Government operations, now and then. We think that with General Van Fleet as head of the military mission to Greece, new energy and new vigor will be instilled into the organization and that it will give Greece a greater striking power.

Greece and Turkey occupy the most important strategic position in Europe. They are in the seat of the ancient civilization which clustered around the Mediterranean Sea. The right to the Mediterranean has been the subject of international disputes for hundreds of years. We cannot abandon Greece. We cannot turn over Turkey, a gallant nation, a nation whose soldiers are brave and courageous, to the infiltration of totalitarianism and all the evil influences which accompany it. We cannot surrender Greece. In the World War, Greece defended herself against the invasion of the Italians. I am sure it will be recalled how our hearts were stirred by the campaign in northern Greece as the Greeks hurled back the minions of Mussolini. Later on, when the Germans conquered Greece, the people suffered years of occupation, with hardships and sufferings, giving up everything except hope and life. When the war was over they were faced with threats on the northern boundary from Bulgaria, Yugoslavia, and Albania.

No, Mr. President; those countries have not been sending armies into Greece, but they have sent munitions there; they have sent supplies; and they will probably continue to do so unless the Greek forces, with our aid and assistance, are able to establish the authority of the Greek Government all along that 600-mile border.

As I said a moment ago, our prestige is involved in this enterprise. We cannot turn back. We cannot retrace our steps. We must see this problem through. We must help to reestablish the authority of the Greek Government and of the Greek Army in Greece, which holds the key position in the eastern Mediterranean region. We must help protect the integrity and the independence of Turkey, which occupies another key position at the very mouth of the Mediterranean Sea.

Those two countries are symbols of free government. They are small countries, weak countries, it is true, but they serve as symbols to the other countries of Europe that free government can survive, that it can live, and that a free people can choose their own form of government and select those who shall rule over them. I think it is particularly appro-

priate today that America, the greatest and strongest country on earth, should come to the aid and succor of those who are among the weakest and the smallest nations on the globe.

The integrity of the United Nations is involved. Representatives of the United Nations have been flouted on the border. They were sent there to perform one of the highest functions of the United Nations, which was to inquire into the charges that the internal affairs of Greece were being interfered with by the countries on the north. How could they solve the problem unless they were upon the ground? How could they solve it unless they visited both Greece and the countries across the border? But the iron hand forbade representatives of the United Nations visiting that territory. That avenue has been closed. It is a direct affront, a direct insult to the United Nations and to its authority. That authority is involved indirectly at least in what we do here today.

Mr. President, we want the United Nations to perform the task. We were glad to have the United Nations send its representatives there to ascertain the facts and to sit in judgment on the issues involved, because one of the primary, if not the supreme, duties of that Organization is to undertake to adjust international differences. But that road is closed. There is nothing for us to do, Mr. President, except to grant the additional appropriation for the purpose of strengthening the Greek Army and infusing new life into its ranks, supplying it with arms and ammunitions in order that it may be able to assert its authority and integrity.

That obtains also with regard to Turkey. The appropriation is not to exceed \$275,000,000, with a tentative allocation of \$75,000,000 to Turkey and \$200,000,000 to Greece. A certain degree of elasticity is provided. If the exigencies of the situation should develop need for more money in the case of Turkey or more money in the case of Greece, relatively speaking, the bill provides for that sort of an allocation.

Mr. President, with the same purpose in mind I had a year ago, or perhaps a little less than a year ago, with the same objectives incorporated in the Greek-Turkish loan, with the same intent to speak in the international field as we spoke when we enacted the previous bill, with the same principles and feelings and objectives, I shall support the pending bill, as the Committee on Foreign Relations unanimously supported it when it reported the bill. I hope it will pass overwhelmingly.

Mr. LANGER. Mr. President, when I took my seat in the Senate I pledged myself not to vote for a bill unless I knew something about it. I am not a member of the Committee on Foreign Relations, and I frankly confess, with all due respect to the distinguished chairman of that committee, that I never saw the pending bill or the report on it, until this afternoon. It may possibly have been upon my desk, and if so, I want the distinguished chairman of the committee to know that we were unusually busy, work-

ing on the pay bill, involving some 2,000,000 employees of the Government. I have only cursorily glanced through the report, and the same is true as to the bill.

When I saw the report I sent out, in the few brief moments I have had available, for the address delivered by the distinguished Senator from Michigan a year ago, or less than a year ago, in fact, for it was on April 8 last. Just glancing through it, as it appears on page 3196 of the CONGRESSIONAL RECORD, I find this language:

Lest there be overemphasis in the wrong place, I hasten to add that our contemplated military mission involves only from 10 to 40 officers and no combat troops. The naval mission contemplates nonbelligerent craft like mine sweepers, in the main. The military effort, though accounting for \$150,000,000 of this grant, is to help Greece to help herself to be self-reliant in defense of her self-chosen government, whatever that may be.

I call attention again to the words of the distinguished Senator when he said:

I hasten to add that our contemplated military mission involves only from 10 to 40 officers and no combat troops.

That was on the 8th day of April last, less than a year ago. I pick up the report of the committee on the pending bill, and in the report I find in paragraph 15, on page 10, this language:

15. NUMBER AND SERVICE OF AMERICAN PERSONNEL

Greece: On December 31, 1947, the American mission in Greece consisted of 286 people—142 for economic aid, 8 for foreign relief, and 136 in the military group. Of the latter figure, 95 belonged to the Army and 41 belonged to the Navy group.

So I find it is not 10 to 40, but it is 136. The report continues:

There are at present 242—

Not from 10 to 40, but 242—

United States military (including 26 civilians), and 41 United States naval personnel, or a total of 283, attached to the military sections of the American mission for aid to Greece.

Of the military personnel, 136 men, including 73 commissioned officers and 63 enlisted men (all noncommissioned officers), are engaged in giving military advice to operational units of the Greek forces. The number of these military advisers is expected to be increased to a full strength of approximately 170, including 90 officers and 80 enlisted men.

The present civilian personnel consists of 183 members, most of them specialists able to assist in matters concerning public finance, civil government, industry, labor, public health, relief and welfare, public information, taxation, engineering, construction, budget, etc.

Then I find this as to Turkey:

The mission to Turkey is smaller than that sent to Greece. Of the 251 authorized, 182 have been assigned. There are 76 officers, 55 enlisted men, and 51 civilians; 71 belong to the Army group, 34 to the Air Force group, and 13 to the Navy group.

Not from 10 to 40 officers and no combat troops, Mr. President, as was said less than a year ago, by the distinguished Senator from Michigan.

Now we find the distinguished Senator from Texas [Mr. CONNALLY] saying, less than 10 minutes ago, "We cannot

turn back. We have got to see it through."

Instead of having from 10 to 40 officers and no combat troops, as was stated in the Senate on the 8th day of April, we find by the report that there are in Greece alone 136 in the military group, and in Turkey 76 officers and 55 enlisted men, or a total of 131. That does not include the civilians.

Mr. President, I voted against the original bill providing for a loan to Turkey and Greece; but at that time, it will be remembered, much was said to the effect that the money that was going to Greece was not to be used entirely for military purposes. It was said it was going to be used to put Greece upon her feet economically, according to what was said on page 3196 of the RECORD, or that most of it was to be used for that purpose. It was said at that time very frankly that the Turkish aid was for military purposes. But today we find in the bill the following, on page 2, line 19:

Provided, That any military or civilian personnel detailed under section 1 of such act of 1947 may receive such station allowances or additional allowances as the President may prescribe.

A few days ago upon this floor, Mr. President, the distinguished Senator from Nebraska [Mr. BUTLER] and the distinguished Senator from Illinois [Mr. BROOKS] placed in the RECORD some statistics which to me proved very interesting. At that time we were discussing the Marshall plan. I refer Senators to page 2845 of the RECORD, on which appears a part of the speech made by the Senator from Illinois. In connection with his speech he placed in the RECORD a table entitled "Total Cost of Foreign Aid Apportioned on a Nation-wide per Capita Basis as Applied to the Population of Illinois."

First I call attention to Cook County. In 1940 Cook County had a population of 4,063,342. The population of the various counties, county seats, and other principal towns appear in column 1 of the table.

Column 2 is headed "Share of foreign aid July 1, 1945, to June 30, 1947." During that period Cook County's share is \$743,713,486.

Column 3 has the heading "Share of foreign aid proposed by Marshall plan, 1948-52." For that period the total share of Cook County, Ill., would be \$524,618,086.

Column 4 is headed "Share of total foreign aid provided and proposed 1945-47, 1948-52." For that period the total share of Cook County would be \$1,268,331,572.

Column 5 is headed "Local taxes, 1942 (county, city, village, township, and road districts, school, fire, park, and sanitary districts)". All those taxes combined for Cook County in that year amounted to \$227,793,240.

In other words, the foreign aid for Cook County, according to these statistics supplied by the Senator from Illinois, and he said they were prepared by the Congressional Library, amounted to \$1,268,331,572, and all the taxes for 1942 for Cook County amounted to \$227,793,240.

Cook County, Ill., of course, contains the second largest city in the United States.

Mr. President, let us consider a small county in the State of North Dakota. The smallest one, according to population and area, is Cass County, N. Dak., which has roughly a population of 60,000—not quite that number. I do not find a county in Nebraska equivalent to it, so I will look at the table for Illinois. Adams County, Ill., the county seat being Quincy, has a population of 65,229. That little county, which is about the size of Cass County, N. Dak., having a population of roughly 65,000, paid in 1942 total taxes of \$1,980,497. Taking the figures which the Senator from Illinois placed in the RECORD on page 2845, what is the amount Adams County, Ill., will pay for foreign relief? In the fourth column under the heading "Share of total foreign aid provided and proposed, 1945-47, 1948-52," it is shown that the total amount which will be paid by Adams County, Ill., alone will be \$20,360,580, and that is from a county which in 1942 received from all taxes, \$1,980,497.

Mr. President, I prefer to rest the case with the people of America when they find out that one little county in Illinois having a population of roughly 65,000 must raise for foreign aid \$20,360,580. I for one want it known that the Senator from North Dakota is never

going to agree to a proposition of this sort, although the Senator from Texas [Mr. CONNALLY] said:

Oh, we cannot back down. We cannot back down. We have got to see it through. We have got to see it through.

Mr. President, when the first aid bill was passed the distinguished chairman of the Foreign Relations Committee said:

This plan is for 15 months. Can this job be done in 15 months?

And he very honestly and frankly said: I do not know. I doubt it.

Mr. President, the Senator from Michigan was honest with the Senate.

He said:

I doubt it. Although in 15 months both the United Nations and the World Bank should be able substantially to take over.

Now it is going to be a year on the 8th day of April since that speech was made, and apparently neither of the two instrumentalities he mentioned, the United Nations or the World Bank, has been able to take over because here we find a request being made for \$275,000,000 more.

Mr. President, a few moments ago the distinguished Senator from Texas said the United States is the greatest and strongest country on earth. That is true. But any man who has read history knows that at one time England was the strongest country in the world.

England took over Greece, and England spent hundreds of millions of dollars more in Greece than the United States Government has even begun to spend.

Mr. President, I want to make it crystal clear that I voted against the British loan, every penny of it. I voted against the loans to Greece and Turkey—every penny of them. I voted against the \$597,000,000 loan to the Governments—not the people but the Governments—of Italy, Austria, and France—every penny of it. I want the RECORD to show that I have always voted to give food or clothing to starving people anywhere on earth.

I want to make the RECORD clear today that in my judgment this is only a very small part of a general pattern. It is said that in the near future there will be requests for more money for China. Pretty soon we shall be confronted with requests for more money for some of the South American countries. A short time ago there was put in the RECORD a list of all the money that had been loaned one country after another. I ask unanimous consent to have incorporated in the RECORD at this point in my remarks tables showing the total cost of foreign aid, apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population X \$183.03), based on \$24,099,211,- 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation X \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II+column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poll, and others)
	I	II	III	IV	V
Adams County.....	24,576	\$4,498,145	\$3,173,007	\$7,671,152	\$915,375.98
Hastings.....	15,145	2,771,989	1,955,371	4,727,360	
Antelope County.....	13,289	2,432,286	1,715,743	4,148,029	451,929.70
Neligh.....	1,796	328,722	231,882	560,604	
Arthur County.....	1,045	191,266	134,920	326,186	53,434.16
Arthur.....	250	45,758	32,278	78,036	
Banner County.....	1,403	256,791	181,141	437,932	82,296.47
Harrisburg.....	115	21,048	14,848	35,896	
Blaine County.....	1,538	281,500	198,671	480,171	65,276.58
Brewster.....	77	14,093	9,941	24,034	
Dunning.....	272	49,784	35,118	84,902	
Boone County.....	12,127	2,219,605	1,565,717	3,785,322	421,493.08
Albion.....	2,268	415,112	292,821	707,933	
Box Butte County.....	10,736	1,965,010	1,386,125	3,351,135	311,610.93
Alliance.....	6,253	1,144,487	807,325	1,951,812	
Boyd County.....	6,060	1,109,162	782,407	1,891,569	200,490.61
Butte.....	623	114,028	80,436	194,464	
Spencer.....	635	116,224	81,985	198,209	
Brown County.....	5,962	1,091,225	769,754	1,860,979	210,749.82
Ainsworth.....	1,833	335,494	236,659	572,153	
Buffalo County.....	23,655	4,329,575	3,054,097	7,383,672	932,094.05
Kearney.....	9,643	1,764,958	1,245,008	3,009,966	
Burt County.....	12,546	2,296,294	1,619,814	3,916,108	606,169.14
Tekamah.....	1,925	352,333	248,537	600,870	
Butler County.....	13,106	2,398,791	1,692,116	4,090,907	479,757.95
David City.....	2,272	415,844	293,338	709,182	
Cass County.....	16,992	3,110,046	2,193,837	5,303,883	674,650.63
Plattsmouth.....	4,268	781,172	551,041	1,332,213	
Cedar County.....	15,126	2,768,512	1,952,918	4,721,430	555,243.55
Hartington.....	1,688	308,955	217,938	526,893	
Chase County.....	5,310	971,889	685,574	1,657,463	231,522.39
Imperial.....	1,195	218,721	154,286	373,007	
Cherry County.....	9,637	1,763,860	1,244,233	3,008,093	397,558.39
Valentine.....	2,188	400,470	282,493	682,963	
Cheyenne County.....	9,505	1,739,700	1,227,191	2,966,891	507,612.76
Sidney.....	3,388	620,106	437,425	1,057,531	
Clay County.....	10,445	1,911,748	1,348,554	3,260,302	406,924.46
Clay Center.....	715	130,866	92,314	223,180	
Sutton.....	1,403	256,791	181,141	437,932	
Colfax County.....	10,627	1,945,060	1,372,052	3,317,112	388,893.37
Schuyler.....	2,808	513,848	362,541	876,489	
Cuming County.....	13,562	2,482,253	1,760,990	4,243,243	507,892.82
West Point.....	2,510	459,405	324,066	783,471	

Footnotes at end of table.

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska—Continued

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population X \$183.03), based on \$24,099,211,- 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation X \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II+column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poli, and others)
	I	II	III	IV	V
Custer County.....	22,591	\$4,134,831	\$2,916,724	\$7,051,555	\$814,082.42
Broken Bow.....	2,968	543,233	383,198	926,431	
Dakota County.....	9,836	1,800,283	1,269,926	3,070,209	326,563.96
Dakota City.....	477	87,305	61,585	148,890	
Emerson ^{1,2}	879	160,883	113,488	274,371	
South Sioux ¹	4,556	833,885	588,225	1,422,110	
Dawes County.....	10,128	1,853,728	1,307,626	3,161,354	354,013.49
Chadron.....	4,262	780,074	550,267	1,330,341	
Dawson County.....	17,890	3,274,407	2,309,778	5,584,185	823,738.48
Lexington.....	3,688	675,015	476,158	1,151,173	
Deuel County.....	3,580	655,247	462,214	1,117,461	201,290.64
Chappell.....	1,093	200,052	141,117	341,169	
Dixon County.....	10,413	1,905,891	1,344,422	3,250,313	454,191.92
Ponca.....	1,003	183,579	129,497	313,076	
Dodge County.....	23,799	4,355,931	3,072,689	7,428,620	998,238.44
Fremont.....	11,862	2,171,102	1,531,503	3,702,605	
Douglas County.....	247,562	45,311,273	31,962,730	77,274,003	10,343,769.27
Omaha.....	223,844	40,970,167	28,900,499	69,870,666	
Dundy County.....	5,122	937,480	661,301	1,598,781	213,193.82
Benkelman.....	1,448	265,027	186,951	451,978	
Fillmore County.....	11,417	2,089,654	1,474,049	3,563,703	443,405.98
Geneva.....	1,888	345,561	243,760	589,321	
Franklin County.....	7,740	1,416,652	999,311	2,415,963	310,989.39
Franklin.....	1,272	232,814	164,228	397,042	
Frontier County.....	6,417	1,174,504	828,499	2,003,003	278,021.66
Stockville.....	238	43,561	30,728	74,289	
Curtis ¹	952	174,245	122,913	297,158	
Eustis ¹	459	84,011	59,261	143,272	
Maywood ¹	426	77,971	55,001	132,972	
Furnas County.....	10,098	1,848,237	1,303,753	3,151,990	389,067.36
Beaver City.....	1,015	185,775	131,047	316,822	
Cambridge ¹	1,084	198,405	139,955	338,360	
Oxford ^{1,2}	1,141	208,837	147,315	356,152	
Gage County.....	29,588	5,415,492	3,820,107	9,235,599	1,120,951.92
Beatrice.....	10,883	1,991,915	1,405,104	3,397,019	
Garden County.....	4,680	856,580	604,235	1,460,815	226,066.03
Oshkosh.....	910	166,557	117,490	284,047	
Garfield County.....	3,444	630,355	444,655	1,075,010	99,029.59
Burwell.....	1,412	258,438	182,303	440,741	
Gosper County.....	3,687	674,832	476,029	1,150,861	135,593.00
Elwood.....	633	115,858	81,727	197,585	
Grant County.....	1,327	242,881	171,329	414,210	80,054.79
Hyannis.....	449	82,180	57,970	140,150	
Greeley County.....	6,845	1,252,840	883,758	2,136,598	215,957.00
Greeley.....	891	163,080	115,037	278,117	
Hall County.....	27,523	5,037,535	3,553,495	8,591,030	1,060,442.48
Grand Island.....	19,130	3,501,364	2,469,874	5,971,238	
Hamilton County.....	9,982	1,827,005	1,288,776	3,115,781	414,138.24
Aurora.....	2,419	442,750	312,317	755,067	
Harlan County.....	7,130	1,305,004	920,554	2,225,558	282,016.86
Alma.....	1,272	232,814	164,228	397,042	
Hayes County.....	2,958	541,403	381,907	923,310	163,493.29
Hayes Center.....	314	57,471	40,541	98,012	
Hitchcock County.....	6,404	1,172,124	826,820	1,998,944	282,355.62
Trenton.....	920	168,388	118,781	287,169	
Holt County.....	16,552	3,029,513	2,187,029	5,166,542	513,540.53
O'Neill.....	2,532	463,432	326,907	790,339	
Hooker County.....	1,253	229,337	161,775	391,112	63,778.99
Mullen.....	725	132,697	93,605	226,302	
Howard County.....	8,422	1,541,479	1,087,364	2,628,843	323,488.08
St. Paul.....	1,571	287,540	202,832	490,372	
Jefferson County.....	15,532	2,842,822	2,005,337	4,848,159	599,571.13
Fairbury.....	6,304	1,153,821	813,909	1,967,730	
Johnson County.....	8,662	1,585,406	1,118,351	2,703,757	326,410.77
Tecumseh.....	2,104	385,095	271,647	656,742	
Kearney County.....	6,854	1,254,488	884,920	2,139,408	281,992.88
Minden.....	1,848	338,239	238,595	576,834	
Keith County.....	8,333	1,525,189	1,075,874	2,601,063	343,137.41
Ogallala.....	3,159	578,192	407,858	986,050	
Keya Paha County.....	3,235	592,102	417,671	1,009,773	97,622.22
Springview.....	347	63,512	44,801	108,313	
Kimball County.....	3,913	716,196	505,207	1,221,403	256,280.63
Kimball.....	1,725	315,727	222,715	538,442	
Knox County.....	16,478	3,015,968	2,127,475	5,143,443	570,640.06
Center.....	146	26,722	18,850	45,572	
Bloomfield ¹	1,467	268,505	189,404	457,909	
Creighton ¹	1,272	232,814	164,228	397,042	
Lancaster County.....	100,585	18,410,073	12,986,529	31,396,602	3,850,253.39
Lincoln.....	81,984	15,005,532	10,584,954	25,590,486	
Lincoln County.....	25,425	4,653,538	3,282,622	7,936,160	997,567.31
North Platte.....	12,429	2,274,830	1,604,708	3,879,538	
Logan County.....	1,742	318,838	224,910	543,748	85,157.06
Stapleton.....	399	73,029	51,515	124,544	
Loup County.....	1,777	325,244	229,428	554,672	65,628.64
Taylor.....	349	63,877	45,059	108,936	
McPherson County.....	1,175	215,060	151,704	366,764	56,030.87
Tryon.....	198	36,240	25,564	61,804	
Madison County.....	24,269	4,441,955	3,133,371	7,575,326	808,131.40
Madison.....	1,812	331,650	233,947	565,597	
Norfolk ¹	10,490	1,919,985	1,354,364	3,274,349	
Merrick County.....	9,354	1,712,063	1,207,695	2,919,758	356,350.26
Central City.....	2,460	450,254	317,611	767,865	
Morrill County.....	9,436	1,727,071	1,218,282	2,945,353	481,576.76
Bridgeport.....	1,520	278,206	196,247	474,453	
Bayard ¹	2,121	388,207	273,842	662,049	
Nance County.....	7,653	1,400,729	938,079	2,338,808	308,704.01
Fullerton.....	1,707	312,432	220,391	532,823	

Footnotes at end of table.

Total cost of foreign aid apportioned on a Nation-wide per capita basis, as applied to the population of counties, county seats, and principal towns in Nebraska—Continued

Counties, county seats, and other principal towns	Population, 1940	Share of foreign aid, July 1, 1945, to June 30, 1947 (population X \$183.03), based on \$24,099,211,- 087	Share of foreign aid proposed by Marshall plan 1948-52 (popu- lation X \$129.11), based on \$17,- 000,000,000	Share of total for- eign aid pro- vided and pro- posed, 1945-47, 1948-52 (column II+column III), based on \$41,- 099,211,087	All local taxes, 1945 (county, city, school, village, township, poll, and others)
	I	II	III	IV	V
Nemaha County.....	12,781	\$2,339,306	\$1,650,155	\$3,989,461	\$441,615.58
Auburn.....	3,639	666,046	469,831	1,135,877	
Nuckolls County.....	10,446	1,911,931	1,348,683	3,260,614	433,553.79
Nelson.....	963	176,258	124,333	300,591	
Superior ¹	2,650	485,030	342,142	827,172	
Otoe County.....	18,994	3,476,472	2,452,315	5,928,787	639,206.95
Nebraska City.....	7,339	1,343,257	947,538	2,290,795	
Pawnee County.....	8,514	1,558,317	1,099,243	2,657,560	319,021.09
Pawnee City.....	1,647	301,450	212,644	514,094	
Perkins County.....	5,197	951,207	670,985	1,622,192	271,065.40
Grant.....	897	164,178	115,812	279,990	
Phelps County.....	8,452	1,546,970	1,091,238	2,638,208	386,848.93
Holdrege.....	3,360	614,991	433,810	1,048,791	
Pierce County.....	10,211	1,868,919	1,318,342	3,187,261	406,811.60
Pierce.....	1,249	228,604	161,258	389,862	
Plainview ¹	1,411	258,255	182,174	440,429	
Platte County.....	20,191	3,695,559	2,606,860	6,302,419	707,095.24
Columbus.....	7,632	1,396,885	985,368	2,382,253	
Polk County.....	8,748	1,601,146	1,129,454	2,730,600	351,151.28
Osceola.....	1,039	190,168	134,145	324,313	
Stromsburg ¹	1,127	206,275	145,507	351,782	
Red Willow County.....	11,951	2,187,392	1,542,994	3,730,386	480,513.67
McCook.....	6,212	1,136,982	802,031	1,939,013	
Richardson County.....	19,178	3,510,149	2,476,072	5,986,221	666,425.69
Falls City.....	6,146	1,124,902	793,510	1,918,412	
Rock County.....	3,977	727,910	513,470	1,241,380	134,317.51
Bassett.....	931	170,401	120,201	290,602	
Saline County.....	15,010	2,747,280	1,937,941	4,685,221	465,479.10
Wilber.....	1,355	248,006	174,944	422,950	
Crete ¹	3,038	556,045	392,236	948,281	
Sarpy County.....	10,835	1,983,130	1,393,907	3,382,037	428,388.47
Papillion.....	763	139,652	98,511	238,163	
Bellevue ¹	1,184	216,708	152,866	369,574	
Saunders County.....	17,892	3,274,773	2,310,036	5,584,809	742,343.55
Wahoo.....	2,648	484,663	341,883	826,546	
Scotts Bluff County.....	33,917	6,207,829	4,379,024	10,586,853	1,641,413.74
Gering.....	3,104	568,125	400,757	968,882	
Scottsbluff ¹	12,057	2,206,793	1,556,679	3,763,472	
Seward County.....	14,167	2,592,986	1,829,101	4,422,087	543,338.30
Seward.....	2,826	517,243	364,865	882,108	
Sheridan County.....	9,869	1,806,323	1,274,187	3,080,510	376,154.32
Rushville.....	1,125	205,909	145,249	351,158	
Gordon ¹	1,967	360,020	253,959	613,979	
Sherman County.....	7,764	1,421,045	1,002,410	2,423,455	292,338.31
Loup City.....	1,675	306,575	216,259	522,834	
Sioux County.....	4,001	732,303	516,569	1,248,872	180,975.94
Harrison.....	600	91,515	64,555	156,070	
Stanton County.....	6,887	1,260,528	889,181	2,149,709	303,675.39
Stanton.....	1,526	279,304	197,022	476,326	
Thayer County.....	12,262	2,244,314	1,583,147	3,827,461	445,420.74
Hebron.....	1,909	349,404	246,471	595,875	
Thomas County.....	1,553	284,246	200,508	484,754	58,733.00
Thedford.....	288	52,713	37,184	89,897	
Thurston County.....	10,243	1,874,776	1,322,474	3,197,250	681,080.77
Pender.....	1,135	207,739	146,540	354,279	
Valley County.....	8,163	1,494,074	1,053,925	2,547,999	341,412.80
Ord.....	2,240	409,987	289,206	699,193	
Washington County.....	11,578	2,119,121	1,494,836	3,613,957	456,403.25
Blair.....	3,289	601,986	424,643	1,026,629	
Wayne County.....	9,880	1,808,336	1,275,607	3,083,943	403,764.66
Wayne.....	2,719	497,659	351,050	848,709	
Webster County.....	8,071	1,477,235	1,042,047	2,519,282	302,675.70
Red Cloud.....	1,610	294,678	207,867	502,545	
Wheeler County.....	2,170	397,175	280,169	677,344	83,652.73
Bartlett.....	176	32,213	22,723	54,936	
Erickson ¹	279	51,065	36,022	87,087	
York County.....	14,874	2,722,388	1,920,382	4,642,770	619,862.88
York.....	5,383	985,250	694,999	1,680,249	
Total for counties.....	4 1,315,834	4 240,837,097	4 169,887,328	4 410,724,425	

¹ Not county seat.

² Emerson Village is in Dakota, Dixon, and Thurston Counties.

³ Oxford Village is in Furnas and Harlan Counties.

⁴ Details will not necessarily add to totals because of rounding.

Sources: Rand-McNally Commercial Atlas and Marketing Guide, 1944, p. 245.

Sixteenth Census of the United States: 1940, Population, vol. I, pp. 637-645, U. S. Department of Commerce, Bureau of the Census.

Twenty-sixth Annual Report of the State Tax Commissioner and the State Board of Equalization and Assessment, 1946, State of Nebraska, pp. 214-223.

Mr. LANGER. Mr. President, I have not had time to read the committee report. There are 37½ pages of it, of which 20 pages are in fine type. I wish I had had time to read it all, but I have not, and I frankly say so. I think very few Senators have had time to read it. In the part which I have read I find an inconsistency. I would not call it a discrepancy, because it is not. The distinguished Senator from Michigan undoubtedly said what he thought was

the truth; he stated that in his judgment only from 10 to 40 officers, and no combat troops, would be used. Undoubtedly he said what he believed to be true. Yet when I pick up this report and find out how many are there less than a year later, I simply repeat that in my judgment it is part of a general pattern which is fastening itself upon the country. I do not believe that the United States Government ought to have any part of it. It has been my judgment

from the beginning that by adopting the United Nations Charter in the way it was adopted, and considering what the Charter contained, the United States Government was simply underwriting the British Empire.

What do we find today? We find that United States taxpayers have taken over the financing of Greece. They have taken over Turkey. They have already taken over a great many other countries, and in my opinion they are going

to take over many more. My judgment is that before we get through our boys will be over there. At one time Mr. Churchill said over the radio, "All we want is weapons. We do not want men. Just give us the weapons." The time came when they called for our boys. In my judgment that is what the passage of this bill will lead to, and I do not want any part of it.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. KNOWLAND. I understood the able Senator from North Dakota to point out that he had voted against the original Greek-Turkish loan, and the emergency legislation in aid of Italy, France, and Austria, as well as the Marshall plan, which recently passed the Senate.

Mr. LANGER. That is correct.

Mr. KNOWLAND. It is my recollection—although I may be mistaken—that at the time the senior Senator from Idaho [Mr. TAYLOR] offered his amendment to the Marshall plan, that amendment called for an authorization of approximately \$20,000,000,000 over a 4- or 5-year period, and provided for an authorization of approximately \$5,000,000,000 for the first year, which was substantially the amount of the Marshall plan, the chief difference being that under the amendment offered by the senior Senator from Idaho funds would have been made available to Russia and her satellite powers. My recollection is that the senior Senator from North Dakota voted for the Taylor amendment.

Mr. LANGER. The distinguished Senator is partly right and partly wrong. In the first place, the amount was larger than the Senator has stated. In the second place, if the Senator will take the trouble to read the amendment which was offered by the senior Senator from Idaho, he will find that that money was to be used for peace purposes, not war purposes. Not a dollar of that money could be used for the purchase of munitions or armaments of any kind or description.

In the third place, the distinguished Senator will remember that the amendment was in the nature of a substitute. I voted for the substitute; but the distinguished Senator from Idaho knew that even had the substitute been agreed to, I would have voted against the bill. I believe that the substitute offered by the Senator from Idaho was a better bill than the one which was passed. I hope I have made myself very clear.

Mr. PEPPER. Mr. President, I shall not find it possible to support the pending legislation, and I feel that the seriousness of the subject demands some statement of the reasons why I cannot support it.

As I stated in the debate on Saturday a week ago on the bill then pending, the so-called ERP aid program, we are at a way station on the road to war. Day by day, night by night, we are moving farther toward the end of that road which may lead to world disaster.

Every one of us in this Chamber has seen this situation paralleled once before. In 1937 President Roosevelt made his famous "quarantine" speech in Chicago, calling upon the nations of the

world which believed in decency, law, and order to stand together and quarantine the aggressors. From that day until the end of the war there was almost a direct sequence and chain of events.

Mr. President, I was a part of that last movement toward war. My own opponents and the critics of that policy and program often called attention to the inevitable trend of the policy. Those of us who followed that policy hoped against hope that war might not be the inevitable result. However, the problem was so serious and the challenge so dangerous that we would not have stopped had we been convinced that there was no way to stop this side of war, so long as the enemy continued his vile aggressions.

Mr. President, if, at the present time, we are convinced that we are prepared to accept war as the inevitable end of this issue, then we may continue to go ahead. But the chances are about 99 out of 100 that, unless some dynamic step is taken by those in authority to bring about a decent understanding between the Soviet Union and the United States which will commit each to work with the other and with the other democratic peoples of the world for peace and prosperity instead of war, war will follow. Unless such a step is taken, I see no hope for either nation or the rest of mankind save engulfment in the most terrible war of all time leading to the downfall of world civilization.

I am speaking now about the consequences. Let us consider this chain of events. By the end of the recent war, the bonds that had united the Allies deteriorated; soon they were broken. First there were disputes and disagreements, then there were contentions, and then charges and countercharges; and then there were schisms in the United Nations, and then there were the first strong evidences of the breaking up of that instrumentality, upon which man had put so much hope for world peace. Then we felt that our own security was involved, and we launched upon a program of economic aid to certain nations threatened with aggression, whose security we thought was important and vital to the United States of America. That is the same purpose that we had in inaugurating lend-lease. We justified lend-lease, for which I voted and spoke, upon the theory that it was in the defense of America. As we went along the road, after the end of the war, there was greater and greater divergence between these two principal powers of the world. As I have said, we started giving economic aid, first to one nation, and then to another.

Finally, there came the time when in March of last year, the President of the United States addressed a joint session of the Congress and for the first time asked us to commit ourselves to a program not only of economic aid but of military aid to countries threatened, as was said, with aggression. It was military aid, regardless of the fact that the men doing the fighting were not in American uniforms. Those who were doing the fighting were fighting with American guns, with American equipment, with American money, and they were supervised as to strategy and general plans by

American officers and American military personnel.

We were told, when the Greek-Turkish aid bill was before the Congress last year, that we should divide the proposed aid half and half, as between economic aid and the military aid, with \$150,000,000 for the one and \$150,000,000 for the other. It was emphasized that we had to put Greece on her feet economically, and that we had to stop the aggression of the guerrillas. It was admitted then, as the distinguished Senator from Michigan has admitted today, that most of these guerrillas, if not all of them, were not soldiers from a foreign land, but were Greeks.

That action was taken against the counsel of some of us who pointed out that the Balkan mess is a morass and has been a morass to any large power that got into it. But some of our Members pointed out their belief that we would be an exception. We said that if we once got in, we would never get out, but we would become entangled in the arms of the Balkan octopus, and never would be able to escape. Some persons thought the situation justified greater optimism; but, with experience, they found they had to use for military purposes some of the economic-aid funds.

Now we are told that all the \$200,000,000 which is sought at this time for Greece is for military aid during the next 15 months, and that all of the \$75,000,000 which is being requested for Turkey is not for economic aid, but exclusively for military aid. Mr. President, I am rather of the opinion that events have justified the fears many of us entertained that if we once entered, we would sink deeper and deeper into this unhappy situation. Here we are again confronted with an appeal for more money. Can anyone give us any assurance that there will not be another bill, a little later? In addition to this military aid, Greece expects to participate in the European recovery plan, as well? Will Turkey be better off next year unless some solution is made of the Dardanelles problem? Unless there is some reconciliation in the power struggle between Russia and the United States, will Turkey be better off next year?

Mr. President, let us just glimpse the scene. Over in Asia is China. In a few days we shall be asked to vote \$579,000,000, as I believe the amount is, for China. I believe that is now said to be for economic aid. However, the next bill will carry military aid for China, because General MacArthur and General Wedemeyer and General Chennault, all familiar with the scene, have officially told the House Committee on Foreign Affairs that economic aid cannot stop the Communists in China.

So here we are: First economic aid and military aid, and now more military aid, for Greece. Economic aid now for China, and military aid later. Economic assistance for western Europe now; but what is on the threshold of tomorrow, Mr. President? It is an expectation based upon a possible construction of what the President in his recent message to Congress said; namely, that if the Marshall-plan nations do form an economic union, if they enter into a pact

for their own military support and common defense, we will in every appropriate way back them up. What does that mean? Military commitments now are following in the wake of our economic assistance. It used to be said that our flag follows our trade. Now, Mr. President, the soldier is following our dollar assistance. I do not say that in any improper sense. I simply mean that military aid is the inevitable next step if the dollar assistance does not accomplish the objective to which we have committed ourselves.

What does that lead up to, and what have I to suggest? I am saying that we are not going to solve the world conflict in Greece. Is Greece to be another Spain; is it to be the proving ground on which the preparations for the next war are being made? I am saying that we are not going to settle the differences between the Soviet Union and the United States in China. I am saying we are not going to bring ourselves back into accord in western Europe. I am saying that, if we could bring about an understanding between the United States and the Soviet Union tomorrow, the peace of the world would be assured.

So I am asking these questions now, as I shall ask them again until war may be the policy of my country, at which time of course we shall have but one accord, Mr. President, and one effort to make, and that will be in the common effort behind our leaders and behind our flag; but until that unhappy day comes, I have a right to debate the policy of my country, and I shall exercise that right, because judging by the experience I have had in my own senatorial lifetime, I believe we are moving along the same path and in the same manner, to another war. I say that, before we fall over that abyss, before we topple over the precipice into that abysmal chasm, before the hopes of all mankind are thrown into the caldron of war, it is imperative that the President of the United States—aided by the counsel of every Senator and Representative and especially by the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, the Armed Services Committees of the two Houses of Congress, and the policy committees of the two political parties, and, in fact, aided by all the Congress and all the citizenry that he can mobilize—shall talk, in a last, final effort, to the leaders of the Soviet Union for peace, against the terrible threat of war which looms over our Nation and our world.

President Woodrow Wilson, acting before the conclusion of World War I, laid down to the German Imperial Government 14 points as a basis of peace. He made those points a condition of peace, and it was finally upon the basis of Woodrow Wilson's 14 points that the shooting-war stopped and the peace was formulated. I suggest, Mr. President, to the President of the United States that he lay down the points which constitute the acceptable basis of peace for the United States and the Soviet Union, and the nations related to each of those giants in their respective spheres. At least let us make it known to the na-

tions and the people of the world that, instead of going blindly ahead to this unspeakable tragedy, we are at least exerting every effort within our power, including the utmost good will, before God and man, to find some honorable basis of peace and accord. The wounds of disagreement are deep, Mr. President, and they are sensitive, and it is difficult to be sure just when they can even be partially healed.

But if we could only arrest the process of contagion and infection, if we could start recovery, Mr. President, that would be something. If we only knew we were moving toward peace instead of toward the immeasurable tragedy of war, what would it not mean to mankind?

Mr. President, I think, therefore, that the challenge is to the very highest level of the executive branch and of the Congress. I should be very much disposed to see the Senate Committee on Foreign Relations, under its distinguished chairman, meet and say, "If it were your son whom you had to sacrifice in the vortex and the maelstrom of battle, is there not something you would be willing to do by way of honorable compromise before he disappeared?" That is what it amounts to. We are expected eventually to vote for war. That means taking somebody's loved ones, Mr. President. I only ask the question, have we done, every one of us in his own individual sphere, President, and Congress, and country—have we all done everything in our power yet to stop this disagreement and to restore harmony and accord? Or are we prepared to say for the RECORD that further effort or any further trial offers only vain hope, and that from now on, we are on the merry-go-round, and going and going and cannot stop. We are, Mr. President, going at a ferocious pace down a dangerous hill, and it will be difficult to stop; but if we do not find somehow a way to arrest our momentum and finally to stop our plunge before it is too late, for millions if not for all the world there is abysmal darkness ahead.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. VANDENBERG. Mr. President, I suggest the bill go to the third reading, and then I think I should ask for a quorum before the vote.

The PRESIDING OFFICER. If there be no further amendment to the bill, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and read the third time.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Baldwin	Chavez	Fulbright
Ball	Connally	George
Brewster	Cooper	Green
Bricker	Cordon	Gurney
Bridges	Donnell	Hatch
Brooks	Downey	Hawkes
Buck	Dworshak	Hayden
Bushfield	Eastland	Hill
Byrd	Ecton	Hoey
Cain	Ellender	Holland
Capehart	Ferguson	Ives
Capper	Flanders	Jenner

Johnson, Colo.	Malone	Russell
Johnston, S. C.	Martin	Saltenstall
Kem	Maybank	Smith
Kilgore	Millikin	Stennis
Knowland	Moore	Stewart
Langer	Murray	Taft
Lodge	Myers	Thye
Lucas	O'Connor	Tobey
McCarran	O'Daniel	Vandenberg
McCarthy	O'Mahoney	Watkins
McClellan	Overton	Wherry
McFarland	Pepper	Wiley
McGrath	Reed	Williams
McKellar	Revercomb	Willson
McMahon	Robertson, Va.	Young
Magnuson	Robertson, Wyo.	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

The bill having been read the third time, the question is, Shall it pass?

Mr. LANGER. Mr. President, I request the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill S. 2358 was passed.

Mr. CONNALLY. Mr. President, there were so many scattering votes that I request a yea-or-nay vote.

The PRESIDING OFFICER. The Chair rules that the bill has been passed. The yeas and nays were requested, but there was not a sufficient number of seconds.

Senate bill 2358 as passed is as follows:

Be it enacted, etc., That in addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such act, as amended.

SEC. 2. (a) Subsection (a) of section 4 of such act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the said act is hereby amended by inserting after the word "repaid" the following: "without interest."

SEC. 3. Subsections (2) and (3) of section 1 of such act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the act of January 27, 1948 (Public, No. 402, 80th Cong.), and section 10 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1486) to provide for payment of salaries covering periods of separation from

do it the Government is going to have to do it.

Mr. COLMER. Because we do have an acute shortage of housing.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield.

Mr. MONRONEY. As I understand the purpose of the amendment of the gentleman from Ohio, it is to strike out that amendment which makes possible the insurance of loans to get these improved methods of production in housing; to lower the costs of this finished housing by using modern technological methods, and modern machinery in the building of homes for veterans.

Mr. BOGGS of Louisiana. That is positively correct. The proposition was debated at length before the committee and adopted by the committee.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. BOGGS of Louisiana. I am glad to yield to my committee colleague from Georgia. It was through his effort that RFC was given authority to purchase GI loans. We need some authority.

Mr. BROWN of Georgia. I wish to pay a compliment to the gentleman from Louisiana and to the committee because it is deserved. Of all the witnesses who appeared before our committee none of them criticized the operations of FHA, but praised it.

May I again say that year before last, when we were extending the life of the RFC, I introduced an amendment which was adopted by the committee and by the House under which the RFC could buy these mortgages to help these GI boys out. We lost it last year on the floor of the House. I offered the amendment, but it was lost by a few votes. So I am delighted to hear what my chairman said here, and I do hope that before very long we will amend the RFC Act so as to permit them to buy these GI loans.

Mr. GAMBLE. Mr. Speaker, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield.

Mr. GAMBLE. Is it not true that this section is a corollary to the original 609 section, which provided for prefabricated houses?

Mr. BOGGS of Louisiana. That is correct.

Mr. GAMBLE. This would also include the Laterno type of house.

Mr. BOGGS of Louisiana. That is correct.

Mr. GAMBLE. I would like to reiterate that the Higgins house that we saw is the finest house we saw any place around the United States. He has done a fine job, and this would help continue that work. I believe they constructed the one we saw in 6 days, was it not?

Mr. BOGGS of Louisiana. That is right. I appreciate the gentleman's contribution very much. I may say to the membership that the gentleman who just made that statement, the gentleman from New York [Mr. GAMBLE] was chairman of the joint committee of the House and Senate which spent 6 months studying the housing situation.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield.

Mr. SMITH of Ohio. I think the gentleman from Louisiana knows that the gentleman from Ohio has never in his going-on-10 years of service in the Congress relied on any other Member to tell the rest of the membership where he stood on any measure that came to this body for consideration.

Mr. BOGGS of Louisiana. I think that is true. I congratulate the gentleman.

Mr. SMITH of Ohio. And I wish the gentleman had taken at least one moment during his 5 minutes to substantiate his position, or to refute my argument that the people he is asking to be financed never requested such assistance.

Mr. BOGGS of Louisiana. That is not true. I will refute that statement. I will say that everywhere we went, and by "we" I mean the joint committee, the prefabricated housing industry representatives asked for help; and this amendment provides help.

The SPEAKER. The question is on the amendment offered by the gentleman from Ohio to the committee amendment.

The question was taken; and on a division (demanded by Mr. SMITH of Ohio) there were—ayes 16, noes 56.

So the amendment to the amendment was rejected.

Mr. WOLCOTT. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. WOLCOTT: On page 9, line 5, amend the committee amendment by striking out all of line 5.

Mr. WOLCOTT. Mr. Speaker, this amendment is offered to correct a drafting situation that is no longer necessary because of the language of lines 21 and 22.

The SPEAKER. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The SPEAKER. The question is on the committee amendment as amended.

The committee amendment, as amended, was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 10, line 10, strike out "4" and insert "6."

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 12, line 6, strike out "with" and insert "With."

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 12, line 17, after the word "time," insert "or not to exceed 5 percent per annum if the administrator finds that in certain areas or under special circumstances the mortgage market demands it."

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. McCOWEN asked and was given permission to extend his remarks in the RECORD and include a resolution by the village of Milford, Ohio.

Mr. JENKINS of Ohio (at the request of Mr. TEBBOTT) was given permission to extend his remarks in the Appendix of the RECORD and include a speech.

PAYMENT OF SALARIES COVERING PERIODS OF SEPARATION FROM THE GOVERNMENT SERVICE IN THE CASE OF PERSONS IMPROPERLY REMOVED FROM SUCH SERVICE

Mr. REES. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1486) to provide for payment of salaries covering periods of separation from the Government service in the case of persons improperly removed from such service, with House amendments thereto, insist on the House amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas. [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. REES, SADLAK, and MURRAY of Tennessee.

FOREIGN ASSISTANCE ACT OF 1948

Mr. HERTER. Mr. Speaker, I call up House Resolution 505 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 15 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Foreign Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and any

Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. HERTER. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SARATH], and at this time I yield myself such time as I may require.

Mr. Speaker, the present resolution makes in order the consideration of S. 2202 with 15 hours of general debate. It likewise provides that the substitute committee amendments recommended by the House Committee on Foreign Affairs now in the bill be considered under the 5-minute rule as an original bill.

I hope that the resolution will be adopted. Should it be adopted, it is my understanding that general debate will consume the next 3 days, and that the House will then adjourn over Good Friday until Monday, and that the bill will be read for amendment beginning on Monday.

In view of the fact that this piece of legislation is one of the utmost importance and that most of its provisions have been given the closest scrutiny both by the other body and by the House Committee on Foreign Affairs, I hope that the work of the House can be expedited next week when the bill is being read for amendment. With this in mind, I would urge most strongly that Members having amendments to offer would, if possible, confer in advance with the House Foreign Affairs Committee, or at least place in the record during general debate the text of these amendments in order that the smallest possible number of amendments will be offered to which no prior consideration has been given either by the committee or by the Membership of the House.

Probably no subject matter in our recent history has been given as exhaustive study and consideration as the subject matter of the bill we shall have under consideration if the rule is adopted. I wish to pay my respects to the Committee on Foreign Affairs for the excellent report which accompanies the bill—a report which has summarized in as terse a form as possible the great mass of documentary material and evidence made available as a result of the various studies and the hearings.

Many Members of the House, whether members of the Committee on Foreign Affairs or the House Select Committee on Foreign Aid, or as members of other committees whose work is directly affected by the program outlined in this bill, have given a great deal of time and thought to how best the purposes which this bill sets out to achieve can be realized. It is inevitable that there should have been differences of views on a large number of points. I feel that the bill now before us, like any piece of legislation dealing with so vast and complicated a subject, represents an extremely fair compromise of these various divergent views. For that reason, I shall support it in all its principal provisions. Even though many of us might feel that

our own individual views, if carried into the law, might improve it, nevertheless, the passage of the bill is of such urgency that I feel we should subordinate our personal opinions in order that the legislation may move forward to completion at the earliest practicable moment.

Why is this legislation so important? And why is it so urgent? The first question is fully answered in the report of the Committee on Foreign Affairs. Every Member of this House must be fully aware of the economic plight of the nations of western Europe or of Asia, whose economic and social fabric has been so seriously damaged either by war destruction or by the indirect repercussions of war. The recuperative processes, which all of us had hoped might follow in the wake of war and in the wake of large measures of assistance which we have given, have been infinitely slower than we had hoped, even though there are elements of optimism in the over-all picture. Every Member knows why the recuperative processes have been so slowed down and why recovery in western Europe as well as in the Far East has met unforeseen and stubborn resistance. It is because of the determination of the Russian-inspired Communists to prevent the return of social stability or economic recovery. It is this same force which brings the answer to the second question—namely, the urgency for this legislation. Not only has there been fierce resistance on the part of the Communists to every effort on our part to be of material aid, but, in addition, Russia has apparently stepped up its timetable in what no one can now doubt to be a steadily accelerated expansionist movement—a movement calculated to bring within the Russian orbit nation after nation bordering on the Russian sphere of control—whether by the internal support of minorities or by the external threat of force.

The time has come to call a halt—not through words alone, but through action. While no one can believe that the bill before us can overnight bring material help to any individual nation, nevertheless its early passage and its passage by a very substantial vote can be an extremely powerful psychological factor.

That the passage of the present bill would entail some sacrifices on the part of the people of this Nation no one can deny. That those sacrifices should be accepted, I strongly believe. What we are being called on to do in this legislation and what we may be called on to do in the form of further sacrifices in legislation that may follow this bill are, in my opinion, sacrifices which offer the greatest possibilities of maintaining peace in the world. The alternatives to taking any steps are only too obvious, and are not pleasant to contemplate. If we have any deep faith whatever in the maintenance of the types of freedoms for which we have fought, then we cannot through inaction allow nation after nation to lose similar freedoms and expect that we in the long run can escape unscathed.

The world has become too closely knit to permit of such wishful thinking. No

one can guarantee that this legislation will, in and of itself, correct the serious threat to freedom besetting many nations of the world. I am convinced, however, that it can do much. I am convinced that the very fierceness of Communist opposition to its enactment indicates clearly the wholesome fear which communism has with respect to its eventual success. This is legislation which may well mark a turning point in mankind's history. It is legislation we should adopt at the earliest practicable moment.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include some articles.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, I shall not explain the rule. The rule has been explained thoroughly by the gentleman from Massachusetts. I hope the bill will accomplish what the gentleman has stated, that it will bring freedom and liberty to people the world over.

I have naturally felt and hoped, as have a vast majority of the American people, that after 52 nations agreed on an organization, the United Nations, and our country cooperated to the fullest extent, it should not be necessary for us alone to finance Europe and the world. The other nations should have been called upon to cooperate to help bring freedom and liberty to the people of the world to safeguard democratic forms of government. But I am fearful, though I shall vote for the rule, because it was unanimously requested. I also hope I will be able to vote for the bill. However, I am not quite sure whether any amendments, in view of the workings of the whip-lashed majority, can or will be adopted. As to this effort on our part in these trying and serious days, due to the great propaganda that has been going on, and the hysteria that has been created, I wonder whether the people will remember and whether your memory is so short as not to remember what occurred in Germany when the Farben cartel clique and the powerful industrial interests destroyed and overthrew the German Republic and put Hitler in power; who, in conjunction with the Japs and others, within a short space of time, overran three-fourths of Europe and later, with the aid of Mussolini and the Japs, felt that they could control the universe and divide it among themselves. We were obliged in self-protection, actually, to enter the war to defend our democracy and our freedom and liberty. Thanks be unto God that we won that war. I was under the impression that after the war, we would also win the peace. Unfortunately, I regret to say that I do not see that the peace for which the American people are praying and hoping will be ours.

Unfortunately, the industrial and financial interests of our country, supported by the brass hats who seem to control the State Department, right after the cessation of hostilities started a propaganda that is responsible for the present-day hysteria and war scare. This propaganda continued notwith-

standing that 90 percent of the American people are against war and plead for peace. It seems to me it is on all fours and instead of advocating the safeguarding of world democracy the interests behind this propaganda aim to build up a military Fascist government just as was done in Germany after the First World War but which, fortunately for the world, failed in their aim to dominate the world.

I wonder whether you gentlemen realize that of the billions provided for in this bill nearly two billion is allocated toward the rebuilding of the German war potential which will enable Germany to prepare for World War III as she did when helped by France and Great Britain in preparing for World War II.

This bill not only provides for the giving of aid to the amount of \$6,205,000,000, but if all the authorizations contained therein are enacted providing for additional programs it will reach the stupendous total of \$9,316,000,000. But Mr. Speaker, this is only the beginning of the planned foreign assistance for the first year. The planned 4-year program sets the foreign aid at seventeen billion but if one takes into consideration that the appropriations for the first year have been increased from \$6,205,000,000 to \$9,316,000,000 a proportionate or an increase to some degree in the authorizations for each of the next 3 years may be anticipated. Therefore, instead of a total of seventeen billion to cover the 4-year plan, the figure is almost bound to reach \$27,000,000,000, the very amount that certain gentlemen had at first recommended. The military gentlemen state that part of these authorizations will be for our defense, but I contend that they will be utilized for preparations for war.

Mr. Speaker, in this connection, should we not demand that the wealthy foreign corporations and individuals who, as reported by the Department of Commerce, have \$27,000,000,000 in deposits, in investments and in stocks in this country and other countries, contribute part of their wealth toward the rebuilding and rehabilitation of their own countries?

I hope that those who profess to be patriotic—and many of them I know are—will not be led astray, and will cooperate with all those who feel the approaching danger from that source, and not permit the use of billions of our taxpayers' money, nearly half of which will go to Germany and Great Britain and most of the remaining half will go to countries that were neutral during the war and the balance to those countries which cooperated with Hitler and Mussolini.

Mr. Speaker, I firmly believe that if fair treatment had been accorded to the countries which cooperated with us, and who also fought for their freedom, had been granted a similar appropriation of the aid we have extended to the many countries, they, today, would not have been influenced or dominated as satellites of Russia.

I do not wish to assail or attack any man, but unfortunately I feel that we have men in high positions who are

being led astray by the old Nazi propaganda that was so splendidly used after the First World War, and that is being duplicated now with still greater force and resourcefulness. I hope that I am wrong in my fears, but I hope to God that we in our action today and during this week will do nothing that will bring about war, but will tend to bring peace to our Nation, to our people, and to the world.

Mr. Speaker, I insert an excerpt from an editorial appearing in the Chicago Sun-Times of March 14, 1948, which clearly and concisely points out the dangers confronting our country and which urges the restraint of passion and the exercise of calm and deliberate judgment:

We have an interest in checking the forcible spread of communism where we can. We have an interest in helping peoples to make their own free choice of economic and political systems—the kind of free choice which was tragically denied to Czechoslovakia. But that interest cannot be served by military measures which have meaning only in terms of war.

Suppose we had the war. Suppose we won it. Forgetting all it would do to us (including the probable loss of our own democracy), the clearly foreseeable result of such a conflict would be utter world chaos. And out of that chaos would inevitably rise the very totalitarianism we professed to be fighting. What kind of victory would that be?

So let's get hold of ourselves. The world crisis demands American leadership with a positive and constructive policy, but not a fear-ridden military policy. It demands calm, rational judgment, but not unreasonable passion.

Mr. Speaker, I reserve the remainder of my time.

Mr. HERTER. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. BUFFETT].

(Mr. BUFFETT asked and was granted permission to revise and extend his remarks.)

Mr. BUFFETT. Mr. Speaker, the saddest thing about the Marshall plan is not the fact that it will fail to benefit the economic status of the countries to which the hand-outs will go.

The saddest thing about the Marshall plan is not the fact that it will cause accelerated inflation and speed up the deterioration of the dollar toward currency chaos in this country.

The saddest thing about the Marshall plan is not that it will play into Russia's hands by bringing on the terror of coercion and a police state in America, thus causing the spiritual and industrial power of this country to slowly disintegrate.

The saddest thing about the Marshall plan is not that it puts \$17,000,000,000 into the hands of the same domestic administration that brought about the expansion of communism to its present position.

The saddest thing about the Marshall plan is not that the American people have been denied the opportunity to hear the evidence on both sides of this issue, because the radio networks and most leading periodicals have carefully suppressed or distorted the facts against it.

The saddest thing about the Marshall plan is not that American labor leaders

and industrial leaders have been seduced by the bait of easy profits and unearned wages into supporting this scheme.

The saddest thing about the Marshall plan is not the fact that the funds will be used to prop up all the Socialist dictatorships in Europe and give those rulers further weapons to suppress the efforts of patriots who are trying to stay free.

The saddest fact about the Marshall plan is none of these, sad as they are.

It is the fact that the Republican Party in this country has abandoned its responsibility to give organized opposition to a plan for sanctimonious, global imperialism and continuous war.

America can withstand the loss of \$17,000,000,000 more.

America could be the light of the world in the future as it has been before, despite the age-old troubles of Europe.

America could also recover from a temporary black-out of truth and a suppression of facts by radio and press.

But without a genuine two-party system that gives the people a real presentation of the facts and a choice on basic issues, America is indeed in danger. For the United States is following the pathway of many European countries. We are operating like a one-party state and a totalitarian government that cloaks itself in the mantle and technical counterments of a two-party system.

The failure of the Republican leadership to preserve anything more than the shadowy forms of two-party government during this chronic crisis may be a prelude to the supreme human tragedy of our time, the destruction of the American way of life by suicide.

Let me close with these words by Henry George:

It is an axiom of statesmanship which the successful founders of tyranny have understood and acted upon—that great changes can best be brought about under old forms.

Mr. Speaker, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, this is a serious moment in the history of our country and the world and the person who does not see it is blind. The President in his message of a few days ago understated the case to which he in the main addressed himself, for the world situation is far more critical than he possibly was willing to disclose. He could have better justified the recommendations which he made, all of which should be enacted into law without delay. To delay action is to invite another Pearl Harbor. We should strip away the veil of words that conceal the truth and let the people know something of the peril under which they live.

Mr. Speaker, there no longer exists any reason why the so-called Marshall plan should be camouflaged as a purely relief measure. It cannot be justified upon such ground. Men do not go out, mortgage their homes and borrow money to give away; neither do they tax themselves and their children and their children's children in order to feed the hungry or to clothe the naked.

Mr. Speaker, the saddest thing about the Marshall plan is that it does not put emphasis upon military assistance rather than upon economic aid. Dollars alone will not stop Russia. Force can only be stopped by greater force.

By this measure we are simply undertaking to throw up a dike against the flood of communism that threatens to inundate the world. While there are relief characteristics in the bill, it is in the main something that we are undertaking to do by way of organizing the peoples of the world not already drawn behind the iron curtain to make common cause with us in the fight to keep freedom from being driven from the face of the earth. We, standing alone, cannot contend with an angry world organized against us. We need the people that we are proposing to help quite as badly as they need us.

Mr. Speaker, this bill is a war measure. As to whether our conflict with Russia will become a shooting war, all depends upon what Russia does, but we are here saying that the policy of appeasement which we have too long followed has ended and that we are prepared for all eventualities.

(Mr. COX asked and was given permission to revise and extend his remarks.)

Mr. HERTER. Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I shall make at this time and to include a statement of the National Grange appearing in its March 1948 official publication.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, for many weeks the Senate has been working on its bill, S. 2202, and for a like period the House Foreign Affairs Committee has been working night and day on a bill providing necessary economic and financial assistance to certain foreign countries. The Senate passed its bill by a vote of 69 to 17 against. The House committee recommends a somewhat different bill. While the House bill is more comprehensive and includes more territory, yet objectively they are the same. One of the principal differences is the manner of administering the economic aid contemplated.

I have given much attention to the Senate version, and my cursory study of the House bill leads me to believe that it is an improvement on the Senate bill. I therefore shall vote for the House substitute.

Mr. Speaker, to vote for or against this proposal is no easy decision, because no one has the absolute answer. The seriousness of our present international relations cannot be overestimated. A minor incident without significance ordinarily might, in these troublesome times, very easily plunge us into a great Third World War. We all want to prevent this. We all want to do that which we conscientiously believe is most likely to prevent war. There is plausibility on either side

of the argument and whatever position we take may be wrong. In short, it is a chance, and terrible chance. If we pass this legislation it may not accomplish its purpose. On the other hand, the risk is so great that we cannot afford to take the chance, and not pass it. We may be damned if we do, but we are more likely to be damned if we do not.

In these circumstances I am constrained to believe that in the name of peace and in furtherance of my fervent desire to prevent war I must vote for this legislation.

Votes are not going to be changed in this debate. The people of the country, as well as our membership, have been arguing, studying, debating, and, yes, I might say praying, for lo, these many weeks and now the hour of decision has arrived and we must assume our responsibility.

I have no criticism of those who do not agree with me. I am sure they are as sincere and as patriotic as I am. I may be wrong. Again they may be wrong. Time alone will tell.

In the debate that is to follow the members of the Foreign Affairs Committee will explain the bill line by line and sentence by sentence. Full opportunity will be given for change and amendment, and in the end the perfected bill will represent the approval of a large majority of our membership. There is no question but that the bill will pass the House, and it naturally follows that a bill will speedily leave the Congress for the White House.

Mr. Speaker, I have just glanced through the committee report and I call the House's attention to page 60 of that report, which gives a list of the organizations appearing before the committee in support of the bill. This list is most enlightening and one of the groups is the National Grange.

The National Grange is possibly the most conservative farm organization in the country. It is the oldest and the one with the largest membership. In the part of the country from which I come there are many Grange halls and the organization gives close attention to, and studies carefully pending legislation of national importance and with special reference to its effect on the farm population.

Not long ago I had a letter from an officer of a county grange in which the view was expressed that our country could not afford to send more aid to Europe and the arguments, with which we are all familiar, supporting that position were presented. A little later I received a communication from the same writer asking me to reconsider his previous letter. He called my attention to the front page article in the March 1948 issue of the National Grange Monthly, the official magazine of the National Grange. My friend stated that after reading that article he had changed his mind and instead of opposing, favored ERP. His reasoning was good. He said that under our form of government the people sent Representatives to Congress to vote for them, and that he had come to believe that very often the Representative had more information at the

time he voted than was available to the constituent back home. He called attention to the fact that the National Grange maintained a representative in Washington to study all legislation affecting the farmers and then to report to the farmers as to his conclusions.

Mr. Speaker, Mr. J. T. Sanders is the National Grange legislative counsel in Washington and was the writer of this article. I read the article carefully and it is a good presentation from the standpoint of agriculture. It reads as follows:

THE EUROPEAN RECOVERY PROGRAM IS MUTUAL AID

The problems giving rise to the European recovery program present to Americans as great a responsibility and opportunity as was probably ever presented to any people. Not only are our own welfare, happiness, and way of life at stake, but those of the entire world. We must approach this fearful responsibility with the utmost preparation, wisdom and humility. Yet we are right now at the threshold of our decision on this momentous question.

The Grange supported the Marshall plan in its recent annual session at Columbus, Ohio, provided the countries show willingness to help themselves, that they establish reasonably satisfactory production goals, and that a separate administration be set up to operate the program.

The Grange looks upon the ERP as mutual aid, not simply as an aid to Europe; and believes that we must avoid any justified claim that we are imperialistic in giving this aid. We should give aid as one would give it to a neighbor whose house is on fire and which is threatening our own home if the fire is allowed to spread. We should give aid in the spirit in which any self-respecting helper and receiver should join hands, that is, for self-protection of the one and rehabilitation of the other—for mutual aid.

We are not giving of our accumulated substance so much as we are giving of our productive potentials in order that we may first maintain these potentials and, second, hold fast to our way of life in a friendly, peaceful world community. Some way must be found to gear our economy into a peaceful world economy, where aggression for material gain or for imposition of ideologies of any kind on an unwilling people, does not pay.

If we can do this we can and probably will double our standard of living, over that of prewar, in the next two or three decades. European recovery offers our best, our most hopeful immediate approach to an era of peaceful production in the world. We must take this approach.

Both the "Molotov plan" and the "Marshall plan" aim at economic recovery of Europe. Russia wants recovery of all Europe under the banner of communism. The Communists wish to first create a maximum of chaos, misery, suffering, and despair, and a loss of reason, and then to move in by strong-arm methods. They then hope to restore by police power and methods, the great productive processes of Europe under the banner of the hammer and sickle. Our European recovery program, in contrast, proposes to activate the productive potentials of Europe by supplementing their self-help with our economic aid. We thus hope to bring about the rebirth of freedom and peace in Europe and the world.

MORE THAN POLITICS

But the nature of the recovery program of Europe is far more fundamental than merely a clash between communism and democracy. It is primarily a recovery program for Europe, and a mutual-aid program for Europe, the United States, and the rest of the world.

Before the war the 16 cooperating western European nations took one-half of all the world's imports, but contained only 12 percent of the world's people. Fully a fourth of these imports were paid for by income from investments abroad which investments were wiped out by the war, and exports must be increased accordingly if the same level of imports as prewar is to be maintained. This alone would greatly change their economy; but another important change in their economy has taken place—their trade relations with eastern Europe.

Before the war western Europe had only 2.4 times as many people, yet produced 6.5 times as much industrial products, as did the so-called iron curtain eastern European countries—excluding European Russia. Eastern Europe is predominantly agricultural. Over 60 percent of all people in them are dependent on agriculture compared with only 25 percent in the cooperating western European areas. Obviously the agricultural part of the European production balance was to a considerable extent, and is still, east of the iron curtain; and the industrial part is west of it. Great prewar trade flourished between the east and the west. The war and Russia's grip on these eastern European countries for the time being have greatly interfered with this prewar trade.

AGRICULTURE AND TRADE

The damages of World War II to Europe were mainly to agriculture in the east and to industry in the west. Fortunately for the success of the European recovery program, agricultural recovery in eastern Europe and sound trade between the east and the west probably will keep pace with recovery of western industries.

Although inherently the farm is a full-output industry, there are many conditions that tend to slow down food production on farms especially after a great war. If a farmer loses his hired labor, or any part of his draft-power, he will prepare less land for crops, prepare it poorly, turn some of it into meadows and pastures. He will become more self-sufficient and commercial food production will suffer. War in Europe has had most of these effects on agricultural production.

But one of the most powerful forces retarding agricultural production in Europe is the loss of normal exchangeability of the farmer's products with the products of non-agricultural industries. It is mainly this lack of exchangeability that is reducing European agricultural production. It required eastern European countries 10 years after World War I to return to normal production when industry was slow in recovering. Agricultural recovery was retarded almost entirely because of failure of industry to recover.

Since eastern Europe sustained most of the agricultural damage of World War II and western Europe most of the industrial devastation, industrial production in western Europe will largely determine the return to normal agricultural production in both eastern and western Europe. In general, this is true, although fertilizer, seed, miscellaneous supplies and draft power in the form of small tractors with mounted implements will doubtless be needed in certain areas. Obviously, a balanced industrial-agricultural production is the key to recovery, and this balance for Europe is to a large extent an east-west balance that depends largely on industrial recovery of western Europe—not a balance within eastern or within western Europe.

Communism has its greatest strength in industrial centers and not on the peasant farms of eastern Europe; and it should be remembered that a highly productive agriculture of eastern Europe is not complementary to Russian economy. A strong, vigorous, surplus-producing agriculture in eastern Europe will, on the other hand, inevitably be

complementary to the economy of western Europe.

REHABILITATION

Rehabilitation is far more significant in the European recovery program than relief. Both relief and rehabilitation are essential, but it would be a fatal mistake to supply relief but not enough to materially rehabilitate European productive capacity. Indeed, this would tend to perpetuate the relief problem. It is proposed to set up around \$4,000,000,000 per year of aid. Our gross national product is today running well above \$200,000,000,000. Thus, our aid would average around 2 percent of our national economic output. We believe that a 2-percent contribution is an entirely justified undertaking. For the first 15 months, calculated needs are placed at \$6,800,000,000, or 2.7 percent of national product.

In approving the ERP satisfactory self-help efforts by Europe was the first condition laid down by the Grange. The speed with which European cooperating nations have responded with plans for self-help satisfies us that an honest energetic effort in this respect will be forthcoming. In 10 of these western European countries, total employment is indicated to be about 10 to 15 percent above prewar, average hours worker per week is around 45.4 hours compared with 39.8 hours for the United States, and idleness in 1947 from strikes was around 18,000,000 man-days compared with 97,000,000 in 1921 and 53,000,000 in 1920.

Thus idleness from strikes was from three to five times as much after World War I as it was in 1947. Industrial production, however, was still much below prewar in most of these countries, averaging possibly from 60 to 90 percent with much of their efforts going into clearing up and rebuilding. Considering their rations, which, on the whole, are barely above starvation levels, this is a remarkable demonstration of effort toward self-help.

SELF-HELP PHASES

We in the Grange believe that in the self-help phases will be found the greatest value in the European recovery program. The program is a strong means of developing a coordinated monetary and exchange stabilization, a more unified transportation system, and an elimination of many of the absurd tariff and other trade barriers between European countries. There is no part of the program in which there is so much potential good, so much potential assistance toward peace and prosperity as this. The Grange trusts that our Nation can and will rise to the plane of statesmanship that this opportunity demands.

In using our right to ask for a maximum of self-help we should carefully avoid interference with matters of internal affairs in the assisted nations. We should defend their right to freely choose by democratic means the type of government they want. We must let the people of Europe know who it is that is bringing this aid, not for the purpose of making them feel under obligation to us, but for the purpose of proving what a free people can and will do.

Mr. Speaker, I shall not take more time and shall vote for this bill in its final form. I express the hope that action in the Congress will be expedited to the end that the world may know that the United States of America wants to assist those democracies who will assist themselves and that we will not tolerate tactics on the part of any government, the purpose of which is to destroy the American way of life.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MARCANTONIO].

(Mr. MARCANTONIO asked and was given permission to revise and extend his remarks.)

Mr. MARCANTONIO. Mr. Speaker, this is not a relief or rehabilitation measure. It does not meet the test of relief or rehabilitation. The basic test is the extension through the United Nations, of relief and rehabilitation without consideration of race, creed or political belief. That principle is the United Nations principle. This bill by-passes and undermines the United Nations because the bill provides for unilateral action and imposes political and economic control over other nations. The principle of United Nations relief and rehabilitation has been completely disregarded by this bill as well as by the bill which preceded it. Therefore, in good conscience we owe it to the people of this Nation to state frankly to them that this is not a relief or rehabilitation bill.

This is a war measure. The gentleman from Georgia has honestly stated so, and I wish that the other proponents of this legislation would make the same honest admission. War measures are justifiable for the defense of the country. This is not a war measure in the defense of the Nation.

Mr. Speaker, this Nation, despite the tons and tons of newspaper and the billions of words to the contrary, is not in danger of attack. No matter how the proponents of this measure may attempt to rationalize themselves into a position of saying that this is a defense measure, the fact is we are not in danger of attack. This is a war measure which is being sold to the American people under the guise of stopping the threat of communism.

Let us analyze what that means. What are we really trying to stop? We are trying to stop the forward march of the people of Europe toward the nationalizing and public ownership of their basic industries and towards the breaking up of big landed estates. That march was started by the people of Italy prior to 1922 and then with an ERP program on the part of French and British bankers, fascism was instituted in Italy and imposed upon the Italian people in order to stop that forward march.

That forward march of the people was stopped by the Axis powers with military might for many years and with the termination of the war the Fascist blockade was removed and the forward march of the people of Europe towards public ownership, towards the breaking up of big landed estates, begun again. This program is intended to again stop the march of the people of Europe.

What is this program? It is a scheme, it is a war measure, to impose upon the people of Europe Wall Street monopoly capital and buttress a decadent capitalism which has failed in Europe. We have moved in in Europe and in Asia. It is imperialism. Mr. Speaker, let us not be too naive. Imperialism does not mean merely the acquisition of some other nation's territory. Imperialism also means and realistically means today the expansion of the control of monopoly capital over the economy of other people.

As Life magazine in a leading editorial said recently, ERP is a program to establish capitalism in Europe. The people of Europe do not want it. The people of Europe do not want monopoly capital. They want public ownership of their basic industries. They want land for the peasants. Therefore, this program is intended to defend not America but satellite governments that have been established by our State Department whose only purpose is to guarantee the expansion of Wall Street trusts by defeating the aspirations of the people of Europe to obtain for themselves their own industries and to obtain for their people their own land. So, this is a war measure, but not in defense of America. It is a war measure in defense of the imperialistic expansion of finance monopoly capital. I have opposed it in the past; I shall oppose it again, and for this reason I oppose this resolution. I know in doing so my position will be distorted. I know that wrong interpretations will be placed on it, but come what may, I take my stand for peace and progress in this decisive hour in the course of world events. We take here a long step toward war, a war not in defense of the Nation, but a war in defense of Wall Street imperialism. I have opposed that kind of a war and I shall continue to do so, because in doing so I am defending my fellow countrymen.

Mr. Speaker, I strongly favor aid to Europe and to people everywhere in the world. I am not an isolationist. I firmly believe in the United Nations. I believe that any program which is genuinely an aid and rehabilitation program can be accomplished only through the United Nations. Otherwise it becomes an imperialist program. I introduced a bill yesterday providing for aid to Europe through a United Nations agency. I shall offer that bill as a substitute for this bill now before us.

There is a vast difference between this bill and the bill I have introduced. The difference is fundamental and irreconcilable; the difference is between unilateral action and United Nations action; between imperialism and the peoples' right everywhere to establish their own economy; the difference between war and peace.

It has been a long and twisting road along which the American people have been led to reach the Marshall plan. And now that we are on the verge of taking another lunge forward under the prompting of the Department of State and other administration spokesmen, it would be well to pause and look back to discover how we started on this path and look forward to see where it is leading our people.

Today we have reached a stage in foreign policy that is but the latest development in a long series of seemingly unconnected events that stretch back to 1945 and 1946 when, flushed with a great victory, we embarked with the other countries of the world to make the peace through the United Nations.

Today, in the Marshall plan and in the proposals for military pacts and military adventures we are all aware that this country has moved far away from the

letter and spirit of the Charter of the United Nations.

The Marshall plan, or the European recovery program, is usually described as having evolved out of a suggestion in a speech made by the Secretary of State at Harvard on June 15, 1947. For example, I notice that in the Basic Documents and Background Information on ERP prepared by the staffs of the Senate Foreign Relations Committee and the House Foreign Affairs Committee the chronology of the ERP begins with June 5.

None of us are so naive as to believe that so significant a development in our foreign policy—this decision to lend our greatest weight in international affairs outside of the United Nations—suddenly blossomed forth from the Department of State with no reference to what had gone before.

On the contrary, when we examine the record of the Department of State in dealing with the problems of international relief and rehabilitation over the past few years we are struck by a pattern of step-by-step decisions which finally resulted in destroying any hope of handling this complex of world problems through cooperative action within UN; and these policies of the Department of State consistently resulted in unilateral actions on the part of the United States, now culminating in the Marshall plan.

We are witnessing today—and many are supporting—the creation of a whole series of bilateral agreements between this country and the countries of western Europe which spell the doom of the United Nations. So rapidly is this taking place that already the so-called humanitarian objectives of relief and reconstruction through the Marshall plan are being forgotten in the talk of military alliances between our country and the participating European countries.

The "holy war" is the next step; unless we halt this madness at once.

Now, what has gone before and how did we reach where we are today?

UNRRA

The first great attempt to solve international problems by cooperative action on the part of all the nations of the world was through the United Nations Relief and Rehabilitation Administration.

Few bother to recall today that the United States under the great leadership of Franklin Roosevelt played the leading role in the organization and operation of UNRRA. And this was as it should have been. For UNRRA was conceived of as a vehicle through which all the countries and peoples in need as the result of the devastation of World War II would be aided by each nation according to its own individual resources. The United States, as the strongest and wealthiest nation in the world, as the only major country that came out of the war with industrial and food production far above pre-war levels, made the greatest contributions to UNRRA.

The United States took the initiative for the establishment of a UN organization for relief purposes early in 1942. Finally, on November 9, 1943, the UNRRA agreement was signed.

I would like to recall the words of the late President Roosevelt at the time of

the signing of the UNRRA agreement. He said, in part:

We have acted together with the other United Nations in harnessing our raw materials, our production, and our other resources to defeat the common enemy. We have worked together with the United Nations in full agreement and action in the fighting on land, on the sea, and in the air. We are now about to take an additional step in the combined actions which are necessary to win the war and to build the foundation for a secure peace.

The sufferings of the little men and women who have been ground under the Axis heel can be relieved only if we utilize the production of all the world to balance the want of all the world. In UNRRA we have devised a mechanism, based on the processes of true democracy, which can go far toward accomplishment of such an objective in the days and months of desperate emergency which will follow the overthrow of the Axis.

As in most of the difficult and complex things in life, nations will learn to work together only by actually working together. Why not? The nations have common objectives. It is therefore, with a lift of hope, that we look on the signing of this agreement by all of the United Nations as a means of joining them together still more firmly.

This was the spirit and the conception of international relations upon which UNRRA flourished. What a far cry from the blood speeches marking the birth of the Marshall plan.

Today we find ourselves far removed from the Roosevelt design for international relations.

The United States, in supporting and working through UNRRA, of course, subscribed to its principles of actions. Among these was the policy statement on relief distribution which said:

That the Council approves the following statement as a guide to activities with respect to relief and rehabilitation distribution:

1. That at no time shall relief and rehabilitation supplies be used as a political weapon, and no discrimination shall be made in the distribution of relief supplies because of race, creed, or political belief.

2. That distribution should be so conducted that all classes of the population, irrespective of their purchasing power, shall receive their equitable shares of essential commodities. When supplies are sold to consumers, prices should be set at such levels as to facilitate the flow of supplies into the proper hands, and to avoid maladjustments in the price structure of the areas.

3. That distribution of relief and rehabilitation supplies should take place under effective rationing and price controls. The suppression of black markets should not be left to general pronouncements and decrees, but should be the subject of active measures of enforcement applied vigorously and unremittingly.

The UNRRA organization became engaged in full-scale operations in Europe after April 1, 1945. Its accomplishments both in Europe and the Far East were magnificent. These accomplishments have been questioned and doubted only by little men with selfish, narrow minds.

Millions of people throughout the world are alive today thanks only to UNRRA. UNRRA fed, clothed, and sheltered countless thousands. Epidemics of disease, so widely prevalent after World War I, were quickly stamped out by UNRRA medical teams before they became dangerous.

While food was most urgently required by people everywhere, the call for rehabilitation supplies was pressed only slightly less demanding. Coal, and spare machine parts, trucks and seeds, farm implements and raw materials all were supplied through the facilities of the UNRRA Organization; and in many countries the minimum industrial recovery necessary to maintain relief standards of living were achieved primarily through the aid of UNRRA.

In the course of its entire operations, which reached their peak in the first half of 1946, UNRRA expended about four thousand million dollars. The United States contributed about 72 percent of this total.

It is clear reading again the accomplishments of UNRRA through late 1945 and 1946 that in the UN all of the nations of the world had found an organizational medium which quickly pooled information and resources and as quickly succored the weak and the needy. And simply because it was an international organization in which all of the nations of the world participated—not a charity line or a hand-out—but an international organization through which every nation hoped to realize mutual help and mutual relief, it could and did operate without discrimination and without demanding commitments of any sort from the relief beneficiaries.

This was the key to the success of UNRRA. And when certain men in high places in this country—the men of Wall Street and the men of the military—found that UNRRA made impossible any allocations of relief or rehabilitation aids on any basis but need they destroyed UNRRA. UNRRA could not be used to further the special interests and prejudices of the men directing foreign policy from the Department of State today, so they ended UNRRA by simply refusing further participation in its activities. And with UNRRA died the first significant attempt at international cooperation after World War II.

This decision to destroy UNRRA was the first major step by the United States away from solving problems through UN.

It is useful to reexamine what was said by leading United States spokesmen at the time that this country withdrew from the only international organization capably solving immediate world economic problems.

END OF UNRRA

The Department of State maintained during the summer and fall of 1946 that nobody knew whether the countries then receiving UNRRA aid would continue to need it in 1947. And if it did turn out that help would be needed, that nothing prevented individual countries from asking help of the United States.

During most of 1946 the Director General of UNRRA was a great American and a great humanitarian, the late Fiorello LaGuardia. He is sorely missed today. Fiorello LaGuardia was a dear friend and a firm and loyal fighter in many struggles in the United States against the greedy and the selfish. He carried the same fighting spirit with him into UNRRA.

I know well how he fought to carry on the UNRRA program and the UNRRA

spirit; but he was finally defeated by the very men who run our State Department today.

The principle that Fiorello LaGuardia fought so valiantly to uphold, really the foundation stone of the Charter of the United Nations, is the mutual solution of international problems within the framework of the United Nations.

When it was clear that the United States was adamant against the continuation of UNRRA, that the Department of State had decided to return to unilateral dealings with other countries as far as these problems were concerned, LaGuardia proposed a simple compromise. He would have had a committee of the General Assembly of the UN empowered to review world requirements and allocate some \$400,000,000 of relief needs until the 1947 harvest was in. He discarded the controversial rehabilitation part of the program; the total funds of this relief committee were limited to about 10 percent of what UNRRA had expended; and no country would have been required to contribute more than 49 percent of the total fund. For the United States this would have amounted to \$176,000,000.

This may seem like petty and tiresome history. For LaGuardia's proposal was turned down by the General Assembly of UN on December 11, 1946, but it is important history in the story of how we reached where we are today.

On November 13, after LaGuardia's proposition had been laid before the General Assembly, Dean Acheson, Under Secretary of State and United States Delegate to the UNRRA Council, said, in elaborating the United States opposition to the LaGuardia plan:

Moreover, although it has often been said that relief would be granted on a purely humanitarian basis, there is a feeling here that gratitude on the part of the recipient countries would naturally be expected.

The United States made no bones about the fact that the UNRRA idea was out the window. From now on a quid pro quo would be demanded of all who asked for aid from this country.

LaGuardia made the following statement after hearing Dean Acheson:

I have been charged with being suspicious and with charging improper motives when I told Committee 2 of the UN that there was a great danger after January 1 that certain countries would be aided and others not.

All my fear has been justified by the statement made on the air Sunday by the Under Secretary of State Dean Acheson.

* * * The whole purpose of the Central Committee (of UNRRA) in carrying out the mandate of this Council was to take from any nation the power to dole out in accordance with its individual views, rather than in accordance with concerted conclusions of a deliberating committee composed of 19 nations.

LaGuardia saw where this country was going when it withdrew from UNRRA. And events have bitterly borne out his predictions.

All of the major powers but the United States hoped for the continuation of UNRRA. LaGuardia had himself spoken to Stalin during the summer of 1946 and the latter made it clear to him that the U. S. S. R. stood for international action in dealing with this matter. As La-

Guardia put it, "Generalissimo Stalin was * * * very much alive to the dangers of the national approach to this matter." The French and Chinese Delegates to UNRRA made no bones about how anxious they were to keep the body functioning. And the British Delegate to UNRRA, Philip Noel Baker, openly supported LaGuardia, according to a New York Times report, until Secretary Byrnes contacted British Foreign Minister Bevin and had him stopped.

When the use of the veto in UN is discussed it might well be recalled that the United States Delegation in effect vetoed UNRRA by staying out of the proposed board which was approved by all the other major powers.

Secretary Byrnes, testifying before a subcommittee of the War Investigating Committee, unequivocally stated that this country would have no part in any international relief organization. He said:

I should say that it is our position that whatever the United States does in the way of relief should be done by the United States unilaterally. * * * We will be willing to discuss with other governments that are willing to do something in the way of relief to find out what they are doing before we give aid, but we are not going to talk to the beneficiaries and ask the beneficiaries to determine the amounts that should be allotted.

Director General LaGuardia replied to this United States policy vigorously. He said, before the General Assembly of UN:

I confess that I am bewildered at such a position. Is it not the greatest paradox in the world that the United States should favor international action everywhere but in relief—relief, the most simple and the most basic problem that today faces the United Nations?

Is relief more explosive than the atom bomb? I find the Government of the United States urging international action when it comes to controlling the atomic bomb, to dealing with Trieste, to making peace settlements, when it comes to matters of trade and aviation, of trusteeships of bases, and of banking. * * * In all of these I find the United States urging international action—but not, apparently, when it comes to relief.

Thomas Hamilton, chief New York Times reporter at UN, summed up the fears of all the delegates there when he wrote on November 11:

It is difficult for UN delegations to understand why the United States, if it is not acting on the premise that food is a weapon, insists on bilateral agreements for food when it had championed international action in the case of the World Bank, the World Health Organization, and half a dozen other agencies sponsored by UN.

Fiorello LaGuardia made one of the greatest speeches of his life when, on November 11, 1946, he pleaded with the United States delegation to UN to change their position and permit an international relief organization to continue under the limited scope he had proposed. His is a statement of first principles in international relations that all of us should read today when hysteria and saber rattling seem to compose the full extent of our foreign policy.

I quote at length from this speech:

Now, gentlemen, there are many ways of dealing with this problem. The first, that aid should be given on a national basis. Each rich nation should choose the recipient and make its own conditions. This is the

old-fashioned, imperialist way. This method of making one country dependent upon another was discarded by the world—I hope forever. That is not why the UN was formed. That is not the spirit of the Atlantic Charter or the San Francisco Charter, not as I understand it. * * *

Another way is to create an international authority operating under the control of the UN and meeting the relief needs, without consideration of race, creed, or political belief, being guided only by the existence of true need. This is what is known as the new way of the UN. But it really is not a new way. It is a way brought to this world nearly 2,000 years ago in the teachings of the Prince of Peace. And a wicked world has to date refused to learn the lesson. * * *

If it is open to one nation or group of nations to provide aid to any specific countries by predilection or choice as well as freezing or ignoring any particular country which for the moment may not be in the good graces of the contributing country, it would destroy everything that has been accomplished to date by UNRRA. It would be diametrically opposed to the spirit of UNRRA and the fine principle under which it was conceived. It would place weak nations at the mercy of wealthy and big nations. It would do more than anything else that could possibly happen to group nations to a point such as brought about World War II. It would place nations, finding themselves through no fault of their own in a temporary difficult situation at the mercy of contributing nations. It would be degrading instead of inspiring. It would be selfish instead of generous. It is reminiscent of the old days of politics here in my town, when the poor in the district were given a basket of food at Christmas and during the winter a bag of coal or two. Along came election time and they were reminded of the generosity of the political boss and taken in hordes to vote the ticket. I killed that in my town. I hope none of us will be a part of establishing such a system in international relations. * * *

This plan, or any plan for food aid is dependent upon other world organizations doing their part and carrying out the functions entrusted to them.

There has been established this International Bank for Reconstruction with a sizable fund. Now part of the rehabilitation of these countries that we are seeking to aid in 1947 requires large amounts for rehabilitation of their industries and rehabilitation of transportation. The International Bank was created for that purpose. But it must go into operation and as these applications come in they must be decided on their merits. But if extraneous matters creep into it, as I see them creeping into this food matter, and political implications become factors in granting loans, then the whole program goes to pieces and the purpose is destroyed, and all the help we can give these countries in food would not make any permanent difference.

LaGuardia hammered away in every possible forum at the main point, that if food—or any other item of relief or aid—is not distributed by a small board of nations in an impartial manner among all countries it will be handed out for political purposes. And he has been proven right in every instance of foreign relief and aid up to and including the Marshall plan itself.

POST-UNRRA RELIEF

The UNRRA idea and the UNRRA organization was buried by the General Assembly of UN on December 11, 1946. A United States resolution recognizing the continued need that some countries would

have for aid in 1947 was adopted and a special—and completely powerless—Technical Committee was established to determine the needs for 1947. The members of UN were called upon to assist in the furnishing of relief when and where needed during the year.

But the Department of State had a plan to replace UNRRA. Despite contentions that countries still needing help were few and the amount of assistance required relatively small, the new approach of unilateral aid in amounts far beyond the proposals of LaGuardia began to take shape at once.

A story in the New York Times of December 15, 1946, announced the new pattern:

Meanwhile, it was learned that the American mission to Greece would shortly be announced. It appeared that this approach to the great postwar problems of one of the small states with which this country feels especially friendly might well form the pattern for the whole aid program of the United States after the UNRRA goes out of business. * * *

The selection of that country (Greece) for beginning an inquiry of this sort also seemed to follow the line indicated at the State Department that the United States, while intending to act on a humanitarian basis in extending relief, nevertheless valued grateful recipients.

After January 1, 1947, the American foreign policy really began to hit its stride. This body knows what followed.

President Truman, in a message to Congress on February 21, 1947, recommended that \$350,000,000 be appropriated immediately for foreign relief. This resulted in the foreign-relief program authorized by Public Law 84 and approved by the Eightieth Congress on May 31, 1947. The program was confined to the following four areas: Austria, Greece, Italy, and Trieste.

Recall that but a few weeks before the President's message the United States spokesmen at UN were deprecating the need for any relief program in 1947. Recall that the UNRRA program would not have cost the United States more than 49 percent of the \$400,000,000 total, or \$176,000,000. Recall that the areas most desperately in need when UNRRA ceased to exist were Byelorussia, the Ukraine, Yugoslavia, Czechoslovakia, Poland, and Albania.

Fiorello LaGuardia predicted this development when, in a radio debate on November 28, 1946, he said:

Under the American plan, in order to give the State Department the absolute control to hand out according to its whims and fancies, its likes and dislikes, it will cost the United States in the neighborhood of \$450,000,000 to \$500,000,000. The purpose of keeping international control was to distribute the cost more equitably.

The will of the American people is not presented, is not contained, in the resolution of the United States now pending before the UN. The United States resolution is nothing more than a unilateral scheme for providing aid at much greater cost, instead of international aid without conditions and strings, without carrying favor or creating fear.

It was but a few weeks later, on March 12, that President Truman, in his address before Congress enunciated the Truman doctrine in asking for \$400,000,000 for Greece and Turkey. This program de-

scribed as one "to provide the economic basis for their defense." We are all aware that it has become primarily a military-aid program.

Interestingly enough the New York Times of March 7, 1948, reported that the Turkish Government felt the aid from the United States emphasized military expenditures too heavily. They requested that more attention be given to the needs of their civil economy.

In the summer of 1947 it was patently clear to all the world that the United States had embarked on a program of unilateral action, outside the UN, of helping only those selected countries it was felt would further the aims of the Department of State.

Similarly the Marshall plan evolved outside the UN, and with no reference to its organization and its subsidiary bodies dealing at that very time with the problems discussed at the Paris Conference in September 1947.

The interim-aid program, adopted during the special session of Congress in 1947 was confined to Austria, Italy, and France. Again this was the result of unilateral action on the part of the United States. And bilateral treaties were negotiated between the United States and the recipient countries stating the terms on which aid would be extended.

These bilateral agreements, in the words of the chairman of the Senate Foreign Relations Committee, are "bilateral contracts with each country in which their own targets are accepted and set up as the price of continuous aid," which "would serve to bring bluntly home to native populations the degree of responsibility which might attach to any internal opposition to the program."

The Marshall plan both in its unilateral character and in its growing emphasis upon military preparations is the lineal descendant of the Truman doctrine. It marks the culmination in the move away from the UNRRA-type of approach to solving international problems.

It marks as clearly the departure of the United States from the UN when so-called critical situations develop.

It is not surprising therefore to find that the Marshall plan—despite all its humanitarian claims, all its emphasis upon relief and reconstruction—is in reality the latest expression of the power-hungry men of this country.

Mr. HERTER. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

WE CAN GET OUT OF THIS MESS

Mr. CASE of South Dakota. Mr. Speaker, the gentleman from New York [Mr. MARCANTONIO] is right in one respect—this is a decisive hour in the world's history. I do not like the mess we are in, but here we are. We can get out of this mess if we keep our heads and act coolly, but resolutely and courageously.

The bill we are about to consider stemmed from a suggestion in a speech by Secretary of State Marshall made at Harvard last June; namely, that before the countries of Europe should expect further aid from the United States they

should get together, pool their resources, and see what they could do for themselves. In that speech Mr. Marshall said very plainly that the policy of the United States was not directed against any nation or political philosophy.

Originally, Russia and her satellite countries were invited to take part in the program of European recovery which was proposed to implement the speech. They declined.

Today this bill is described as a method of action to stop Russian domination of Europe. And it is probable that if Secretary Marshall were making his speech now, he would not repeat part of what he said in June 1947. Indeed, President Truman, in his special address to the Congress, last week, placed early passage of this bill alongside of such measures as compulsory, peacetime military service as steps of resolute action.

TRY THAT DOOR AGAIN

The passage in the President's speech which I thought very important was that in which he said:

We shall remain ready and anxious to join with all nations—I repeat, with all nations—in every possible effort to reach international understanding and agreement.

The door has never been closed, nor will it ever be closed, to the Soviet Union or any other nation which will genuinely cooperate in preserving the peace.

The emphasis which the President placed in his manner of speaking and by his use of the words "I repeat with all nations" were of special interest to me, because I know that a very high ranking Russian official did confer with a very high ranking United States official late in January or very early in February on the possibility of a meeting between Marshal Stalin and President Truman.

Both the Russian and United States officials were not only of a rank competent to discuss such a matter, but were proper persons to discuss it in the preliminary stages. In any event, the incident apparently led to a blank wall and both the President and Secretary Marshall have denied knowledge of it.

Whether the President meant by his words to reopen the conversations I do not know. I hope so. In any event, by whatever route we have arrived at the present state of affairs, here we are.

There should be no disagreement with the proposition that we should take whatever steps, in the combined judgment of Congress and the President, should be taken to insure the continuance of the United States.

STRENGTHEN THE AIR FORCE

Is peace or war ahead? No one knows. The President's proposals for universal training and reenactment of the draft are based on the belief that a show of force may halt the tactics of Soviet-inspired communism. Personally, I believe that a great strengthening of the Air Force would be more effective in persuading Russia that we mean what we say, and I propose to do what I can in that regard.

Here are some additional suggestions.

First. Stop trying to bluff Russia with talk. Recognize the natural desire of any nation to have mutual defense pacts with her neighbors—and be sure that

ours with Canada, Mexico, and the Spanish-American countries are in good standing.

Second. Explore fully any approach toward an understanding—regardless of past statements or political considerations.

Third. Put our defense establishment in top condition—but don't look upon a show of force as a substitute for diplomacy. Strength may be an implement of diplomacy but is not a substitute for it—if we want peace.

Fourth. Cut out the contradictions in our foreign policy. For instance, let the German people live decently and become the natural allies of the free states of the West rather than forcing them to be easy victims for further communistic expansion.

Also, submit the partition of Palestine to a plebiscite instead of insisting upon forcing an extraterritorial division or decision which can be maintained only by outside troops—including Russia—and thereby putting Russian troops astride the oil lines we have built from Arabia to Haifa with a port on the Mediterranean which the Russians have always wanted. It is time to try what Woodrow Wilson called the right of self-determination.

EXPLORE THE BILL FULLY

Mr. Speaker, I do not propose at this time to state my personal convictions with respect to all phases of the bill before us. The importance of the issues warrants the fullest and freest discussion of the terms of the bill.

Beyond doubt, the bill as it comes to us does represent long hours of hard, conscientious labor by the members of the Committee on Foreign Affairs. Other Members of the House, however, have given the issues much study, too, and they all deserve the right to learn the full implications of the bill as written, as each will bear the responsibility for the vote he casts.

For that reason I am glad that the rule under which the bill is to be considered permits 15 hours of general debate before it is considered for amendment. And it is that rule upon which the first vote will come, before the House goes into Committee of the Whole House for consideration of the bill.

When we proceed into Committee of the Whole, I trust that the debate will bring out the unanswered questions—the commitments of the bill, year by year, if they extend beyond 1 year, and the commitments country by country.

EXAMINE EACH APPROPRIATION

In the final wind-up I trust it will be made clear that this bill is an authorization bill in the customary sense of that term in this chamber—an authorization bill to make appropriations within certain limits but not a commitment to make them in any given or specified amounts. Only with that understanding would I and many other Members feel free to vote for the legislation.

The exact amount of appropriations on the broad program of this bill, like on any other congressional authorization, should be the subject of searching analysis and frequent review as befits any expenditure of huge sums of public funds.

After all, each dollar spent under this bill, as under any other, has to be raised by taxes, and the amounts and effectiveness of all expenditures should be carefully checked against the announced and authorized objectives.

In conclusion, I wish to express three hopes:

First, that this legislation, if passed and implemented, will bring economic recovery to China and the countries of Europe.

Second, that Russia may be persuaded of our good but firm intentions.

Third, that those who conduct our foreign policies will not think of this bill as a solution of our unsatisfactory relations with Russia, but will seek earnestly an understanding which will bring calm to today's uneasy peace.

(Mr. CASE of South Dakota asked and was given permission to revise and extend his remarks.)

Mr. SABATH. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. KLEIN].

(Mr. KLEIN asked and was given permission to revise and extend his remarks.)

INVESTIGATE STATE DEPARTMENT AND SECURITY COUNCIL

Mr. KLEIN. Mr. Speaker, some weeks ago there appeared in the New York Post, and I inserted in the CONGRESSIONAL RECORD, a brilliant and dispassionate study of the conduct—and I am tempted to say the misconduct—of the Office of Near Eastern and African Affairs of the Department of State and its chief, Mr. Loy Henderson. These articles were prepared and written by Charles Van Devander and James A. Wechsler, of the Washington bureau of the Post. These are two of the most conscientious and responsible reporters in the Capital.

If there was any official denial of the allegations in those articles, it failed to come to my attention; nor have I noticed the slightest mitigation of the high-handed exercise of secret bureaucratic autocracy in that division.

On the contrary, the chief United States representative in the United Nations Assembly has reversed the American decision on Palestine. The enunciation of high American statesmanship on Palestine last November has been subverted and sabotaged beyond all recognition.

MILITARY IN THE SADDLE

Searching for an explanation of the arbitrary actions of the Department of State and the American delegation to the UN, students of public affairs have come to the conclusion that not only the Office of Near Eastern and African Affairs but also the recently established National Security Council is dedicated to the perpetuation of vested interests in the Near East and to the exploitation of power politics in a dangerous pattern which the United States, as a mature Nation, long ago abandoned and condemned.

Mr. Speaker, this subversion of public business to private predatory interests and to the military dreams of professional soldiers is one of the most dangerous trends in our public life today. Without the veil of sanctity, all in the name of national security, which these bureaucrats

draw around themselves, they could not indulge in this terrifying game of secret diplomacy and national power.

I believe that the time is ripe, right now, for a thorough investigation of the administrative inefficiency and unbalance in the structure of the State Department, and of the grasp for power in the National Security Council by the representatives of the armed services through their outnumbering of the State Department representatives.

RESOLUTION TO INVESTIGATE OFFERED

I have accordingly introduced today a resolution calling for a careful and impartial scrutiny of this unwholesome condition by the House Committee on Foreign Affairs. I do not intend by the introduction of this resolution to single out any one individual as a scapegoat for all the ills which beset our foreign policies. While many of us, including myself, believe that Loy Henderson, Chief of the Office of Near Eastern and African Affairs, is personally responsible for many of the most flagrant reversals of stated policy, without an antiquated and cumbersome system of administration and without the invitation of the act which authorized the NSC, the individuals most to be criticized could not have exercised their irresponsible power.

I also believe that I have so drawn this resolution that the investigating committee could, as they should, carefully examine the relationship of the Arabian-American Oil Co. and its Washington vice president, James Terry Duce, to the National Security Council. I believe they can and should further examine the role played by Dillon, Read & Co. and other great banking houses, not only in the Near Eastern desk but throughout America's mighty and far-flung empire.

Mr. Speaker, I ask unanimous consent to insert at this point the text of the resolution I have just introduced:

Whereas there is increasing evidence that the conduct of American foreign policy is being conducted for and by military and financial interests with little or no regard to the traditional and stated policies of the United States as enunciated by the Congress and the President of the United States; and

Whereas this House views with alarm and apprehension the authority exercised in the determination of American foreign policy by the National Defense Council and the number of positions involving the formulation of policies which have been filled in purely civilian agencies with professional military men; and

Whereas skilled and informed observers have repeatedly pointed out that the duplications of administrative structure in the Department of State have led to the exercise of vast powers by small units having no corresponding responsibility to higher authority and the American public and are shielded from scrutiny by allegations of national security; and

Whereas specifically, the conduct of the Office of Near Eastern and African Affairs of the Department of State in relation to the stated policies of this government in Palestine has, on the public record, constituted a subversion of those policies and a repudiation of the action of the United Nations: Therefore be it

Resolved, That the Committee on Foreign Affairs is authorized and directed, by full committee or by subcommittee, to conduct a full investigation of the formulation and conduct of foreign policy of the United States, with special reference to the follow-

ing issues, but not to the exclusion of any other matters deemed relevant and pertinent to the scope of the inquiry by the committee:

1. (a) Whether the National Defense Council is conducting its affairs in conformity with the intent of Congress and the meaning of the law;

(b) Whether the administrative structure of the Department of State is efficient and promotes responsibility of the divisions to the highest authorities and the public welfare;

(c) Whether or not the Office of Near Eastern and African Affairs of the Department of State has thwarted and subverted the American policy on Palestine, has exceeded its authority, and has brought the United States into disrepute.

2. For such purposes the committee or subcommittee shall have power to send for persons and papers and administer oaths, and shall have the right to report at any time.

3. The committee is authorized to make interim reports from time to time, in the discretion of the chairman and the members of the committee; but shall make its final report and legislative recommendations not later than January 4, 1949.

4. There is authorized to be appropriated from the contingent funds of the House such funds as are necessary to conduct the investigation.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I have listened with interest to the remarks of the gentleman from New York [Mr. MARCANTONIO]. I have served with him in this House for a long time. I believe in his sincerity. We always know where he stands. I can only express the wish and the hope that some time in his public career he may speak as eloquently for the American form of government and for the American people as he speaks for communism on this floor.

I favor the European recovery bill which this rule makes in order, but seriously regret the delay occasioned by 15 hours' debate. That provision of the rule means very frankly that the leadership will not allow the bill to be passed this week.

If there is virtue in this bill—and the American people believe there is—then time is of the essence. The subject of the European recovery program has been under consideration for 3 months, with the executive branch of the Government urging prompt action almost daily.

We all know the importance of completing action on this bill before the Italian elections in April. No person knows certainly whether or not this bill will accomplish the desired result. But everyone knows that its chances of success are dependent upon the speed with which we act.

If we are going to pass this bill at all, we have already delayed too long.

To delay it now for another week, in order that Members may enjoy the Easter holiday, seems to me the ultimate in irresponsibility. And may I be so bold as to advise the Foreign Affairs Committee in charge of this bill to get in as much as possible of the 15 hours of debate today and tomorrow, because I venture the prediction that after tomorrow you will find yourselves in an embarrassing position when seeking a quorum for the balance of the week should any Member raise the point of no quorum.

Such incidents make us despair as to whether free democracies can survive and thrive in a modern world against the ideologies of dictatorship, equipped as it is to make prompt decisions, and to implement decision with action.

Many of us here carry fresh memories of the tragic events which led to the last world war. Perhaps we should pause and reflect on some of those events that had such profound effect on the subsequent course of human history.

We might wonder whether Pearl Harbor would have occurred if the Congress had not voted down the proposal for the fortification of Guam.

We might wonder what would have happened had just one more single Member of this body voted against the continuation of the draft in the summer of 1941—just 3 months before Pearl Harbor.

I hope that in preparing for the events that now seem to lie so close behind the curtain of the future, we shall not make tragic errors that may cost the lives of our sons and the safety of our country.

But I am apprehensive and afraid as I view the legislative scene in this body at this hour.

We hesitate and falter, and delay about the enactment of the European recovery program and other plans that we are advised by the executive branch to enact as essential to the safety of the Nation and to the survival of democracy in a world of totalitarianism.

Let us consider universal military training. The President has repeatedly recommended it to the Congress. The Armed Services Committee, after extended hearings, reported a bill to the House months ago.

The veterans' organizations, composed of the men who shed their blood and suffered on the battlefields of the last two wars, are pleading with the Congress to give to the youth of the Nation some form of military training that will prepare them for the exigencies of another war, if it has to come.

Many of us in this House well remember in the last war how we had to draft boys from the farms and factories who had no military training, and send them into the battlefronts with a minimum of preparation against the best-trained armies that the world had ever known.

I, for one Member, do not wish to have to repeat that heart-breaking experience.

I do not know what form or type or how intensive a military training bill should be enacted. Perhaps the time is not opportune; or perhaps the training proposed in the bill is not desirable. But I do know that the bill proposed by the Armed Services Committee, after months of study, is not receiving consideration by the Congress. Apparently the leadership refuses to let it come before the House.

Aside from the question of whether it is a good bill or a bad bill, it is a measure of such magnitude that it certainly should be brought to the floor of the House for debate and vote.

No small group of leaders in this body should prevent the representatives of all of the people of this great Nation from expressing themselves on so vital a policy.

And so I wonder if democracy can live and thrive in a modern world atmos-

phere of dynamic action and rapid change.

It is a question that should provoke profound reflection and stimulate us to speedy action on matters so vital to the survival of the civilization we have been privileged to share.

We of this generation are the custodians of that civilization. We must soon decide by our actions here what heritage we leave to the generations that are to come.

Mr. SABATH. Mr. Speaker, I have listened to my colleague the gentleman from Georgia [Mr. Cox] as well as my colleague the gentleman from New York [Mr. MARCANTONIO], who designated this legislation before us as a war measure. I hope they are wrong, although I fear they might be right.

All I want to leave with you in the few minutes remaining is that you give serious consideration to the fact that after every war between any nations or group of nations the representatives of the warring nations sit down around the table and talk peace, and finally, invariably, agree on peace. Why cannot every effort be made by us before the destruction of lives and property occurs? Why cannot an honest-to-God effort be made to bring about peace before the war? Is it not worth trying? I do not say that we can succeed, but I hope we may. Every effort should be made by us, the greatest Nation in the world, and the greatest democracy, to bring about peace before a war happens and bring freedom and liberty to all peoples. We have not even started to bring back the bodies of the 300,000 men who lost their lives in the battlefields across the seas. Here we are again confronted with the possibility of sending millions of our boys into a cruel war under conditions which will be worse than any other war. I repeat, why not make every effort at this time? I think it is worth while that we should do everything in our power to bring about peace before the killing and destruction start.

Mr. Speaker, many persons insist that we have not been furnished with sufficient evidence to justify the passage of this legislation. All we have are the daily statements and interviews of certain generals and retired generals, many of the latter who are now in the employ of potential war industries. That, however, was not true in the case of General Marshall when he served as a special ambassador to China and who, after returning from China, rendered an actual report on the situation in that country in which he severely criticised Generalissimo Chiang Kai-shek and his corrupt administration. We have not been enlightened as to the report of General Wedemeyer as to the present situation and neither do we have a report from our present ambassador to China, Mr. Stewart, who only a few days ago stated that the solution of the Chinese situation lies with the Chinese people. But that does not matter to the war-bound militaristic State Department and to those representing directly and indirectly the Saudi Arabian Oil Co. whose main interest seems to be in the tainted-with-blood oil rather than in peace.

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. HERTER. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I did not expect to speak on this resolution. I only do so because my friend from Virginia implied that there was undue delay on the part of the leadership of the House. What are the facts? The leadership of the House requested a meeting of the Committee on Rules yesterday at the very time that the report was being printed. Could it have acted with more rapidity? Of course not. So far as the limitation of 15 hours of general debate, as provided by the rule, the distinguished gentleman from New Jersey, the chairman of the Committee on Foreign Affairs, asked for 10 hours. The Committee on Rules granted a rule providing no more than 15 hours. What confuses me most of all, Mr. Speaker, is that there are some people in America who, when something comes up for the good of Americans, never utter a word, but when it is a question of perhaps giving the dome of the Capitol away to foreign countries, then they want to rush things through without debate or understanding.

Mr. HERTER. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RICH].

(Mr. RICH asked and was given permission to revise and extend his remarks, and also to revise and extend the remarks he expects to make in Committee of the Whole and include extraneous matter.)

Mr. RICH. Mr. Speaker, I, too, listened intently to the gentleman from Virginia. Many times in many things I have agreed with him. But I want to say here and now that if I ever listened to a speech that is going to put this country on the rocks and is going to make a militaristic nation out of this country with the universal military training, and having the people of America march to the goose-step like they did over in Germany, it was the remarks of the gentleman from Virginia [Mr. SMITH]. I tell you I am just getting a bit sick and tired of a lot of Members of Congress coming here after 10 years that they have been giving this country away and spending money like a bunch of drunken sailors and doing everything to get this country in the most pitiful condition that it has ever been in all its history, getting up now and accusing the Republican Party of not giving more than 15 hours of time to hand everything that we have over to the European nations. They would do it in 15 minutes. It is about time that the American Congress looked after the American people and stayed at home and stopped trying to run the affairs of all the nations in the world.

Our State Department and President picks out their governments or the people they want to head them. That is not right. How would we like them to come here and tell us who should be in Congress or in the White House? None of it for mine. I expect to keep out of their country's operation. That is none of my

business. It is my business how we run this country, however. I want to look after our own people in America, and do what I can for them. America first for me. America all the time for me.

It is only going to be a short time until you will find that instead of the foreign countries looking upon us as good neighbors, we are going to be damned like nobody's business, because we have been sticking our noses into everybody else's business. If I had a neighbor and I interfered in everything he tried to do, I hope that neighbor and all the rest of the families in that vicinity would tell me to attend to my own business. I should think with what is going on now in those foreign countries, when we talk about trying to eradicate communism in those countries, that is the biggest misnomer that has ever been applied to any bill since I have been in this Congress. This bill is a military bill, call it what you want. You are going to militarize China. You cannot deny it. You are going to send military equipment to Greece and Turkey to try to get those countries militarized and you cannot deny that.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

Mr. RICH. My time has expired, but I wish I could answer the gentleman from New York.

Mr. HERTER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. HERTER. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 316, nays 21, not voting 94, as follows:

[Roll No. 26]

YEAS—316

Abernethy	Butler	Dolliver
Albert	Byrne, N. Y.	Domeneaux
Allen, Calif.	Byrnes, Wis.	Dondero
Allen, Ill.	Canfield	Donohue
Allen, La.	Cannon	Dorn
Almond	Carroll	Doughton
Andresen,	Case, N. J.	Douglas
August H.	Case, S. Dak.	Durham
Andrews, N. Y.	Celler	Eaton
Angell	Chadwick	Eberharter
Arends	Chelf	Ellsworth
Arnold	Chenoweth	Elsaesser
Auchincloss	Church	Elston
Bakewell	Clason	Engel, Mich.
Banta	Coffin	Engle, Calif.
Barrett	Cole, Kans.	Evins
Bates, Mass.	Cole, Mo.	Fallon
Beall	Cole, N. Y.	Feighan
Beckworth	Colmer	Fellows
Bell	Combs	Fenton
Bender	Cooley	Fisher
Bennett, Mo.	Cooper	Fletcher
Bland	Corbett	Fogarty
Blatnik	Coudert	Folger
Bloom	Courtney	Foote
Boggs, Del.	Cox	Forand
Boggs, La.	Cravens	Fulton
Bolton	Crosser	Gamble
Bonner	Crow	Garmatz
Bradley	Cunningham	Gary
Bramblett	Davis, Ga.	Gavin
Brooks	Davis, Tenn.	Gearhart
Brown, Ga.	Davis, Wis.	Goodwin
Bryson	Dawson, Utah	Gore
Buchanan	Deane	Gossett
Buck	Delaney	Graham
Burke	Devitt	Grant, Ind.
Burleson	D'Ewart	Griffiths
Busbey	Dirksen	Hagen

Hale	Lucas	Richards
Hall	Lusk	Riley
Edwin Arthur	Lyle	Rivers
Hall	Lynch	Rizley
Leonard W.	McConnell	Rockwell
Hallick	McCormack	Rogers, Fla.
Hand	McCulloch	Rogers, Mass.
Hardy	McDonough	Rohrbough
Harless, Ariz.	McDowell	Ross
Harris	McGarvey	Russell
Harrison	McGregor	Sabath
Hart	Mack	Sadlak
Hartley	MacKinnon	St. George
Harvey	Madden	Sanborn
Havener	Mahon	Sarbacher
Hays	Maloney	Sasscer
Hébert	Mansfield	Schwabe, Okla.
Hedrick	Martin, Iowa	Scoblick
Heffernan	Mathews	Scott, Hardie
Herter	Meade, Ky.	Scott,
Hess	Merrow	Hugh D., Jr.
Hinshaw	Meyer	Scrivner
Hobbs	Michener	Seely-Brown
Hoffman	Miller, Calif.	Sheppard
Holifield	Miller, Conn.	Sikes
Holmes	Miller, Md.	Simpson, Ill.
Huber	Miller, Nebr.	Simpson, Pa.
Jackson, Calif.	Mills	Smathers
Jackson, Wash.	Mitchell	Smith, Kans.
Javits	Monroney	Smith, Va.
Jenison	Morgan	Smith, Wis.
Jennings	Morris	Snyder
Jensen	Morrison	Spence
Johnson, Calif.	Morton	Stefan
Johnson, Ind.	Muhlenberg	Stevenson
Johnson, Okla.	Multer	Stigler
Jones, Ala.	Mundt	Stockman
Jonkman	Murdoch	Stratton
Judd	Murray, Tenn.	Sundstrom
Karsten, Mo.	Nicholson	Taber
Kean	Nixon	Teague
Kearney	Norblad	Thomas, Tex.
Kearns	Norrell	Thompson
Keating	Norton	Tibbott
Kee	O'Brien	Tollefson
Keefe	O'Hara	Towe
Kelley	O'Konski	Trimble
Kennedy	Pace	Vall
Kerr	Passman	Van Zandt
Kersten, Wis.	Patterson	Vinson
Kilburn	Peden	Vorys
Kilday	Peterson	Wadsworth
King	Philbin	Walter
Kirwan	Phillips, Calif.	Weichel
Klein	Phillips, Tenn.	Welch
Kunkel	Pickett	Wheeler
Landis	Piumley	Whitten
Lane	Potter	Whittington
Lanham	Poulson	Wigglesworth
Larcade	Preston	Williams
Latham	Price, Ill.	Wilson, Ind.
Lea	Priest	Wilson, Tex.
LeCompte	Ramey	Winstead
LeFevre	Rankin	Wolcott
Lemke	Rayburn	Wolverton
Lewis	Rees	Woodruff
Lodge	Reeves	Zimmerman
Love	Regan	

NAYS—21

Bishop	Isacson	Sadowski
Buffett	Knutson	Schwabe, Mo.
Clevenger	McCowan	Shafer
Clippinger	Marcantonio	Smith, Ohio
Ellis	Owens	Twyman
Gwinn, N. Y.	Reed, N. Y.	Vursell
Hull	Rich	Youngblood

NOT VOTING—94

Abbitt	Dawson, Ill.	Jarman
Andersen,	Dingell	Jenkins, Ohio
H. Carl	Elliot	Jenkins, Pa.
Anderson, Calif.	Fernandez	Johnson, Ill.
Andrews, Ala.	Flannagan	Johnson, Tex.
Bardeen	Fuller	Jones, N. C.
Bates, Ky.	Gallagher	Jones, Wash.
Battle	Gathings	Kefauver
Bennett, Mich.	Gillette	Keogh
Blackney	Gille	Lesinski
Boykin	Goff	Lichtenwalter
Brehm	Gordon	Ludlow
Brophy	Gorski	McMahon
Brown, Ohio	Granger	McMillan, S. C.
Buckley	Grant, Ala.	McMillen, Ill.
Bulwinkle	Gregory	Macy
Camp	Gross	Manasco
Carson	Gwynne, Iowa	Mason
Chapman	Harness, Ind.	Meade, Md.
Chiperfield	Hendricks	Murray, Wis.
Clark	Heseltin	Nodar
Cotton	Hill	O'Toole
Crawford	Hoeven	Patman
Curtis	Hope	Pfeifer
Dague	Horan	Ploeser

Poage	Riehlman	Talle
Potts	Robertson	Taylor
Powell	Rooney	Thomas, N. J.
Price, Fla.	Short	West
Rains	Smith, Maine	Wood
Redden	Somers	Worley
Reed, Ill.	Stanley	

So the resolution was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Jenkins of Ohio with Mr. Gordon.
 Mr. McMillen of Illinois with Mr. Patman.
 Mrs. Smith of Maine with Mr. Gorski.
 Mr. Thomas of New Jersey with Mr. Rooney.
 Mr. Riehlman with Mr. Meade of Maryland.
 Mr. Reed of Illinois with Mr. Lesinski.
 Mr. Owens with Mr. Battle.
 Mr. Bennett of Michigan with Mr. Kefauver.
 Mr. Brown of Ohio with Mr. Fernandez.
 Mr. Carson with Mr. Chapman.
 Mr. Lichtenwalter with Mr. Gregory.
 Mr. Dague with Mr. McMillan, of South Carolina.
 Mr. Gillette with Mr. Clark.
 Mr. Jenkins of Pennsylvania with Mr. Dingell.
 Mr. Brehm with Mr. Keogh.
 Mr. Crawford with Mr. Pfeifer.
 Mr. Macy with Mr. Camp.
 Mr. Jones of Washington with Mr. Rains.
 Mr. Gross with Mr. Jarman.
 Mr. Heseltin with Mr. Barden.
 Mr. Mason with Mr. Buckley.
 Mr. Ploeser with Mr. Manasco.
 Mr. Taylor with Mr. Redden.
 Mr. McMahon with Mr. Stanley.
 Mr. McCowan with Mr. Wood.
 Mr. Short with Mr. Somers.
 Mr. Bakewell with Mr. Dawson of Illinois.
 Mr. Bender with Mr. Powell.
 Mr. Chiperfield with Mr. O'Toole.
 Mr. Horan with Mr. West.
 Mr. Hoeven with Mr. Andrews of Alabama.
 Mr. Blackney with Mr. Worley.
 Mr. Talle with Mr. Bates of Kentucky.
 Mr. H. Carl Andersen with Mr. Gathings.
 Mr. Ellis with Mr. Granger.
 Mr. Gwynne of Iowa with Mr. Bulwinkle.
 Mr. Anderson of California with Mr. Boykin.
 Mr. Harness of Indiana with Mr. Poage.
 Mr. Hope with Mr. Price of Florida.
 Mr. Curtis with Mr. Ludlow.
 Mr. Nodar with Mr. Flannagan.
 Mr. Buffett with Mr. Grant of Alabama.
 Mr. Gillie with Mr. Johnson of Texas.
 Mr. Gallagher with Mr. Elliott.
 Mr. Goff with Mr. Jones of North Carolina.
 Mr. Hill with Mr. Hendricks.

The result of the vote was announced as above recorded.

Mr. EATON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of S. 2202, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. EATON. Mr. Chairman, first of all I want to call the attention of the

Members to this bundle of documents now on the majority table. These are the documents with which the Committee on Foreign Affairs has had to wrestle for the last 2 months. Every document here has received the attention either of the whole Committee on Foreign Affairs or of members of the committee. As chairman it has been my object to give opportunity to every member of the committee on both sides to exercise all their energies and powers in the general advancement of our responsibilities.

Therefore, on this occasion I am going to ask the gentleman from Ohio [Mr. VORYS], who, in the unavoidable absence of the gentleman from Illinois [Mr. CHIPERFIELD], is our senior on the Republican side, and who has a judicial mind and is a good mathematician, to take charge of the time. If any of the brethren have their feelings hurt, I thank God that they cannot blame me for it.

The CHAIRMAN. The gentleman from New Jersey has consumed 2 minutes.

Mr. VORYS. Mr. Chairman, I yield to the distinguished chairman of our committee such time as he desires, and I understand that at present he desires 20 minutes.

Mr. EATON. Mr. Chairman, I would greatly appreciate the courtesy if I may be permitted to finish this brief statement without interruption.

The Foreign Affairs Committee by unanimous vote brings to the House today for its consideration and action, S. 2202, as amended, which may be cited as the Foreign Assistance Act of 1948.

In its preparation of the bill, the committee has had the helpful advice and cooperation of the majority leadership, as well as full and frank discussion and consultation with the steering committee.

Acting as the constitutional agent and servant of the House, the Foreign Affairs Committee has given more than 2 months of exhaustive and unbiased study to the far-reaching and complex problems involved in this legislation. In this prolonged study, we have kept always and equally in mind the effects of this legislation upon our own national economy, security, and peace; and upon the economy, security, and peace of those free nations with whose destiny, for good or ill, we are vitally concerned.

I commend the tireless industry and self-sacrificing faithfulness to duty of the working members of the committee in the formulation of this legislation.

While paying this tribute to my colleagues on the committee, I desire also to record for the committee and myself as chairman our appreciation of the helpful assistance rendered the committee by its administrative officer, its professional and clerical staff, and by representatives of the State Department.

It is not my purpose at this time to present a detailed analysis of the bill. That will be done by members of the committee as consideration of the legislation goes forward. I will simply enumerate the main provisions of the bill in order to project the problems with

which it deals, in their entirety against the background of those world forces and conditions which make the immediate enactment of this legislation tragically urgent and necessary, and which constitute a supreme challenge to, and test of our national resources of intelligence and character.

The bill consists of four titles.

Its primal objective is to promote world peace, and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad, in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States.

In essence the bill constitutes the foundation of a long delayed and desperately needed foreign policy, for the guidance of our Nation in discharging its inescapable responsibilities as world leader in behalf of universal, personal, and national freedom, security, and peace.

Title I sets up the European recovery program. With certain modifications it is in accord with the Senate ERP bill.

Title II provides for the care and feeding of destitute children by authorizing a contribution of \$60,000,000 to the International Children's Fund of the United Nations, to be made available as other member nations contribute their share of the fund.

Title III provides for military aid to Greece, Turkey, and China in their struggle to survive against the armed and unarmed aggression of communism.

Title IV provides for economic aid to China to be administered by the agency set up to administer the European recovery program.

The total cost of implementing the objectives of these four titles for the first year is set at \$6,250,000,000, distributed as follows:

Five billion three hundred million dollars for European recovery.

Sixty million dollars for destitute children.

Two hundred and seventy-five million dollars for Greece and Turkey.

Five hundred and seventy million dollars for China.

The most obvious questions which will and ought to be asked by those who find it difficult to support this legislation are. First—Why is it necessary for our country, years after the end of armed conflict in Europe and the Orient, to keep on spending in ever increasing volume our financial and material resources in all parts of the world?

In the Second World War we spent over \$300,000,000,000. Hundreds of thousands of the flower of our manhood were killed or wounded. We created the greatest public debt in history. We laid a fantastic and almost unbearable burden of taxation upon our people. We disrupted our old time American way of life by thrusting governmental control into the affairs of every citizen. We depleted our national resources. We disorganized our entire domestic economy. Our citizenship was left in a dangerous

condition of mental and moral confusion and uncertainty.

Why then is it not our first duty to set our own house in order and postpone further foreign expenditure until that is done?

Second. In view of all this, why can we not now, as a Nation, withdraw completely within ourselves, attend exclusively to our own domestic affairs, leave the rest of the world alone, and insist that the rest of the world leave us alone?

The answer to these questions lies in the grim realities of present world-wide conditions, created and motivated by the mightiest spiritual and material forces of evil which have ever cursed mankind, and which beat, like the surge of the sea against the independence, security and peace of all free nations, including our own.

The measures proposed in this bill constitute a conscious recognition of the menace now confronting mankind. It is not a partisan measure. It is the voice of the American people of high and low degree; of all sections, breeds, creeds, and conditions, announcing once more to the world their own invincible will to be free and their comradeship with all other peoples of like character and mind.

The urgent necessity and vital significance of this legislation becomes self-evident when it is placed against the actual facts of life revealed in those menacing material and spiritual forces now disturbing and disintegrating every normal, social, economic, and political institution and relationship in the world.

What in essence is this world situation with which we must deal, and from the effects of which we can no more escape than from the force of solar gravitation?

Mankind stands today in a shattered no man's land between two ages. One still in the throes of death; the other in the pangs of birth. The supreme task which now confronts all peoples is the creation of a new world civilization. The one central issue to be decided is whether this new world civilization shall be founded upon freedom or upon slavery.

The story of man's long and difficult journey from the jungle to his present advanced but precarious position is summed up in the word "civilization."

There have been many civilizations, each resting upon and sustained by some form of religion, and each successively destroyed when its spiritual energies became too weak or corrupt to further support its material superstructure.

The core and substance of every civilization has been and always will be its contribution to the freedom of men. Freedom is the distinctive glory of man. He alone of all animate beings is endowed with the power of choice between right and wrong. He alone is a spiritual being. And because he is a spiritual being, with the power of choice, he must be free.

So it comes to pass that the value and permanence of any given civilization in the past lies in its contribution to freedom. From age to age men have won for themselves freedom to worship, free-

dom to think, freedom to govern themselves.

In the last century or two, with political power in their possession, the masses of men have turned to economic freedom as the next goal to be achieved in a progressive civilization. With the ever-increasing utilization by science of the forces and resources of nature for the service of man, there is ground for the belief that it may become possible for every human being who helps to produce needed services, goods, and commodities, to achieve for himself by his own efforts freedom from economic want.

At this time in the history of civilization communism takes the stage and sets up an alleged civilization of its own. But communism is the only form of civilization that does not rest upon and take its impulse from the spiritual nature of men. Communism has no religion. It looks upon man as an animal with a mind, but without a soul. It has no morals. It springs from and is nourished by hate. It disrupts and destroys. It does not create or liberate or inspire. Its instrument is force and fear. It is the complete negation of every principle upon which a true civilization must be based. And it proposes to conquer the world by treasonable infiltration if possible; by armed force if necessary.

This is the issue which makes necessary the legislation we are now considering. Is the new world civilization to enthrone slavery in every land with Russia as its instrument of control? Or is the new world civilization to enthrone freedom in every land with America as its leader and champion?

Because this is the issue and these are the world-moving forces with which we must deal, no sacrifice, no effort is too great for America nor for every other freedom-minded and freedom-loving people to assume.

There they stand face to face. America the champion of freedom as the basis of all civilized life. Russia the champion of slavery as the basis of a world civilization without a soul. This legislation is an announcement to the world of our choice. Once our choice is made we must go on until victory is won for ourselves and for all mankind.

There is a tide in the affairs of men, which taken at the flood leads on to fortune. Omitted, all the voyage of their life is bound in shallows and in miseries. We must take the current when it serves or lose our venture.

Mr. BLOOM. Mr. Chairman, after listening to the wonderful address of our chairman of the Committee on Foreign Affairs, I wish the Committee on Rules yesterday had known what the chairman was going to say today, for I think they would have made the time of debate about 1 hour and then let us go on and vote, because his speech has gone into all the details and ramifications of this legislation.

In over 2 months of hard labor the Committee on Foreign Affairs has gone into every detail and every consideration of this legislation. Any suggestion made by anyone, either in the Congress, on

either side of the aisle, Republican or Democrat, or from the outside, was given a complete hearing before the committee. The committee has considered everything not from a political point of view but from the consideration of doing the right thing. I think if the Members would read the first few pages of the report they would be convinced that what the committee has done has covered every branch, every thought, and every idea that anyone ever had on this subject.

In this proposed legislation the Committee on Foreign Affairs has gone a little bit further than we on the Democratic side thought it should at this time. We thought the relief program for the 16 countries of western Europe should be the only thing to be considered in this legislation, and that China and the other parts of the world should be considered in separate legislation, but it was the sense of the majority of the committee that this legislation should all be tied up into one package and presented to the House at one time so as to save time in the consideration of the resolution that was originally introduced. This is now before you. The Democratic members of the committee have gone along with the majority of the committee, and as long as we have it here at this time I do not think there should be any objection to considering it all.

The chairman of the committee mentioned one thing about being alone. People suggest, "Why do not the other nations of the world go it alone and let us alone," I am afraid, Mr. Chairman, that if any course of that kind should be followed at this time we would be very much alone in the future. We are the only nation in the world at the present time that really has anything to lose. We are the greatest Nation in the world at this time, and it is up to us to do what we possibly can to relieve the other countries to whom we have made promises.

I remember that while the war was on we were throwing leaflets over the different countries of Europe and down into Greece, saying, "Wreck your bridges, destroy your factories, do everything to help us win the war, and after we have won the war we will come to your aid and assistance." These countries did these things; they did everything we told them to do to help us win the war. Today they expect us to come to their assistance. Now, are we doing this just from the humanitarian point of view? Are we doing this, as the chairman said, to preserve civilization throughout the world? Are we doing this for our own benefit? In my own opinion, Mr. Chairman, this is for our self-preservation. The few dollars, although it may seem like a lot of money, to bring civilization back to its proper place and try to restore freedom throughout the world, will bring to us the greatest return when compared to anything that we could possibly do at the present moment. I think you will agree with me that when you consider things only from the point of view of the dollar sign, that is one matter. But this \$6,200,000,000, the expenditure of which is being authorized by this bill to try to restore the world to its

proper foundation of freedom, will bring the greatest return that we could ever have with all of our assets. What is the good of our money? What is the good of everything we have in the world today if we do not have peace and security. That is what we are trying to buy, not only for us but for our allies and other people throughout the world. We are trying to buy peace and security. Yesterday I heard certain questions asked in the Committee on Rules about the United Nations. There is nothing in this legislation that is not done in conformity with the Charter of the United Nations—not one single thing. But if you should throw this into the United Nations, Mr. Chairman, we would have to furnish the money anyway, because by what piece of legerdemain or magic could you get anywhere near the amount of money that we are authorizing here? How could the United Nations contribute that? What other country can do this? What other country is able to do this, even in part? So it is up to us, Mr. Chairman. We ought to thank God at this time that we are in a position to do everything that the chairman of the committee has outlined, even if it should cripple us a little, which I do not believe it will—we ought to thank God that we are in a position to do all these things, as provided in the Senate bill, and more too, if necessary, to bring the world back, to restore freedom throughout the world, and bring peace and security for all time to this country and to our people. I thank you.

Mr. VORYS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, after the masterly review of the background of this legislation which we have just had from our committee chairman, Dr. EATON, it is my task to review briefly some of the details of the bill.

THE "PACKAGE"

First is the question of: Why the package? By a vote on January 8, this year, your Foreign Affairs Committee determined, by majority vote, to approach this on a world-wide, long-range basis, rather than a piecemeal, stopgap basis, and to attempt, if we could, to present to the House a world-wide foreign policy, and, if we could, to present to the House a full statement of the commitments, financial and otherwise, that would be asked of the House this year.

In this plan which we adopted January 8 our leadership joined, because they realized that we could achieve speed in adopting any program under our parliamentary rules, by putting together these matters that are so closely related in our foreign policy. Thus, the Republicans on the committee and the Republican leadership were of one mind as to having a broad approach, rather than a piecemeal, stopgap approach.

We were also brought toward this "package" viewpoint by the facts of the timetable given us by the administration.

ERP had a deadline of April 1, not only required by the administration but fixed by the Congress itself in the Interim-Aid Act last fall.

The Greek-Turkish bill was sent up here with a deadline of April 1, from Secretary Marshall.

The Chinese aid bill had a deadline of right now, for both military and economic aid, according to officers serving in our armed forces, General Wedemeyer and General MacArthur.

There was another deadly timetable that we foresaw long before public realization of it brought on this present near-hysterical tension; we realized the Communist timetable that was working in Italy, in the Near East, and the Far East. We knew that economic aid and military-type aid were both necessary at the same time this spring in order to make either effective.

So we bring to you this package, which contains a possible expenditure of \$6,205,000,000, and I regret to say that it is but two-thirds of the package that will be presented for consideration by this session of Congress. The total will be in the neighborhood of \$9,300,000,000 for foreign activities, and you will find the details on page 12 of our report.

THE AMOUNT

As to the amount, I have concocted this chart on the blackboard, which shows you the break-down and the summary.

Title I, ERP, has in it an authorization of \$5,300,000,000, of which \$1,000,000,000 is exclusively for loans and guaranties.

Title II, the children's fund, has in it a contingent authorization which may reach \$60,000,000.

Title III, the Greek-Turkish section, contains \$275,000,000 of authorizations for Greece and Turkey, and \$150,000,000 for China.

Title IV, which contains the economic-type aid for China of \$420,000,000, and, as I say, title III also contains military-type aid for China of \$150,000,000; giving us a total of \$570,000,000 for China, for 15 months.

The total is \$6,205,000,000, of which \$1,000,000,000 will be exclusively for loans and guaranties, and not more than \$500,000,000 of that \$1,000,000,000 is available for guaranties. Those are guaranties of convertibility of currency and not guaranties of the total amount of the transaction. The hearings showed that 20 to 40 percent of European aid will be loans. The Senate bill provided a limit of \$265,000,000 for guaranties. The House provision insures that at least one billion of loans and guaranties will be made. Further loans may be made from the amount authorized for appropriations.

So that we face this situation, that the bill now before you, the foreign-assistance aid of 1948, which is our version of the Senate bill, contains \$5,205,000,000 of authorizations for appropriations, \$95,000,000,000 less than the Senate bill.

Of this \$5,205,000,000 only \$2,205,000,000 will be included in appropriations for fiscal 1949, and \$3,000,000,000 will be included in appropriations for fiscal 1948 under the provisions of the so-called Miliken amendment to the Senate bill which has been retained intact in the House bill. So it is possible that if all of the authorizations for appropriations,

loans, and guaranties were used, next fiscal year might end up with \$5,205,000,000 of appropriations, \$500,000,000 added to the national debt through public debt transactions to finance the loans, and \$500,000,000 would stand on the books as contingent liabilities with only a reserve fund of approximately 1 percent premium charged for the guaranties.

ADMINISTRATION: THE CORPORATION

Now, as to the administration: The committee had the studies of the Select Committee, the results of which are reflected in both the Senate bill and the House version. The Select Committee, of which I had the honor to be a member, recommended at the outset a corporation form of administration, and our Committee on Foreign Affairs was inclined at first to the same view. We found, however, as did the Select Committee, that under our Constitution, due to the peculiar responsibility and powers of the President in foreign affairs, it was impossible to set up a corporation wherein the particular policies could not be dictated by the President of the United States, who is the sole representative of our country in the negotiation and execution of foreign policy. Your committee therefore retained the independent administrator recommended by the Brookings Institution study and provided in the Senate bill; but we also provided that the administrator, with the approval of the President, could set up a corporation, and we spell out on page 53 of the bill, if you care to read it, the full provisions and limitations and authorization for this corporation. So we feel we have arrived at an administrative set-up which recognizes the constitutional powers and limitations of the President but which also provides for flexibility and sound business operation by the use of a corporation if it is needed.

We retain the National Advisory Council, which is an existing organization under the Bretton Woods Act, to advise the administrator with reference to foreign loans. We kept, instead of the board of directors of the corporation, the Public Advisory Board provided by the Senate bill; so that we have an administrator with power under the President to set up a corporation for business dealings, but with the policy directed by the chief exponent of our foreign policy, the President; with a public advisory board, and with the National Advisory Council for financial advice; but the administrator is made as independent as he can be made under our Constitution of any other controls.

THE TIME COMMITMENT

Now as to time, how long shall this last? You will find in section 114 (c) page 82, the result of your committee's deliberations on this question of time. This will be described more fully by other Members later; but let me just point this out, the bill as we have drafted it recognizes that this must be a 4-year policy law on the books, with continuity of assistance dependent upon continuity of cooperation, as you will find on page 49; but we also recognize that this Congress cannot bind future Congresses; this Congress cannot bind its committees in later sessions of the same Congress

as to authorizations or appropriations. So we spell that out, that funds shall be subject next year to authorization and appropriation by the committee and by the House itself. Providing for periodic authorization of the program insures public hearings before the House Committee on Foreign Affairs, and the Senate Committee on Foreign Relations, in addition to the closed hearings before the Appropriations Committees. Surely such public hearings will do the program more good than harm, if it is going well. Surely there can be no embarrassment in reminding foreign nations, in the text of this law, of the limitations on our power to bind future Congresses. On the other hand, we properly retain the basic law, the policy statement, on the books for 4 years.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I yield myself five additional minutes.

CONDITIONS AND LIMITATIONS

Mr. Chairman, conditions and strings that are tied to the aid are treated in section 115 of the act on page 84 and following. You will find spelled out there the conditions which each country must meet by written bilateral and multilateral agreements in order to be entitled to receive aid.

There are 10 conditions. I merely wish to mention certain ones which were added by our committee. Condition No. 9, a condition with reference to stock piles of strategic materials for the protection of our own economy, is spelled out on page 89. We provide for agreements to restore in the future some of our natural resources now being depleted by this program by an agreed percentage of new production of such strategic resources in the recipient country or its dependencies, as partial repayment for our loans and grants. Condition No. 10 found on page 90 provides that in case of nationalization of industries in any country or any other act of a foreign government whereby our citizens are deprived of any property or rights, the country must agree that that question can be heard by an impartial international tribunal.

Section (e) of section 115 provides for the allocation and absorption of displaced persons in recipient countries in order to meet the manpower needs of these nations.

Section (e) also provides for a review of the reparations question and the whole question of the dismantling of property in Germany when the Administrator requests the Secretary of State so to do.

Section 117 (d) incorporates the so-called Mundt amendment, not to abolish or avoid east and west commerce in Europe between the countries before and behind the iron curtain, because such commerce is absolutely imperative if Europe is to survive. It does not attempt to bar such commerce. It merely attempts to bar from going behind the iron curtain from the countries of western Europe the same commodities and articles which the United States would bar from going directly from these shores.

You will find on page 69 a new provision for the encouragement of private enterprise. Not only have we extended the guaranties from \$265,000,000 to a possible \$500,000,000 to encourage participation of private enterprise in the recovery of Europe, but you will also find on page 49 a provision for the encouragement of private enterprise in current transactions, the sale of materials and commodities.

That is a summary of some of the important provisions of the bill. Let me say that throughout general debate these various provisions and considerations will be considered and discussed in more detail by members of the committee.

In considering the details of this legislation, each one of us has in his heart of hearts a general statement of his own deepest concern and conviction as to what is involved in all of this. I want to give you mine:

War may or may not be inevitable, but we should not forget that peace is inevitable. It may be the uneasy, turbulent, treacherous kind of peace we have now; it may be the ghastly peace of a world-wide police state. It can be a blessed peace of international law and order, justice and liberty. That is what we are trying for now. Twice we have won world wars and lost the peace. This time we are going to try to win the peace. We must remember that there never will be a perfect peace, and we must plan perpetual warfare against the lawless forces in the world at home and abroad. In this bill, in which we attempt to wage peace now, using economic, military, and moral force, because all three are needed now, all we hope for is to bring about the kind of peace the angels promised: Peace on earth among men of good will.

Mr. BLOOM. Mr. Chairman, I yield 25 minutes to the gentleman from Tennessee [Mr. COURTNEY].

Mr. COURTNEY. Mr. Chairman, in the time allotted me, I shall not undertake to go into all the details and mechanics of this bill, which are many, varied, and complex. Other speakers from the committee will do so, however, and when general debate shall have been completed, there will be no phase or feature of this bill that has not been examined, explored, and explained to the satisfaction of the Members.

I shall content myself with attempting to picture the general background and history of the proposed legislation and in explaining in broad outline the measure that your Committee on Foreign Affairs brings to the floor of the House after 2 months and 10 days of continuous and exhaustive hearings, open and executive.

Before I begin, may I pause to pay my respects to our beloved chairman the gentleman from New Jersey, Dr. CHARLES A. EATON, who has presided through all the tedious days and nights of the hearings. But for his wisdom, patience, impartiality, and rare good humor the committee would never have been able to bring out this unanimous report. If my membership in the House in the years past had brought me nothing save the privilege of associating in committee with this great and good man, this enriching

experience would have made my stay here well and worth while.

The bill before you is in four titles:

I. European recovery.

II. A continuation of assistance to the International Children's Emergency Fund, an agency of the United Nations.

III. Military aid to Greece, Turkey, and China.

IV. Economic aid to China.

May I say that at the beginning of the hearings and for weeks thereafter, the minority members of the committee insisted that only title I be considered, and that a simple bill dealing only with European aid be reported out to the floor. This was because we realized that time was vitally of the essence of this legislation. With every tick of the clock, with every fleeting moment, the situation of these countries in Europe became more desperate. Had we been successful, had this portion of the bill become the law weeks ago, in my considered judgment Czechoslovakia would not have been swallowed up into the insatiable maw of the Soviet Union, nor would the latter now have her jaws locked upon the writhing form of Finland.

The majority in the committee, however, overruled us every time the vote came, insisting upon a "one-package" bill. Finally, after plodding our weary way, week after week, through the hearings, it became obvious that the inclusion of titles II, III, and IV could cost no further precious time than that that had already been consumed. Then we agreed with the majority to bring out the bill in its present form. All of us agreed, of course, that the aid to China, Turkey, and Greece was justified and absolutely necessary, but thought that it should come under a separate bill, as the matter is now being handled in the Senate.

In this discussion, I will deal first with title I of the bill—European Aid:

On June 5, 1947, Secretary of State Marshall made a speech at Harvard University. At that time, remember, the United States had sacrificed \$250,000,000,000, in round figures, in achieving victory in the war, and had devoted sums approximating \$20,000,000,000 in postwar efforts to establish peace and prosperity. The latter sum had brought some temporary relief, had saved millions of men, women, and children from starvation, but had accomplished little toward recovery and rehabilitation in Europe.

The Secretary said:

It is already evident that before the United States Government can proceed much further in its effort to alleviate the situation and help the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part these countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. The initiative, I think, must come from Europe.

The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program, so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, of the European nations.

These sentences will forever echo down the corridors of time, for never did a

few words so simply spoken set off such a dramatic chain of human events. French and British authorities summoned a conference of European nations. Twenty-three nations, Russia included, were invited to attend. It may be interesting to record that while Russia was invited, she refused to have any part of the plan, refused to let her satellite countries participate, and actually had the effrontery, through Molotoff, to say:

The Soviet Government considers it necessary to caution the governments of Great Britain and France against the consequences of such action—

That is, participating in the program.

And yet, may I say parenthetically, we have the sorry spectacle of a man once Vice President, and who has held other high places in our Government, barnstorming around the country, heading a so-called third-party movement, crying out here and there in the wilderness that we should adopt a so-called Wallace plan, rush aid to the Soviet Union above everything else, and, in general, go to bed with the Soviets. There are two explanations for the actions of Henry A. Wallace: First. He is crazy; or, second, he is an out-and-out Communist. If you ask me, I think he is both.

Sixteen of the European countries accepted the invitation for the conference: Austria, Greece, Norway, Switzerland, Belgium, Iceland, Portugal, Turkey, Denmark, Ireland, Sweden, the United Kingdom, France, Italy, Luxemburg, and the Netherlands.

Within a month after Secretary Marshall's statement, representatives of these nations had met and organized the Committee of European Economic Cooperation, and had set about to find out what they could do to help themselves and each other back to a sound economy, how long the journey back would take, and how much financial help they must have from us to achieve their goal.

Remember, these 16 nations, with western Germany, have a population of 275,000,000. They possess great agricultural and industrial resources. Even in its present depressed state, the production of this area is vastly greater than any aid that this country can provide. Such aid from us must be considered therefore, not as a means of supporting Europe but as a spark which can fire the engine.

The conference of 16 countries estimated that recovery could be complete in 4 years and pledged themselves to achieve among themselves production and monetary goals that would insure such an end. That committee thought that \$22,000,000,000 in outside aid would be necessary.

Thereupon the President of the United States set machinery in motion here: First, to examine, explore, and screen the amount asked, to definitely ascertain whether or not the amount had been exaggerated; and, second, to ascertain to what extent our country could help without too serious an impact upon our own economy.

First. There was the committee headed by the Secretary of the Interior Krug, which made exhaustive studies. This was a governmental committee. Then

there was appointed the President's Committee on Foreign Aid, under the chairmanship of W. Averell Harriman, Secretary of Commerce, who was the only Government official on the committee, and was made up of the outstanding businessmen, industrialists, and financial experts of the country. Both these committees reported, in effect, that the aggregate productive capacity of the United States appeared ample to support the aid program. In addition, there were other economic reports available, and, on a basis of all of these, the President recommended that aid to the extent of \$17,000,000,000 be extended for the period down to and including June 30, 1952, and that \$6,800,000,000 be made available for the first 15 months of the program.

This was the background when your committee began consideration of these proposals.

Under the bill, we recognize the fact that we are embarking upon a 4-year program, if future Congresses assent. But, we limit the first authorization of appropriation to \$5,300,000,000 for the first 12 months, instead of 15.

We have written into the bill the proviso that no assistance to the participating countries shall be carried to the extent where it may seriously impair the economic status of the United States. And we have further declared it to be the policy of the United States that continuity of assistance provided by us shall at all times be dependent upon the continuity of cooperation among countries participating in the program. In fact, the Administrator is directed to withhold aid from any country that does not come up to its pledges and obligations.

The aid may be used either for grants or loans as the Administrator deems necessary and proper, looking to the financial condition of each participating country, acting in consultation with the National Advisory Council, which I shall hereafter describe.

Where aid is not furnished on terms of payment, local currencies of the countries participating must be deposited by each beneficiary country. The beneficiary country and the United States will agree on the local expenditure of these currency accumulations on behalf of the purpose of this act. These local currency funds wisely administered can become a major force toward reconstruction, expansion, and modernization of the industrial capacity of the participating countries, stabilization of internal general and monetary conditions, and development and expansion of raw material and productive capacity. The funds also will be available to meet the local administrative expenses of the program.

I call your attention further to the fact that the investment of private American capital in approved reconstruction projects in the 16 countries and western Germany, is encouraged by our guarantee of subsequent convertibility of profits or original investment into dollars. This obviates the hazard most likely to prevent private investment.

And now, Mr. Chairman, is the passage of this bill necessary? Had I the time, I could stand here for hours and

amplify, point by point, upon the absolute necessity that this help be given. We have seen the Soviet Union absorb Estonia, Latvia, Lithuania, Bulgaria, Rumania, Hungary, and Poland, and more recently Czechoslovakia. And Finland is at the point of following these other countries. The forces of disintegration are on the march in all these 16 countries which are participating in this program, and the fall of one will hasten the further spread of communism to the others. And if we do not act, we will see that foul and degrading doctrine made the governmental concept throughout Europe to the Channel and to the sea. Soon America, with such feeble aid as England may be able to offer, will stand alone against this evil and despicable theory and form of government. Then one day these forces will be upon us.

It is true that this grim necessity is partly of our own making. I would that we had never officially recognized the Soviet Union, and that when Germany and Russia were at each other's throats we had let them bleed each other white, to the point of mutual extermination, and had not gone to the aid of Russia with billions in military supplies. Our judgment in the latter instance was clouded by the fact that we believed that Russia's effort was shortening the war and saving precious lives for us. We see now that in destroying Hitler we only swapped the devil for the witch. But it is too late now to turn our faces and our wishes to the past. It is unnecessary to paint the picture of the alternative which this country will face should the few great critical barriers to the march of communism disappear. Past sacrifice of an economic character would be small indeed compared to the burden which this Nation would have to assume in such a world. The very survival of our country would be more seriously at stake than at any other time in its history. Faced with this prospect, there is no choice but to pass this bill. A "calculated risk" it has been called, but such a risk is no risk compared to the grim certainty of the alternative.

And now, Mr. Chairman, I come to the manner of the administration of the relief as proposed by the bill.

There is set up, with principal office in the District of Columbia, an agency of the Government to be known as the Economic Cooperation Administration. It is to be headed by an Administrator to be appointed by the President, by and with the consent of the Senate, and he will have cabinet status. The Deputy Administrator will be appointed in the same way. The Administrator, with the approval of the President, is authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purpose of the bill. The Administrator can call for advice at any time upon an organization already existing under other legislation, the National Advisory Council, consisting of the Secretary of the Treasury, as chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman

of the Board of Directors of the Export-Import Bank, and, during the existence of the Economic Cooperation Administrator, the Administrator thereof.

The bill sets up a new organization: the Public Advisory Board, which is to advise and consult with the Administrator with respect to general or basic policy needs arising in connection with the Administrator's discharge of his responsibilities. This Board will consist of the Administrator, as chairman, and will have not to exceed twelve additional members to be appointed by the President by and with the advice and consent of the Senate, to be selected from among citizens of the United States of broad, and varied experience in business, labor, agriculture, the professions, and in matters affecting the public interest.

Then there is to be a United States special representative in Europe, appointed as in the case of the other officials—a kind of roving ambassador—to discharge such duties as may be agreed upon between the Administrator and the Secretary of State.

The countries to participate in the aid are the 16 countries that signed the report of the Committee on European Economic Cooperation at Paris last year, and any other country, including the zone of occupation in Germany and the free territory of Trieste, if and when they come in and agree to the joint program for European recovery and accept their appropriate responsibility.

So much for title I of the bill affecting European recovery, and, as my time is running short, my comments on the remaining titles must necessarily be brief.

Title II contains a conditioned authorization of \$60,000,000 for the International Emergency Children's Fund, an organization operating under the United Nations. This agency has done a great and outstanding work, being the only entirely successful agency of that organization so far. It is feeding 4,000,000 children that otherwise would perhaps starve. Of course, all other nations of the United Nations contribute proportionately to this fund, and our payment is conditioned upon the continuation of support of the fund by these other countries.

Title III authorizes the appropriation of \$275,000,000 for military aid to Greece and Turkey and \$150,000,000 for military aid to China.

As to the necessity for these appropriations, I quote from our committee report, as to Greece and Turkey, from page 50 of the report:

The two countries have been, and continue to be, subject to external pressures by Communist-dominated nations, which pressures pose a constant threat to internal security and economic stability. Without immediate and effective assistance such as is provided in the terms of this title, it is believed that neither Greece nor Turkey can long survive the determined and unrelenting attacks upon their independence.

This title recognizes not only the immediate threat to the countries concerned but also the responsibility of the United States for the maintenance of international peace, the desire for which caused us to take a leading role in, and led us to subscribe to, the deliberations and findings which resulted in the formation of the United Nations.

On February 26 the Secretary of State requested the Congress to extend Public Law 75 (80th Cong.) and to authorize the appropriation of an additional \$275,000,000 for assistance to Greece and Turkey. The funds were requested in order to continue military support to the Greek and Turkish Governments in addition to the economic assistance which will be given to those countries under the European recovery program. The need for this additional assistance is occasioned by continued and increasing Communist pressure upon Greece and Turkey which threaten their independence and territorial integrity.

Then, as to the necessity of military aid to China, I quote again from our committee report—page 54:

Aid for European countries has been of two types, distinguished as such in the requests made to Congress by the executive branch. The first type has concerned such situations as those in Greece and Turkey, under direct threat by outside forces. Aid in such situations is characterized by the purposes of the so-called Truman doctrine; military advice and supplies have been recognized as being as important as economic aid designed for relief or recovery in such countries. The other type of aid is that implied in title I of this bill, designed to serve the purpose of economic recovery. In the judgment of the committee, China, like Greece and Turkey, is a case to which each of these two types of aid are properly applicable.

The committee expressed this judgment by separating the proposed aid for China into two parcels, matching in nature the two types of aid to certain European countries provided in title I on the one hand, and in title II on the other.

The committee was moved to this decision by the known facts of the situation in China, backed up by the evidence presented by several leading witnesses. China, like Greece, is torn by civil war supported by resources outside the country. In China, as in Greece, domestic political reform and economic recovery had become nearly impossible unless a minimum solution of military security could first be found. Much of China, like Greece and Turkey, has the character of a frontier region, covering a more important area whose independence is an interest of the United States. Not all witnesses were in agreement that military aid should be given to China, but nearly all were agreed that without military-type aid, economic aid would be a most dubious venture.

The importance of the independence and territorial integrity of China to the interests of the United States is regarded by the committee as a sound principle of policy, as much so today as when it was first recognized as one of the most fundamental principles of the foreign policy of the United States, half a century ago. To give China no aid, in the committee's opinion, would be tantamount to forsaking this policy or of accepting its defeat.

Title IV provides for the appropriation of \$420,000,000 for economic aid to China, and as to the necessity for this aid I quote from our committee report—page 56:

China had continuous foreign war from the time when its war with Japan began, in 1937, at the Marco Polo Bridge in Peiping, until the end of the Pacific war in 1945. It has had civil war ranging from desultory to intensive in scale and character for 40 years.

The efforts made during the war against Japan sapped the strength of the entire economic, fiscal, and administrative system of the country. Large sections of the country, including the richest, were occupied for as

long as 8 years, and the government was deprived of all revenue from such areas. Many millions of people were displaced as refugees, much of the industry of the country was destroyed, the few rail lines were torn up, repaired, and torn up again. After Pearl Harbor the nation suffered almost complete blockade for 3 years. The fraction of the national budget devoted to military expenses has been at the war level for more than a decade, and essential civilian functions have suffered seriously. Despite remarkable success in braking inflation during 7 years or more, the debt burden eventually reached the point at which inflation became uncontrollable.

The case of China under these conditions is parallel to that of Greece. Economic recovery requires reforms in the finances which depend upon reforms in the administration, which in turn depend upon some relaxation of military effort, which in turn can come only when secure conditions have been established in areas now torn by guerrilla warfare. The experiment of withholding aid in order to secure reform first has been tried and has had only undesirable effect. In the judgment of the committee there is no question that aid must be given if China is to turn the corner and begin to recuperate, or even to survive as a genuinely independent nation and a friend and ally of the United States.

And now, Mr. Chairman, in conclusion, may I say this: In the long and long ago—in 1644 to be exact—the immortal John Milton sat in England, turned his sightless eyes toward America, and this vision came to him:

Methinks I see in my mind a noble and puissant nation rousing herself like a strong man after sleep, and shaking her invincible locks. Methinks I see her as an eagle mewing her mighty youth, and kindling her undazzled eyes at the full midday beam; purging and unscaling her long-abused sight at the fountain itself of heavenly radiance; while the whole noise of timorous and flocking birds, with those also that love the twilight, flutter about, amazed at what she means.

That vision has been fulfilled. We are the greatest nation on earth, but, as has been so wisely said, the greatest nation on earth either justifies or surrenders its leadership. God brought us to this pinnacle of greatness. He did it, I think, with the divine hope and expectation that we would assume the responsibility commensurate therewith.

(Mr. COURTNEY asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. JUDD] who will tell us about titles III and IV of this program as they affect China.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mrs. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. JACKSON].

Mr. JACKSON of California. Mr. Chairman, title III of the bill presently under consideration proposes to furnish military type assistance to aid Greece, Turkey, and China. As has been so ably pointed out by the gentleman from Minnesota [Mr. JUDD], many parallels can be drawn as between the situation in China and the situation with respect to Greece and Turkey. If, in my remarks,

on title III, I appear to stress Greece and Turkey to the detriment of China, I should point out that it is only because the two problems are almost identical in every respect. We have only to look at the map to see the situation with which Greece and Turkey are confronted today. Greece, Turkey, and China assume strange shapes for powder kegs. Here in this poor land of Greece, 7,500,000 individualists, individualists in the same sense as we Americans know individualism, have struggled for centuries to take from their poor soil—and only 18 percent of the total area of Greece is arable—the means of their livelihood. Today Greece staggers under a sustained, vicious, and brutal attack launched by its neighbors on the north, Yugoslavia, Albania, and Bulgaria. This attack is directed not at the Greek National Army, not at British or American missions, but at the thousands upon thousands of industrious and democratic Greeks who live in the northern areas of the country. The attack is aimed at a definite goal, and that goal is planned confusion and chaos. The attack has as its ultimate object, and there can be no doubt on this score, the establishment of a Red beachhead on the Mediterranean. We need only look at the map to see how well ordered and how efficient such a squeeze play must be under the circumstances.

The areas in red indicate Greece's northern neighbors, and the steady and unrelenting pressure of armed aggression seeks to destroy the will of the Greek people to resist invasion.

What is the strategic importance to this country of Greece? Is it that it is so wealthy in natural resources that we indeed seek to further an imperialistic program to bring this nation under our control? I think not. Greece, as indicated on the map, has a considerable and vital strategic importance in the world picture today. Its island possessions cover the approaches to the Dardanelles and the Bosphorus. Crete dominates the trade routes to the Middle East.

When one speaks of Greece falling subject to foreign domination, one should also understand that without a Greece protecting its western flank, Turkey could not long stand, and it is doubtful if without the protection of a Greece on its eastern flank Italy could long survive. Without the great bar of Turkey and Greece to the spread of the Red tide southward to the Mediterranean world, the Middle East, and Africa, our access to materials in which we are in extremely short supply would be denied us. The importance of the retention of Greece as a nation friendly to the other free countries of the world and to this Nation cannot be underestimated.

The provisions of title III in the present act modify and amend the provisions of Public Law 75 passed by the last session of Congress for assistance to Greece and Turkey. I will not attempt in the brief space of time allotted to me to outline in any great detail the amendments which effect these changes. There are three principal technical changes with respect to Greece and Turkey. China has been added.

Let there be no mistake about the subject matter of title III. Title III proposes \$275,000,000 in military aid to Greece and Turkey, and another \$150,000,000 of military aid to China. This title recognizes the fact that the flailing of economic pillows and the pouring out of dollars is lost motion in the face of open and outright armed aggression. The legislation recognizes that we have a national responsibility for the maintenance of international peace, to the search of which we lent our best efforts at San Francisco at the signing of the Charter of the United Nations. The title provides not only that we send matériel as needed by these countries in the defense of their independence but that we send men with the "know-how" to use this equipment, and to furnish military advice to the men who are going to use it. It recognizes the validity of those who say, "It is not possible to achieve economic stability in the face of organized pressure or military force." It recognizes the validity of the arguments of those who say, "Of what possible use is it to build a bridge if your enemies are going to blow it out the next night?"

The gauntlet is down, Mr. Chairman, in Greece, in Turkey, and in China, and the challenge is clear. The gauntlet has been hurled down in Greece today very much as it was hurled down in Czechoslovakia a year or 18 months ago. The same fate suffered by the Poles and the Czechoslovakians can and will overtake Greece, Turkey, and China unless we take a long-delayed and positive stand with respect to what we intend to do in the Mediterranean world.

The so-called National Army of Liberation, praised by the Communist press and by the fellow-travelers, consists of some 20,000 Andartes, or guerrillas, operating with complete impunity across international frontiers in violation of the charter of the United Nations. They receive from the countries to the north of Greece every possible assistance in the way of arms, ammunition, supplies, and hospitalization. Of this 20,000 men, it is estimated that some 10 percent form a hard core of Moscow-trained leaders. The great majority of them, according to all authoritative information, are men who have been impressed into the bandit gangs in raids on villages in northern Greece, and who serve only because of the brutal reprisals exercised by the guerrilla thugs against the families and homes of men who seek to escape their enforced service in the bands.

Like their counterparts in the Chinese guerrilla movement, here are no Jeffersonian Democrats. Here, indeed, are people who seek the domination of a friendly nation in complete contravention of all the rules of international law and the Charter of the United Nations.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I yield.

Mr. COUDERT: In connection with what the gentleman has just stated concerning the position in Greece and the provision for continuance of the supply of military equipment, does the gentleman consider that the United States is now committed to maintaining the Greek

and Turkish position by force of arms and combat troops if necessary?

Mr. JACKSON of California. So far as I am personally concerned, without reference to the balance of the committee, I sincerely hope so. The campaign in northern Greece, as I have said, is a campaign of brutal aggression and a crime against decency and humanity in which arson, pillage, and murder are no exceptions to the general rule. The gentleman from Texas [Mr. TEAGUE] and I, during our trip through northern Greece last fall, arrived in a village the morning after a family of five had had their throats cut because the father and husband of that family had made a speech in favor of the Greek Government. From northern Greece there have fled southward to towns and villages garrisoned by the Greek National Army, almost a half million terrified refugees—not driven off land which they worked as serfs and which belonged to someone else—as the gentleman from New York would have you believe—but off their own soil and out of their own homes, because the percentage of home ownership in Greece is higher than it is in any other civilized nation in the world. Seventy-two percent of the Greek people live on and work their own land.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I yield.

Mr. JOHNSON of California. Is it not the fact that the basic principle involved here is whether or not the Soviets are going to comply with the agreement they made with us and the other nations that Greece could select its own government?

Mr. JACKSON of California. Absolutely, the gentleman is quite correct. So far as Russia and its relation to either its pledged word or to the United Nations in the Greek dispute is concerned, some facts should be made clear and separated from pure Communist fiction. This week I received a letter from Greece. I am sorry I am not able to disclose to the Member the name of my correspondent, but I can and do vouch for his honesty, ability, and absolute sincerity. I should like to read two paragraphs from that letter. The groups referred to are UN observation teams assigned by the parent body to investigate border violations by the satellite states.

Last week group No. 3—

This is a United Nations subgroup appointed by the United Nations to investigate the situation in northern Greece—

composed of two Britishers, one French, and one United States observer, were on hand to personally see weapons emplaced on Yugoslav territory being fired into Greece. Machine guns and mortars were manned by guerrillas, but Yugoslav Army personnel were present and were apparently supervising the fire. There have been several other cases of direct observation by UN personnel lately, and I am sure there would be much more to report if the groups were able to approach the frontier at all points. But, as you know, a great deal of the border is inaccessible to our people Markos—

This is General Markos, the Moscow-trained leader of the Greek guerrillas—

Markos has warned over his radio that UN observers will be treated as prisoners of war if captured and that under no circumstances are they to be allowed to enter guerrilla-held territory.

What an insurmountable obstacle has been placed in the way of free observation of the Greek situation by such a restriction which must, of necessity, have the full and unqualified approval of Yugoslavia, Albania, and Bulgaria. Yet these countries, under their guide and mentor, the Soviet Union, pay a hypocritical and superficial lip service to peace and the aims of the United Nations.

The problems of seeking out and destroying the Communist-led bands becomes, under present circumstances, almost impossible when it is remembered that the bandits operate with complete impunity throughout all of the mountainous area of Greece.

To go on further: Sabotage, road mining, and local attacks have been stepped up lately, but there has been no big show since the Konitsa affair. The latest move of Markos is to transport Greek children from the ages of 3 to 14 into the countries north of Greece for protection and education.

Mass kidnaping appears to be a small matter in the determined effort to dominate Greece. The influx of almost half a million refugees to the larger towns and villages of Greece has done much to facilitate the Communist plan of chaos and the creation of human suffering. It has also succeeded in tying down substantial numbers of Greek troops in the towns to insure the safety of the refugees.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I yield.

Mr. JOHNSON of California. Is it also the view of the gentleman who has studied the problem thoroughly, that if Greece collapses then Italy can expect the same medicine?

Mr. JACKSON of California. If Greece collapses—to point out again what I said in the beginning—that is every reason to believe that both Turkey and Italy will collapse, and, as has been said so properly on the floor, the Mediterranean will become a “red lake.”

Mr. BELL. Mr. Chairman, will the gentleman yield for a question?

Mr. JACKSON of California. I am happy to yield.

Mr. BELL. Would the gentleman explain why the collapse of Greece would bring about the collapse of Italy? In my own mind there is no question but that the gentleman is right but I would like to know the gentleman's reasoning.

Mr. JACKSON of California. I think one of the greatest factors would be the psychological impact upon Turkey, and the added psychological impact on Italy in these very trying days. I think the nationals of both countries would be inclined to make the best possible deal they could under the circumstances.

Mr. BELL. It would be a proposition of jumping on the bandwagon?

Mr. JACKSON of California. That is right. It must be remembered in con-

nection with the suggestion to close the northern frontier of Greece, that it is over 500 miles long and winds through some of the most mountainous terrain possible to imagine. It has been asked, Why does not the Greek Army take steps to wipe out the bandits? Well, the bandits live off the soil. The bandits live off of the property of those they drive from their homes. The Greek Army is a civilized, operating army. It has all the obstacles of any operating army in the field. They have recently made several successive offensive moves. There are a great many questions in connection with the Greek affair that will be brought up on this floor. The government will be called a monarcho-Fascist government, and, touching on the point so ably made by the gentleman from Minnesota [Mr. JUMP], I should like to say we are not confronted in Greece with an ideal choice in this connection. Would that we were confronted with the single question as between the present Greek Government and a fine, democratic government, against which no complaint could be made. Unfortunately that is not the situation. Practically, we are faced with the question whether the present Greek Government is to continue, as elected by the Greek people, or whether Greece is to have a Communist-dominated government. That is the question. My time has expired, but I shall await the opportunity to answer other questions with respect to Greece and Turkey, and I hope that I can nail down some of the deliberate misrepresentations which are so commonly heard from our own domestic brand of Communist.

The CHAIRMAN. The time of the gentleman from California [Mr. JACKSON] has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I want to congratulate the Foreign Affairs Committee on the astounding vote of confidence which has occurred this afternoon on the passage of the rule by which this bill on the world-recovery program came to the floor. The Foreign Affairs Committee has had before it many measures and has had measures that cut across this House regardless of party lines. I want to congratulate the members of the Foreign Affairs Committee, regardless of their party, on their diligence and their attention to duty as well as their high devotion to hard work in preparing this legislation under extreme pressures from every side.

I am sure that the committee, when it looks at this bill, feels that it is the composite view of the members of the Foreign Affairs Committee, rather than the view of any one individual. It actually is the composite view of those people who have been studying your foreign relations continuously over the past years. I am very much pleased to find that the House gives this great show of confidence.

For myself, I endorse heartily the European aid program; the aid to China, Greece, and Turkey, as well as the \$20,000,000 for Trieste, to take care of our

troops who are stationed in the trust division. From my personal observation in Trieste last fall, our troops and their officers are doing a fine job.

It is my intention to explain title II for the House. This title is called the International Emergency Children's Fund of 1948.

This title is for the purpose of authorizing \$60,000,000 to be appropriated later for the special care and feeding of children by extending the life of the International Children's Emergency Fund of the United Nations to July 1, 1949, from June 30, 1948, when the present program will expire.

I would like to explain an explanation as to how the fund is set up. This fund was established by a resolution of the United Nations in December of 1946. The United Nations General Assembly set up an executive board consisting of representatives of 28 member nations of the United Nations to look after the feeding of the children of the world regardless of the country they are in and without discrimination as to their race or creed. The children of the world were the greatest sufferers, both during and after World War II, and unless we give them special attention the new generation will be stunted and underdeveloped.

The Children's Fund is managed by an executive director by the name of Maurice Pate, of Massachusetts, who was one of Hoover's assistants after the last World War in helping to relieve starvation and feed the starving people abroad. So it is actually headed by an American operating from Lake Success, N. Y. It is not run by anybody who has not good solid sound ideas. The ideas are our own and a large part of the funds are our own. In fact, it has been commented that this fund is one of the really outstanding successful operations the American people and the United Nations have engaged in, because everybody in every country except Russia has cooperated with it regardless of whether they were in the Soviet sphere or in the democratic nations, because we have all found a common interest that unites the East and the West. It is an essential element that should be added to the European recovery program as title 2 as it is a vital part of European relief.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. VORYS. Is it not true that in logic and in orderly procedure this is an economic phase of our program for Europe for 1948, and so can very appropriately be in this title?

Mr. FULTON. Yes; the gentleman from Ohio is entirely correct. If we are to look at the relief needs as a whole we must include relief for children, which is under this United Nations organization fund. The Herter committee has recommended that this particular fund, the Children's Emergency Fund of the United Nations, be put in this particular bill in order that we can get a complete coverage of relief and rehabilitation needs. Secondly, it is a real way that we can help these nations help themselves, because both the recipients and other

governments, even those which are not members of the United Nations, contribute to this program.

Mr. BELL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I will be glad to yield.

Mr. BELL. Will any part of this \$60,000,000 be permitted to go behind the iron curtain?

Mr. FULTON. Yes; a part of the funds are to go to the needy children behind the iron curtain and even in China. I would like to explain the distribution of the funds in title 2 and also how the funds have been received, but first I would like to give the general organization, if the gentleman will permit.

In this bill and under this title, the funds will be collected and spent as follows: The United States will be called upon to put up not more than 50 percent of the total funds. The total amount of our contribution cannot exceed whichever is the lesser, either \$100,000,000 or 50 percent of the total contributions to the fund.

The previous joint resolution, Public Law 84, for the relief assistance to the people of countries devastated by war, was passed on May 31, 1947. That is where we first set up and authorized contributions by the United States to the Children's Fund; \$40,000,000 was authorized by that particular joint resolution. Our initial contribution was \$15,000,000 to the Fund without the necessity of matching such funds by other countries, but after the \$15,000,000 was contributed, no other United States money would be available until other nations had contributed 43 percent of the total. Of the additional \$25,000,000 authorized under that act, and appropriated, and earmarked, \$21,000,000 is waiting allocation because the nations have not come up with their matching quantity, but have to June 30, 1948, to do so. The United States owes the remaining \$4,000,000 due the Fund under the matching formula, but has not yet actually handed over the money.

Mr. BLOOM. The gentleman is correct.

Mr. FULTON. We had a change in the definition of contributions in the Interim Aid Act that was passed on December 17, 1947. There we said we would consider as contributions any amounts contributed by a country even though it was a recipient country. Under Public Law 84 as the situation existed previously, contributions were only considered to be contributions when they were not from recipient countries. Actually, therefore, in the interim aid bill, the Congress broadened the base so that we were encouraging recipient countries to help themselves.

Going back to what this title covers specifically, we have a maximum over-all possible United States contribution of \$100,000,000 from the beginning of the program, \$40,000,000 of which has been previously authorized and appropriated for the period ending June 30, 1948, by Public Law 84.

Now, under this title we have an additional \$60,000,000 necessary to be authorized to carry the children's fund through to July 1, 1949.

The contributions are these, and they are really a three-way split: First, the United States is to put up its share, contributing up to 50 percent of the total as other governments contribute their 50 percent. Second, governments other than the United States shall contribute for the use of children outside their borders 20 percent of the fund. Third, recipient countries which will receive supplies for their children under this act, must contribute the other 30 percent in commodities and services, over and above the established ration in that country. Each of these last two conditions must be met before the United States will be called upon to contribute any amounts at all.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. FULTON. Mr. Chairman, I appreciate very much the extension of time by the good, hardworking ranking minority member of the Committee on Foreign Affairs.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from North Carolina.

Mr. BONNER. The gentleman from Missouri asked a question if any of the money was spent behind the Iron Curtain and the gentleman answered "Yes."

Mr. FULTON. I was coming to that as soon as I explained the organizational set-up and how the funds are received.

Mr. BONNER. When the gentleman answers it, just what observation is permitted by the Soviet-controlled area of the foods and money and how it is distributed and who gives any report on it?

Mr. FULTON. I believe that is an excellent question and I would like to answer it right now if I may. The way these funds are distributed is this: A written agreement constituting a contract is made with the recipient government by the Executive Board of the International Children's Emergency Fund of the United Nations. No distribution is made in any country unless previously there has been made a specific agreement embodying the complete program with careful stipulation of controls.

The procedure through which the agreements are consummated is this: The nation which is the applicant comes before the Executive Board of the Children's Emergency Fund and makes its request and outlines its program in writing. The Executive Board then refers that request to a subcommittee called the Program Committee of this Executive Board. The Program Committee then goes into the details of the proposed program to see if it is necessary, that it is a fair program, that it will be administered nonpolitically and without discrimination to those children needing it. The Program Committee recommends to the Executive Board what the program shall be. The Executive Board then authorizes its agent, specifically the Director, to enter into an agreement to operate the program within the country, and the country itself signs and agrees to cooperate. The Department of Agri-

culture of the United States does much of the purchasing for these various programs and the Children's Fund then pays the Department for the amount of money the Department has expended on behalf of the Fund. Dried milk is the primary commodity procured by the Fund and the United States is about the only country which has milk available for exporting. As a result, there is a continuous flow of this product from the United States into these particular programs. Other chief items in the programs are fats, cod-liver oil, vitamins, and horse meat.

The fats consist of margarine and lard, but there has been no butter sent so far. Horse meat is procured chiefly in Canada. These items contain the special protective and nutritional elements necessary to supplement rations, and provide restorative foods that children need to develop their normal growth. The local country, after signing the agreement, permits the supplies to come into the country, and the supplies then move to institutions within the country under the supervision and direction of the Children's Fund staff, which actually consists of 65 percent American personnel. Supplies are not given to individuals as such. The institutions to which these products move are orphanages, schools, institutions for the care of children of various types, and various clinics.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. FULTON. In essence this is an on-the-spot feeding operation; the children are fed an extra middle-of-the-day meal within the institution.

The United Nations through the Children's Fund has in each country a permanent mission which goes around to the various institutions to determine whether the program is being adequately administered. They check to see that it is carried out without discrimination and only to those who are in real need. The Director of the fund, Mr. Maurice Pate, returned 6 weeks ago from a trip through western Europe, and through what you might call the border countries within the Soviet sphere. He said he could guarantee that the food was actually going to the children who needed it, and that they knew where it came from. Everywhere he went, he said he had seen posters showing the source of the food as coming from Children's Emergency Fund of the United Nations; moreover, all the 30,000 distributing points, according to Mr. Pate, listed the source of financial contributions, with our United States appropriation heading the list.

The Children's Fund retains title of all supplies from the producer to the ultimate consumers, the children. Duplicate accounts are kept of every step in the process, one set of accounts for United Nations, and one in the recipient country. The United Nations auditors check all books and accounts. All distributing centers are required to identify the feeding program as a United Nations project

and all supplies are clearly marked. The contracts with recipient countries further provide for the free movement of administrative and accounting personnel, and full opportunity is guaranteed to make public information regarding delivery and distribution of supplies.

Under this fund Poland has sent sugar to the west, even though she has been under Communist domination. Czechoslovakia has likewise sent food commodities to the west. These contributions are a real saving to us in America when we are implementing the European recovery program, because they result in the shipping of food of high calorie content at low transportation cost that we otherwise would have to make up by shipping from Cuba or from the South. This is a contribution not only to the children in the particular countries but to the other nations of western Europe who are getting extra food through the contribution of these countries within the fund.

Under this title, the fund will be able to program aid until July 1, 1949, as follows:

First. Provide supplementary meals for 5,000,000 children through 1949.

Second. In cooperation with the World Health Organization, build a barricade against the spread of tuberculosis by utilizing BCG vaccine in one of the greatest mass-immunization projects in history. Approximately 50,000,000 children will be tubercular-tested in Europe and South America and about 15,000,000 vaccinated.

Third. Stimulate production of children's clothing, particularly shoes and diapers, and by providing raw materials for restrictive processing. The shoes and clothing will all be marked "United Nations Children's Fund."

Fourth. Increase the indigenous supply of milk through the importation of equipment essential to milk processing and the exchange of cattle from one European country to another. The CEEC report states that milk production in the 16 participating nations has decreased fully one-third from 1938 to 1946. Inadequate refrigeration and processing equipment results in the loss of approximately one-third of the present milk supply between the flush and dry periods.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Arkansas.

Mr. HAYS. It was not quite clear to me as to the organizations that administer this fund. Are some of them sponsored by Americans or are they exclusively of the nationality that is receiving aid?

Mr. FULTON. It is any charitable agency within the country that is taking care of indigent children within the country.

Mr. HAYS. Some of those are our own agencies, are they not?

Mr. FULTON. Yes. Many are our own charitable agencies, because this program is integrated with the voluntary charitable organization programs that originate from the United States.

Mr. HAYS. I should think there would be no question as to the proper

use of the supplies administered by such organization as the Friends, that have been rather prominent in that activity, and like religious organizations.

Mr. FULTON. The gentleman is entirely correct. This particular program and title is completely endorsed by the Society of Friends.

Returning to my discussion of the organization, I should like to tell you which nations have contributed to the fund and what has been done in the distribution of supplies. The total so far contributed to the fund by governments has been \$29,000,000; \$15,000,000 of which has come from the United States. Over \$14,000,000 has come from other countries, so that this is a program in which other countries as well as the United States are trying to help the recovery of the world and trying to help the next generation, no matter in which country the children may be.

To break down the \$29,000,000 contribution for you, I should like to discuss a few of the countries contributing to it. Australia has put up \$3,544,000. Austria, while she could not put up money in itself, has given a large amount of transportation for the hauling of these materials through her country. Canada has paid in \$5,200,000. Czechoslovakia has given \$600,000; Denmark, \$416,740; and the Dominican Republic, \$20,000.

France already has contributed \$900,000 as an initial installment since the French Government has pledged to contribute 6 percent of the United States total in all. France is to be commended, for as hard up as she has been, with a deficit in her budget, she has, nevertheless, thought of the interest of others and has made this fine effort to cooperate with the United States.

Hungary has given transportation where she could. Little Iceland has given \$40,000. Italy, although she could not give money, has cooperated by giving a large amount of transportation. Luxemburg has given \$2,000; Newfoundland, \$100,000; New Zealand, \$810,000; Norway, as an initial contribution in cod liver oil, \$69,372. Poland gave a quarter of a million dollars. In this connection we should not forget the terrible war damage inflicted in Poland, and that Poland is 95 percent democratic and only 5 percent Communist, even at the largest estimate, while 3 percent is the estimate of one of her statesmen recently.

Switzerland has given \$1,111,500, the United Kingdom has already paid an initial \$201,500 and has signified an intention of cooperating fully. The United States has contributed \$15,000,000; Uruguay, in South America, \$1,000,000; and even Yugoslavia has contributed to the fund 20 tons of DDT to stop a typhus epidemic among children outside her country. In addition to the \$29,307,112 contributed by these governments there is \$11,100,000 leftover assets from UNRRA and \$576,616 contributed by individuals for child relief. The total resources to date are \$40,983,728.

May I say that under the original setup, the proportion of the funds was that the United States would put up 57 percent and the other nations were required to contribute 43 percent of the total.

By this title it will be changed into three elements: the United States contribution, which cannot exceed 50 percent; contributions from other governments for the use of children outside their borders, which must equal 20 percent; and contributions from other governments whose children will receive the products under this fund, which must equal 30 percent of the total. Therefore, we are helping other nations help themselves, and help their children under this fund.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, S. 2202 is a monstrosity for America. It is legislation that ultimately will ruin and wreck our economy. It is legislation that will sell us short of our needed commodities, raise our prices to new heights, increase our national debt immediately by over \$6,000,000,000. There is no sense, rhyme, or reason to it. It is badly assembled legislation, and only a grab bag for Europe and a sad commentary to America and the American taxpayer.

Now to begin the picture I hope to portray to our people—let me insert a record of our spending annually and our receipts since 1912:

A PETITION TO THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES OF AMERICA REGARDING THE FEDERAL BUDGET

We, the undersigned, citizens of the State of Rhode Island, aroused by our Government's disregard of the people's welfare, join in this petition to the President and the Congress.

We are alarmed at the vast increase in Federal expenditures and taxes. The extent of this increase is illustrated by the following figures:

	Receipts	Expenditures
Fiscal year ending June 30—		
1912	\$692,609,000	\$689,881,000
1916	782,534,548	734,056,202
1918 (war year)	3,664,582,865	12,697,836,706
1919 (war year)	5,152,257,136	18,522,894,705
1920	6,694,565,389	6,482,090,191
1925	3,780,148,685	3,529,643,446
1929	4,033,250,225	3,848,463,190
1930	4,177,941,702	3,994,152,487
1932	2,005,725,437	4,947,777,000
1935	3,800,467,000	7,583,434,000
1939	5,164,824,000	8,765,338,000
1940	5,387,125,000	9,127,374,000
1941	7,607,211,852	12,774,890,324
1945 (war year)	46,456,554,580	100,404,596,685
1946 (part-war year)	43,037,798,808	65,018,631,991
1947	43,258,833,189	42,505,045,529
1948 (estimated)	45,210,386,347	37,727,775,361
1949 (estimated)	44,476,862,051	39,668,993,983

In the current fiscal year, which is the third peace year following World War II, the receipts will amount to \$45,210,000,000, and if the President's recommendations are adopted the receipts will, according to his estimate, amount to \$44,476,000,000 in the next fiscal year. The proposed amount for 1949 is eleven times the receipts for 1929, nine times those for 1940, and within \$2,000,000,000 of the receipts for the war year 1945, in which the receipts were the highest of any year on record.

Despite the fact that we are in the third year of peace following the war, the Federal Government will spend this year \$37,727,000,000, and the President proposes to spend \$2,000,000,000 more than this (\$39,668,000,000) in the next fiscal year. Thus, the proposed expenditures for the next fiscal year (the fourth peace year following the war) will be fifty-four times the expenditures of 1916, over

twice the expenditures of 1919, the most costly year of World War I, and over four times the expenditures of 1940, the costliest peacetime year on record prior to 1941 when our defense program was started.

And yet we are told by you, Mr. President, that these proposed expenditures for next year are all necessary and cannot be cut, and that there must be no reduction in taxes.

Your annual message to the Congress was filled with proposals for financial aid to various groups without regard to their cost or their effect on the country's welfare, proposals manifestly designed to secure votes, and this at a time when the country is facing a most serious crisis that calls for the strictest economy in government and the highest quality of statesmanship.

We submit that both expenditures and taxes can and should be drastically reduced. PROVIDENCE, R. I., February 26, 1948.

What is our foreign policy? Who is responsible for our foreign policy? As far as I have been able to determine, we have no foreign policy; we are bewildered and groping in the dark, revealing inefficiency in our State Department, our Foreign Affairs Committee, and our Executive. The United Nations, instead of functioning is being sidetracked. The Bretton Woods Bank, with a capital of \$9,100,000,000 and into which we paid \$3,175,000,000 is not functioning by all the nations who were to be participants.

The stabilization fund, capitalized at \$8,800,000,000 and into which we were to subscribe the lion's share or \$2,750,000,000 is as dead as a dodo. We recall what they were supposed to accomplish, but as they function today at best they are just plain liabilities to the United States.

Three years after World War II, it is now unmistakable that we need new leadership, new and competent officials of Government if our Nation is to survive. There is no more time to fool away, no more resources or money to squander, no more commodities to give away on a scarce market of high, rising prices if we are to look after our American people and their best interests carefully and conscientiously. Our population is estimated as 140,000,000 people. Our national debt as of March 18, 1948, according to the Treasury statement, is \$253,292,813,697.09. I submit herewith a chart of the European nations included in the European recovery program, showing a total population of 325,647,000 and a total national debt of \$161,082,000,000. In comparison, our total population is less by 185,000,000 and we have a national debt of \$92,000,000,000 more than the total of the combined countries. A sad picture for America.

Selected statistical information concerning nations included in European recovery program

Country	Population 1947	National debt, 1946, internal	National debt, 1946, external	National debt, 1946, total	Industrial production, 1947 (1937=100)
Austria	7,000,000	\$1,336,000,000	\$90,000,000	\$1,426,000,000	Summer, 45. ¹
Belgium (Luxemburg)	8,400,000	5,594,000,000	196,000,000	5,790,000,000	September, 84.
Denmark	4,300,000	1,779,000,000	153,000,000	1,937,000,000	December, 120.
France	40,900,000	16,257,000,000	906,000,000	17,163,000,000	October, 100. ¹
Greece	7,500,000	102,000,000	599,000,000	701,000,000	July, 67. ²
Iceland	130,000	6,000,000	1,000,000	7,000,000	Note A.
Eire	3,000,000	310,000,000	1,000,000	311,000,000	June 109.
Italy	45,600,000	3,202,000,000	659,000,000	3,861,000,000	September, 72.
Netherlands	9,600,000	5,460,000,000	642,000,000	6,102,000,000	November, 196. ³
Norway	3,100,000	1,313,000,000	82,000,000	1,395,000,000	October, 122. ⁴
Portugal	8,300,000	367,000,000	34,000,000	401,000,000	1945, 102. ⁵
Sweden	6,800,000	3,167,000,000	-----	3,167,000,000	October, 108.
Switzerland	4,500,000	2,684,000,000	-----	2,684,000,000	October 1946, 97.
Turkey	13,900,000	391,000,000	268,000,000	659,000,000	Note B. ⁶
United Kingdom	49,200,000	100,052,000,000	3,097,000,000	103,149,000,000	Note C.
Prewar Germany	76,317,000	-----	-----	\$12,339,000,000	-----
Bizone	42,600,000	-----	-----	-----	September, 44. ⁹
French zone and Saar	6,500,000	-----	-----	-----	September, 85. ¹⁰
Total	325,647,000	-----	-----	161,082,000,000	-----

NOTE A.—Index numbers not available. Value of fisheries 1938, \$5,170,490; 1945, \$21,359,000.

NOTE B.—General index number not available. In 1945 cement production was 106; glass production was 136 using 1939 as 100.

NOTE C.—General index number not available. Representative index numbers as follows: 1937=100; coal (September 1947) 95; steel (October 1947) 110; cotton yarn (August 1947) 49.

¹ 1933=100 October index of France probably slumped later due to labor troubles.

² 1939=100.

³ Manufacturing, mining and public utilities.

⁴ Adjusted for numbers of working days.

⁵ 1938-39=100. In 1947 the American Embassy reported that "the general industrial situation of the country may be regarded as better than a year ago with prospects of further advancement." United States American Embassy, Lisbon. Annual Economic Review, Portugal, 1946, p. 7.

⁶ 1929-39=100.

⁷ 1939.

⁸ 1939. Debt on April 21, 1945, when Administration of Public Debt closed down was 389,200,000,000 reichsmarks.

dollar value unknown.

⁹ American zone 50; British zone 37.

¹⁰ Normal output.

Sources: Financial Report on Germany, I. Currency and the Public Debt. The Statist, vol. CXLVI (Nov. 1, 1947), p. 438.

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[E. E. Billings, General Research Section, Feb. 25, 1948.]

Besides the Marshall-plan countries, the Foreign Affairs Committee has seen fit to add China to the list of nations, including \$150,000,000 for military aid and \$420,000,000 for economic aid; and also \$275,000,000 for Greece-Turkey military aid, \$60,000,000 to destitute children of Europe, and \$20,000,000 to the Free Territory of Trieste. It has been called a "package bill." I say it is "bundles" for other nations and a "bust" for America; a glorified WPA in Europe and boondoggling in America. We thought that era was finished in our country, but we are still at it, I see.

It is time for common sense and to recognize the limitations of our ability to assume obligations for others. We can go so far and no further without weakening our own economy, our own safety. And when we go broke we are no good to ourselves or to anybody else. Keep America strong, keep America solvent. I plead with you now to build up our own defense, our Air Force, our military, and look after America.

Since World War II this country has given away over \$24,000,000,000. Now the Marshall-plan countries want \$17,000,000,000 on a 4-year-period basis. In addition, there is China, as well as a dozen other countries with hand outstretched for American dollars, American materials, American foods. I hope the Congress can be educated to our ability to aid others before we wreck our economy. Let me quote Thomas Jefferson on that point:

I know no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome direction, the remedy is not to take it from them but to inform their discretion through education.

First, let us determine that aid to any country be given only when the country shows a willingness to help herself to the limit of her ability. Also let us take into consideration the limit of our own resources and our own needs and capabilities in granting aid. Again, aid to foreign nations must be on an absolute inventory of their own assets. If they are able to pay us for merchandise and equipment received, they must do so and this "gimme" stuff must cease. There is no greater offender on that score than Great Britain, and they are sucking us in again. Remember in 1945 we gave them \$4,400,000,000 to run them 5 years. In nineteen and a half months their country was socialized. Now they pull our leg for the lion's share of the Marshall plan. This is well illustrated in an article by Henry J. Taylor, Will You Buy the Marshall Plan? which appeared in the March 1948 issue of Cosmopolitan magazine:

[From Cosmopolitan magazine of March 1948]

WILL YOU BUY THE MARSHALL PLAN?

(By Henry J. Taylor)

Look in your cupboard, coal bin, or clothes closet. There you will see the future workings of the Marshall plan.

Look at the prices in the grocery store. Ask yourself why it is hard to build a house or get a car. What are you paying for milk? For meat? Ponder tonight the connection between the steel famine and your own job security, the oil shortage and this country on wheels, the machinery scarcity and the prob-

lem of new production to whip inflation. Now you and I are ready to think about the Marshall plan.

For the Marshall plan—officially known, since Secretary Marshall disavowed that title, as the European recovery program—does not mean dollars. It means goods, mostly the same goods that America itself needs.

Never before in the history of the world has a relief proposal like this subsidy in goods been assembled.

It means the difference between the products that 16 European nations (chiefly Britain) believe they need and the products they can produce or buy in the next 4 years, with America donating that difference.

We American people are already paying the bill for the Government's postwar relief programs abroad at the annual rate of \$376 per United States family. By this proposal the bill would be built up to \$862 per American family by 1951.

Accordingly the pocketbook, the personal welfare, and the future of every American citizen are directly involved in the questions. Will you buy the Marshall plan?

Knowing that every farm, every home, every factory, every pay roll, prices, pensions, taxes, individual security, and the basic stability of the United States are all directly affected, it is up to each of us to be honestly informed and to answer. For now is the time the question must be decided in Congress in accord with the will of the people.

What is our will? Given the facts, we can find our own way to this answer for both our own good and also the good of the hard-pressed world. But we need to know the plain, unvarnished truth. And, at the moment, propaganda rules the roost.

It is not enough to say we want to help Europe—the needy, the heartworn, and weary. Everyone agrees about that. In the past 4 years of war unnumbered men have died to give humanity another chance. We who remain cannot say goodbye to their efforts—not when we remember that they said goodbye to life itself. But to humanity, in the end, it is results—not pronouncements—which count. And in these critical times we cannot indefinitely postpone getting real results from anything we do for relief and recovery abroad.

The war has been over nearly 3 years. After all, something must be wrong with the way we have aided Europe so far, or the gigantic postwar aid already given would have helped more than it has and possibly won us more friends.

Our world-recovery donations (\$22,000,000,000 since the end of the war) have failed to achieve their promised objectives. If they had not failed we would not now be called upon to send so many new billions.

But when earlier expenditures fail to deliver promised results, attention is generally distracted from the failures by making new promises and putting the objectives on an even wider base. New labels are sought, new slogans concocted, new arguments advanced. Generalities about the future smother the facts and fiascos of the past.

What are the chief arguments usually advanced for our buying the latest plan now that is no longer merely an idea with good objectives but has become a specific piece of proposed legislation, presented on an all-or-nothing basis?

1. We must protect western Europe from the Communist menace.
2. Our own economic self-interest (i. e., avoiding a depression) is involved.
3. We can afford to be generous on this scale on a humanitarian basis.

Before we examine the validity of these arguments, let's see how and where the "plan" really began.

It began in London. I was there when it started. While it was being put together abroad, I journeyed to most countries involved: England, France, Italy, Greece,

Switzerland, Belgium, Luxemburg, Holland, and Germany. I went to Paris while it was finally being thrashed out there. I came home and saw it finished in Washington, D. C.

Much of the European story behind the headlines and public speeches has not been told. The facts about the birth of the plan abroad, the inside inter-European commitments and cross-trades, the amazing contradictions in the program itself—all are vital, but smothered. The effect on us in our homes and work places is certainly not clearly understood. So come to London for the real beginning.

In January 1947 British Foreign Secretary Ernest Bevin notified Secretary Marshall that new large-scale American aid for England was necessary or Britain would suffer economic collapse by June.

He made a request that was kept "top secret." He asked for the equivalent of five and a half billion dollars over the next 4 years. The 1945 congressional grant of \$3,750,000,000 was being consumed at twice the rate anticipated. It was passing through the British economic system without long-term effect.

Bevin's preliminary appeal for a new loan was not made known to either the American or British public. Even the forthcoming crisis itself, foreseeable from the inside, was played down until it burst full-blown in July. Meanwhile, this is what was happening:

In a series of January dispatches to London, Secretary Marshall told Bevin that in his opinion Congress would not again appropriate a large, new fund for Britain except possibly as part of a general economic program for European recovery. Congress had objected to the original British loan because it did not represent a rounded European solution.

Throughout February, Bevin replied that the British Government understood this objection, in principle, but—as at the time of the original 1945 grant—England could not wait for such a widespread program.

In London you could see that a feeling of being bogged down permeated the British Foreign Office. Bevin needed action. He got it. He implemented his claim for separate aid by suddenly announcing that Britain was so hard-pressed that she would have to withdraw immediately from Greece.

Bevin ruffled tempers in the State Department, for he announced this in Washington and London at the same time, and publicly. But the American agreement to take Britain's place in Greece (with Turkey later included) and to vote \$400,000,000 for this purpose, was the answer.

Revealed March 12 as the Truman doctrine, this was, in fact, a stopgap substitute for new, large and direct aid for England, which it was clear Congress would not grant.

Prospective British withdrawal from obligations in western Germany, and the assumption of these occupation costs by America were agreed to at the same time. But this part of the agreement remained "top secret," and announcement was withheld until November.

Nevertheless, British insistence on straight separate aid did not slacken. The pressure was increased throughout the spring, not only on President Truman and Secretary Marshall but also on most members of the United States Cabinet, and especially on Secretary of the Treasury Snyder. That pressure had reached a climax by June 1.

On June 5, Secretary Marshall made his now famous commencement speech at Harvard. He was speaking primarily to England—a fact fully realized by Bevin but lost on the British and American public alike—when he said, in three sentences, that further large-scale American aid could be expected only as a part of a general coordinated European program. With that, Secretary Marshall dropped the subject. But when Mr. Bevin tagged it the Marshall plan the force of

a great American name was lent to the subsequent European proposals.

I was in London when the British Ambassador in Washington confirmed the fears of the British Government that England had lost her priority on American assistance. At that point what has since been called the Marshall plan became really the Bevin plan. It became Secretary Bevin's responsibility to construct an outline for American aid to other countries in such a manner that approximately the same amount of aid would go to Britain as if the separate aid, asked for in January, had been judged agreeable to Congress.

This Mr. Bevin accomplished in the Paris meetings of 16 nations during July, August, and September, which I went to Paris to observe.

Mr. Bevin's January appeal to Secretary Marshall for \$5,500,000,000 went into the Paris plan from the outset, and stayed there.

France and Italy objected strenuously to the British proportion. But they played along with England's big long-term proportion in exchange for a bird-in-hand understanding that England would support immediate United States stopgap aid for them amounting to \$685,000,000.

Mr. Bevin agreed. The British Government went on record with Secretary Marshall as urging \$685,000,000 American stopgap aid for France and Italy, \$227,000,000 to Italy, \$458,000,000 to France. They got \$540,000,000 in stopgap aid on December 19.

Now the time has come to act on the long-range presentation—predominantly aid-to-Britain, plus the additional collateral reliefs.

The overshadowing aid-to-Britain feature was kept carefully under wraps, a fact first noted by Washington newspaperman Peter Edson.

Page after page of other statistics are supplied in the official presentation to Congress. But in all the 131 pages the percentage of American aid allocated to each country and the predominate share scheduled for England are not revealed. It required a separate investigation to obtain for this article the official figures showing where our billions would go, country by country.

Here are the facts:

England	\$5,348,000,000
France	3,701,000,000
Italy	2,913,000,000
United States-British zone, Germany	2,499,000,000
Holland	2,436,000,000
Belgium-Luxemburg	1,419,000,000
Austria	713,000,000
Denmark	582,000,000
Ireland	497,000,000
Greece	473,000,000
Norway	234,000,000
Portugal	150,000,000
Iceland	38,000,000
Turkey	18,000,000
Total	21,021,000,000

Sweden and Switzerland are in for nothing. Actually they expect a favorable trade balance of about \$176,000,000. This means net requests for over \$20,000,000,000 from Uncle Sam. The difference between that figure and the announced \$17,000,000,000 is to be made up chiefly by the International Bank and Monetary Fund, which is also 80 percent United States taxpayers' money.

England's \$5,348,000,000, which is one-third of the \$17,000,000,000 in the Marshall plan, is exactly the amount asked for by Bevin in January, 6 months before Marshall attempted to answer England at Harvard University.

That, in brief, is the background of the plan. Now let us consider the arguments advanced for its support.

Is the threat of communism in western Europe a valid argument? If so, Britain's

32-percent share in the funds must be automatically excluded from this claim. No one has even suggested that the British people are on the verge of voting Communist under any circumstances.

This is admittedly and equally true of 9 more among the 15 other countries involved: Ireland, Iceland, Denmark, Portugal, Belgium, Luxembourg, the Netherlands, Sweden, and Switzerland. These represent another \$5,000,000,000; a billion dollars to Ireland and Denmark alone.

The Communist problem in two other countries involved, Austria and Greece, is commonly conceded to be military, not economic. This means that anticommunism appeal for us to buy the plan is largely confined to France and Italy, where communism has been consistently losing ground in the grass roots for over 2 years; and western Germany, where the last Communist vote was 7 percent, and Turkey 4 percent.

Once revealed on a country-by-country basis, the anti-Communist angle in the overall "all or nothing" \$17,000,000,000 presentation takes on a different aspect. And, in any case, few military men would care to argue that dollars alone would be effective if the Red Army marched.

What about the argument that America's economic self-interest is involved, that we must export to avoid depression?

We are in a fight against inflation. Yet nothing could be more inflationary than vast exports at public expense, not repaid, striking us squarely in our shortages.

Our exports in 1947 totaled \$14,500,000,000, chiefly free. Our balancing imports were \$5,500,000,000; an over-export gap of \$9,000,000,000. We know, or should know, these exports are abnormal.

Our real trouble today is that the home demand—to say nothing of foreign gifts—is far in excess of our ability to produce.

We need not worry about a falling off in demand for things we can't produce. We should not buy that idea. If there is to be a decrease in our exports—and that appears to be the thing the foreign-relief planners and other prophets of our domestic doom seem to fear—this is the best possible time to absorb the reduction. They should either admit this fact or else not claim they are trying to fight inflation. Both contentions cannot be true. If there is really going to be "boom and bust," all we have to do is ship enough goods abroad for which we won't be paid to assure it. We went on that ride once before—after the last war.

And the argument that we can afford to be this generous on a humanitarian basis? This is the major claim on which the issue must be decided and changes in the commitments made or not made in the plan.

It is the direct cost at home and the results abroad which must be considered.

Our civilization is founded on compassion and charity. The deep and honest desire of the American people is to help people abroad as much as we can within good and generous limits. No other nation in the history of the world has ever regarded the rest of the world in this light. That is another reason why we can be proud we are Americans. But this does not permit continually giving Europe a blank check on our resources or on our lives.

Further, why are we not told clearly a little-known fact about our official charity; namely, that our aid does not, actually reach people abroad as a free gift, as millions of Americans suppose.

By and large, the people abroad buy from their governments or middlemen what our Government sends free. They do not receive our gifts as charity. Their governments, and others overseas, pocket the difference. Practically none of the official donations of the United States Government

end up as charity to the wretched. That is why so much of our vast aid is unknown to individuals in Europe.

In our own Government, who finally constructed the Marshall plan? Who wrote the President's presentation?

Clark Clifford and Charles Murphy, young White House advisers, did the actual writing. A young task force put the program together, directed by Under Secretary of State Lovett.

"We started to figure this thing out on the back of an envelope, and it got slightly out of hand," explains Charles Kindleberger, 37, a State Department adviser on financial policy.

Earlier reports by the Krug, Harriman, and Nourse committees were purely advisory, and the vital administrative features recommended in the Harriman report were ignored. The names of the actual planners hardly carry national prestige. These are the men in the Washington task force who came up with the final answers: Charles Bonesteel, 3d (State), Frank Southard (Treasury), Frederick Northrup (Agriculture), James Boyd (Interior), Philip Kaiser (Labor), Col. Raymond M. Cheseldine (Army Civil Affairs), Thomas Blaisdell (Commerce), Burke Knapp (Federal Reserve), and a special State Department planning group consisting of William Bray, Lincoln Gordon, Ernest Gross, Arthur Kimbell, Charles Kindleberger, Paul Nitze, William Phillips, Harold Spiegel, and Walter Surrey. Nearly all are in their thirties. Theirs was the program which was finally taken to Congress with the request for a 4-year commitment and \$17,000,000,000—all or nothing.

Will the plan, if adopted, be ably administered? No one can say, but we will have to do better than we have been doing. Look at the way we have handled our No. 1 problem—Germany.

As working people in America, our dole to Germany is costing us about a billion dollars a year.

The Marshall plan countries surrounding Germany—Switzerland, Holland, Denmark, Sweden, France, Italy—whose economies are interwoven with Germany's productivity, suffer through the German paralysis. So most are among the 16 nations now asking us for aid. With Germany on a dole, they must ask us for a dole too.

Accordingly, in restoring the productivity of Europe, it is only common sense to begin with Germany—the sector most demoralized and over which we have large control—yet with all safeguards against German rearmament of any kind.

Since we say the Marshall plan is dedicated to European recovery, and Secretary Marshall himself speaks of German peace-production recovery as the crux of the problem, our public may suppose that at last we have changed our original "scorched earth" policy in Germany. But fantastic as it may seem, at the same time that one set of hands in one of the 20 separate buildings that house the State Department in Washington was writing the Marshall plan for Congress, another set of hands in another building was writing a new and sweeping directive for further dismantling peace-production machinery in Germany.

In our own western area over 600 nonwar German industrial plants are now to be dismantled, scrapped, or removed as reparations under this new 1948 dismantling policy. Some 30,000 German workers have been withdrawn from production to carry out this new dismantling program.

The paralysis we are maintaining in Germany hits Italy more seriously than any other country in western Europe. Accordingly, Congress was called upon to vote Italy \$227,000,000 stopgap aid in December, and the Marshall plan emphasizes, with nearly \$3,000,000,000 more, the difficult situation there.

With one hand we choke off German peacetime productivity in the center of Europe and deal out a dole; with the other hand we enlarge the dole to Germany's neighboring countries. It seems one hand doesn't know what the other is doing.

Europe's recovery problem is primarily a production problem. Any program we enact, in order to succeed, must be administered here and abroad by hard-headed, realistic, production-minded Americans especially qualified for the gigantic task and operating as a selected agency for this complex effort.

Instead, nine departments are directly involved in a set-up so confused, conflicting, intertwining, and unworkable that the official organization chart itself is utterly bewildering—even to the men who drew it. Said one of them to me, "It looks like Gracie Field's biggest 'aspidistra in the world'."

If we haven't learned anything administratively from the \$22,000,000,000 we've already spent, we had better learn something, and make the necessary administrative changes, before we spend \$17,000,000,000 more; an amount equal to practically the entire profits of all American industry here at home last year.

Some farm aid to Europe is doubtless indicated, but is it not reasonable to suggest that any further congressional appropriation be limited to 1 year? We should not be committed for a longer program since we cannot know what our friends abroad may or may not do for their own self-help or what may develop here at home. Further bills can always be passed, when and if needed.

The Marshall plan means \$7,000,000,000 of taxes in 1948 from all of us beyond what we would otherwise pay.

Some say that if a billion dollars of the new aid is handled by the International Bank (80 percent United States money), the taxes may be "only" 6,000,000,000 additional this year. But the plan calls for \$6,800,000,000 in the first 15 months. This sum is nearly two-fifths of the total sum paid in personal income taxes by everybody in America this year. It almost equals the income taxes paid by all American corporations. It is about 70 percent as large as our entire national defense budget already voted. Yet it excludes new and forthcoming "little Marshall plans" for Latin America, Asia, the Middle East, and Indonesia, the patterns for which it will establish.

It does not seem to take into account the fact that there is a limit to the number of failures Americans can absorb.

At some point our leaders failed, or we would not have suffered as we did in the depression. At another point our leaders failed, or we should have been so strong on land and sea and in the air that there could have been no war, and certainly no Pearl Harbor.

Now they fail again if they do not see that the future peace of the world depends on the internal strength of the United States. And they fail yet again if they squander our strength so we are weak when the chips are down.

After reading that article, do you not feel that you are selling America short? What must the taxpayers think, who have been taxed and taxed and taxed all their lives? Should not we look after America first—our aged, our veterans, our sick, our poor, and our blind?

What is \$17,000,000,000 we are giving away in 4 years; \$6,205,000,000 in this bill? It will take the following farms in all these States to do the job. How can you afford to do that? You cannot or should not.

Farms and farm property (1945), United States Census of Agriculture

Region, division, and State	Number of farms	Value of farms (land and buildings)
New England States:		
Maine.....	42,184	\$159,680,897
New Hampshire.....	19,786	80,394,869
Vermont.....	26,490	134,575,897
Massachusetts.....	37,007	265,232,462
Rhode Island.....	3,603	35,609,900
Connecticut.....	22,241	263,023,415
Middle Atlantic States:		
New York.....	149,490	1,087,522,090
New Jersey.....	26,226	292,980,843
Pennsylvania.....	171,761	1,008,573,540
South Atlantic States:		
Delaware.....	9,296	72,693,794
Maryland.....	41,275	354,806,789
District of Columbia.....	40	4,961,340
Virginia.....	173,051	868,806,343
West Virginia.....	97,600	341,008,205
South Carolina.....	147,745	440,632,183
Florida.....	61,159	498,399,612
East South Central States:		
Kentucky.....	238,501	1,015,796,276
Tennessee.....	234,431	870,947,702
Alabama.....	223,369	559,742,689
Mississippi.....	263,528	647,562,141
Mountain States:		
Montana.....	37,747	517,890,663
Idaho.....	41,498	493,331,235
Wyoming.....	13,076	232,042,912
Colorado.....	47,618	564,503,888
New Mexico.....	29,695	326,750,718
Arizona.....	13,142	287,876,225
Utah.....	26,322	261,817,649
Nevada.....	3,429	71,955,968
Pacific States:		
Washington.....	79,887	900,184,222
Oregon.....	63,125	697,775,183
California.....	138,917	3,484,548,812
Total (31 States).....	2,492,237	16,942,643,462

Mr. Chariman, remember what the Father of our Country said in his Farewell Address. Let me quote George Washington about our foreign entanglements. This advice is good for us today to heed:

Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith:—Here let us stop.

Europe has a set of primary interests, which to us have none, or a very remote relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics, or the ordinary combinations and collusions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon, to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provoca-

tion, when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?

It is our true policy to steer clear of permanent alliance with any portion of the foreign world.

Now since we have had such good advice from George Washington, and since we have striven to keep from trying to run the affairs of the Old World, I say to you, we can give advice to others upon their requests to us, but for the sake of good common sense, for the sake of good government, do not, I beg of you, try to run the affairs of other countries. It will be misunderstood, misinterpreted, and will react against us rather than for our good, and rather than for the good of the American people.

If foreign nations would tell us what to do and how to run our country, how would we like it?

Our State Department has made so many mistakes the past 12 years, I say we need a new State Department. I say again and again and again support the UN, work with them, work through them, and if you cannot work in that manner, then attend to our own business, not the other fellow's.

You have spent billions and billions abroad. What good has it done in America? We can review the harm, with a great debt to ourselves, with many criticisms of other nations for United States meddling.

I have heard many conflicting stories from our own Members of Congress in what the conditions were in Europe. They differ materially, and the recommendations differ. Where is the United Nations? Where is your Bretton Woods Bank, your Stabilization Fund? You set it up, now stick to it. Stop going from pillar to post. A rolling stone gathers no moss. You cannot be changing your mind all the time and do anything constructive.

I have not heard a constructive reason for the bill except to stop Russia. Why not send someone over to Stalin and talk it over? That is the proper way to get action if war is to be averted, and certainly I want to do anything just to stop a third world war. We do not want it. No one wants it. So get together in the UN and band together to stop it. Any nation who does not want to do it, let them get out of the United Nations. Three years after the war is long enough for them to make up their minds to go along with the majority of nations or get out.

Let us get the Christian people of all the world to work for peace.

The national life of any nation cannot rise higher than the home and never fall lower.

I shall fight for what I think is right, and I shall oppose what others propose when I am sure they are wrong.

This legislation is wrong; it will never work satisfactorily to the world or to America.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. VORYS. In view of the gentleman's views on this legislation, I know the House will be interested in having the gentleman's views as to how he thinks we should solve this perplexing military, economic, and moral problem which is facing us in the world.

Mr. RICH. All right, sir. I covered that in my remarks and hope that you will read them carefully tomorrow. After World War II, about 3 years ago, you formed what was supposed to keep this Nation out of all wars. You formed the United Nations. I was in the House for days and days and days listening to Members of Congress tell us what would happen if we did not join the United Nations and telling us why we should set up the Bretton Woods agreement and the stabilization fund. I tried my best to go along hoping that something would ultimately come out of all this. I was for it because I wanted to have something that would stop wars and keep this country from ever getting into another world war. What has happened to all this? It is as dead as a dodo the way it has been running. What are you doing by this bill? You are only setting up an organization bypassing exactly what the United Nations was set up to do, and for which it was intended. You cannot do that. You are rolling around like a lot of stones rubbing the moss off your back. If you want to ever gain anything and accumulate anything, you have to stop rolling around. You have to aim at one particular thing, and then try to hit the mark. I say that we should stick to the United Nations, and if any nation will not abide with the majority of the nations, then kick that nation out. You have had some of these nations that have been fighting the other nations for these 3 years. Those nations are the stumbling blocks, and they are the nations that we are trying to direct our aim at by this bill. You are going out to spend \$17,000,000,000 of the American taxpayers' money after you have already spent \$24,000,000,000 and it is not going to accomplish anything. When we are through, we are out \$17,000,000,000, and we have not accomplished anything. It is time to stop it. Let us go into the United Nations.

Mr. HAYS. Will the gentleman yield?

Mr. RICH. Yes. I yield to my genial colleague from Arkansas.

Mr. HAYS. I thank the gentleman. I think he knows the deep affection I entertain for him. But if I felt as the gentleman does, that this means a lessening of the influence and power of the United Nations, I might join him in his conclusions. However, there are many of us who feel that we can pursue this program and yet turn, in due time, to perfecting what I believe is the great hope of the world, the United Nations.

Mr. RICH. Well, you think that way, but you are wrong. You must stick to the United Nations and get in there and try to help work that up and stop by-

passing it. You cannot do it. You know as well as I do that whenever you are trying to work with somebody you have to work with them face to face all of the time. You cannot take any other road except to go to the same place ultimately if he is going to remain your friend. You have got to go in there with him.

Mr. HAYS. I know how sincere and earnest the gentleman is. I simply wanted to present that point of view: that if the world goes to pieces while we wait for this opportunity to perfect the United Nations, then we have lost the hope we had.

Mr. RICH. Well, many of those countries have been fumbling around for years and years, and they are not going to go to pieces. It is the fear of the American people who have been over there during the last year. I have heard many Members who came back from Europe talk about the situation. One tells one story and the other tells something else about what has happened over there. I have heard so many stories about conditions in Europe and they have differed so much that I think what you men have tried to do is to try to think of those countries being in the same position as America and having the same advantages, and then you find out they are not, but they never will be until they get down and operate like Americans. Instead of our helping those people get up to our standard of living, we are going to tear America down, and then you will all be sorry that we have ever taken any part in this affair.

Mr. NICHOLSON. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Does the gentleman know of any country over there that is really friendly to the United States?

Mr. RICH. Well, they say they are, as long as we keep paying them. They will be friendly until they get the last dollar out of America. Look at Great Britain. We gave her \$4,400,000,000 to put her in just the condition you are talking about putting her in now. This is not the Marshall plan. It is the Bevin plan. If the gentleman will read a statement that I put in the RECORD recently from a great writer in this country who understands the situation, he will find this is the Bevin plan. The whole British Government has been pulling our leg all these years, and as long as we are good suckers they will go along with us, but just as soon as we stop feeding them they are our enemies. All these other countries will do likewise.

Mr. HOLIFIELD. Will the gentleman yield?

Mr. RICH. I yield.

Mr. HOLIFIELD. I want to compliment my friend on his advocacy of solving this problem by the United Nations. If we were given an opportunity to extend this aid through a functioning United Nations, then I would say that the gentleman would get a lot of votes for that, and I would be glad to support that particular plan. However, some changes have to be made to make it function.

Mr. RICH. Then the quicker we get the United Nations functioning the bet-

ter. If they cannot agree, and if they have a few stickers in there, get rid of stickers.

Mr. HOLIFIELD. Get rid of the stickers.

Mr. RICH. Get rid of the stickers, and the quicker you get rid of them, the better. That is what I say.

I do not want to use any more time, but I will talk to any of you Members about this legislation any time you want to talk. I am against it. It is only going to take us down and down and down, and it is not going to help the other countries up.

Mr. Chairman, I yield back the remainder of my time.

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2202, the Foreign Assistance Act of 1948, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. VORYS asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today.

Mr. REED of New York (at the request of Mr. VORYS) was given permission to revise and extend the remarks he made earlier today concerning the late Honorable Richard Elliott.

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article which I am advised by the Public Printer exceeds the limit established by the Joint Committee on Printing and will cost \$301.75. Notwithstanding the excess, I ask unanimous consent that the extension may be made.

The SPEAKER. Notwithstanding the excess, without objection, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. FULTON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial on displaced persons.

CORRECTION OF ROLL CALL

Mr. BAKEWELL. Mr. Speaker, on roll call 26 of today I am carried as absent. I was present and voted "aye." I ask unanimous consent that the roll call be corrected to show me as voting "aye."

The SPEAKER. Without objection, the Journal and the RECORD will be corrected accordingly.

There was no objection.

THE TAX BILL OF 1948

Mr. ALLEN of Illinois (from the Committee on Rules) reported the following privileged resolution (H. Res. 510) providing for concurrence in the Senate amendments to the bill (H. R. 4790) to reduce individual income-tax payments, and for other purposes (Rept. No. 1602),

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 25, 1948
For actions of March 24, 1948
80th-2nd, No. 56

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HIGHLIGHTS: Senate committee reported CCC charter bill, bill to extend Marketing Agreements Act to certain nuts and to citrus fruits, and bill to authorize USDA to make drainage investigations. House debated foreign-aid bill. House agreed to Senate version of income-tax reduction bill. Senate debated Federal-aid-to-education bill. Sen. Aiken et al introduced bill to provide revolving fund for purchase of agricultural commodities, etc., to be processed in occupied areas and sold. Rep. Anderson submitted and discussed resolution requesting USDA to report research activities on price spread between producers and consumers of agricultural commodities.

SENATE

- 1. CCC CHARTER.** The Agriculture and Forestry Committee reported with amendments S. 1322, to provide a Federal Charter for CCC (S. Rept. 1022)(p. 3435).
- 2. MARKETING AGREEMENTS.** The Agriculture and Forestry Committee reported without amendment S. 2173, to amend the Agricultural Marketing Agreement Act so as to include almonds, filberts, and citrus fruits (S. Rept. 1021)(pp. 3435-6). A companion bill, H. R. 5688, is pending in the House Agriculture Committee.
- 3. DRAINAGE.** The Agriculture and Forestry Committee reported without amendment H. R. 3538, which authorizes the Agriculture Department to investigate, plan, design, and report to the President and Congress on proposed projects for reclaiming land by drainage; prohibits recommendations for drainage of an area unless it is shown that the benefits to local, State, or Federal governments exceed the cost of the project; provides that flood control remain under the War Department; and prohibits the Agriculture Department from making investigations in irrigation districts adjacent to Federal irrigation projects (S. Rept. 1023)(p. 3536).
- 4. ANIMAL AND PLANT QUARANTINE.** Received from this Department proposed legislation to provide for application to civil air navigation of laws and regulations related to animal and plant quarantine; to Interstate and Foreign Commerce Committee (p. 3435).
- 5. FOOT-AND-MOUTH DISEASE.** Both Houses received from this Department a report on the program for February; to agriculture committees (pp. 3435, 3552).

6. HOUSING. The Banking and Currency Committee reported without amendment S. 2361, to provide for a temporary extension of the National Housing Act and to increase the authorization for mortgage insurance (S. Rept. 1024) (p. 3435). The bill was discussed (p. 3467).
7. RUBBER. Senate conferees were appointed on H. R. 5314, to provide for maintaining an adequate rubber-producing industry (p. 3436). House conferees were also appointed (p. 3491).
8. CHINA AID. Sen. Knowland, Calif., inserted a New York Herald Tribune editorial favoring additional aid to China (pp. 3436-7).
9. EDUCATION. Began debate on S. 472, to authorize appropriations to assist the States and Territories in financing an education program in public elementary and secondary schools (pp. 3437-67, 3470-84).

HOUSE

10. FOREIGN AID. Continued debate on S. 2202, the foreign-aid bill (pp. 3508-47, 3547-9). Rep. O'Konski, Wis., stated that Spain could provide food to the participating countries if furnished with fertilizers, farm machinery, etc. (p. 3522-4). Rep. Vorys, Ohio, inserted Herbert Hoover's letter setting forth his recommendations for foreign aid (pp. 3529-30). Rep. Plunley, Vt., among other things, urged that American relief be administered by American personnel (p. 3534). Rep. Hand, N.J., criticized export of fertilizers, farm machinery, and lumber in view of the needs in the U.S. (p. 3543).
11. TAX REDUCTION. Agreed, 289-67, to the Senate amendments to H.R. 4790, the tax-reduction bill (pp. 3491-506). This bill will now be sent to the President.
12. RENT CONTROLS. Received the conference report on S. 2182, the rent-control bill (pp. 3549-52).
13. RECLAMATION. Received from the Army Department a report on the preliminary examination and survey of Honga River and Tar Bay (H.Doc. 580) (p. 3552).
14. EXPENDITURES. Received from Bluffton (Ohio) citizens, a resolution urging enactment of legislation supporting the reduction of Federal expenditures, Federal budget, and aid to Europe (p. 3553).

BILLS INTRODUCED

15. FOREIGN AID. S. 2376, by Sen. Aiken, Vt. (for himself and 40 other Senators), to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold. To Agriculture and Forestry Committee. (p. 3436.)
16. RECLAMATION. S. 2377, by Sen. Downey, Calif., to authorize the Solano County project, Calif., for irrigation and reclamation. To Interior and Insular Affairs Committee. (p. 3436.)
17. INFORMATION. S. 2381, by Sen. Taft, Ohio, to designate as a depository of Government publications the public library of each city in the U.S. having a population of 100,000 or more in which there is no such depository. To Rules and Administration Committee. (p. 3436.)
18. FARM PRICES. H.Res. 511, by Rep. Anderson, Calif., requesting the Secretary of agriculture to report the nature and extend of research activities relating to

EXTENSION OF REMARKS

Mr. CARSON (at the request of Mr. RAMEY) was given permission to extend his remarks in the RECORD at this point.

Mr. CARSON. Mr. Speaker, under permission to extend my remarks in the RECORD, I wish to state that due to illness it was impossible for me to be present when the tax bill (H. R. 4790), was voted upon, and my colleague, Hon. HOMER A. RAMEY, had me excused. Had I been present, I would have voted for the bill.

Mr. SMITH of Ohio asked and was given permission to extend his remarks in the RECORD, at this point.

Mr. SMITH of Ohio. Mr. Speaker, how can the American people believe that the administration is sincere in stopping communism or Russian expansionism when we read in the morning papers, "19 ships load goods for Reds"—11 of which are "flying the American flag."

On the one hand, Marshall-plan aid is allegedly provided the so-called anti-Reds of Europe to block Stalin's westward march. On the other hand, Stalin is being supplied from the same larder with the means for prosecuting his sinister designs to destroy western civilization.

There is only one answer to this apparent enigma, namely, the forces controlling the Government are so thoroughly in sympathy with communism that they have lost sight of America's true interests. Except for this fact Stalin and his gang would today be confined within the prewar borders of Russia.

If Stalin is a threat to civilization it is because the men controlling our Government during the last 15 years have had more in common with Russian communism than the things that made the United States of America.

Mr. STEVENSON asked and was given permission to extend his remarks in the RECORD and include a petition to the Congress from the Committee for the Marshall plan signed by many citizens of the city of La Crosse, Wis.

Mr. O'KONSKI. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a picture.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. MILLER of Maryland asked and was given permission to extend his remarks in the RECORD and include an editorial from the Cumberland News.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD.

Mr. KELLEY asked and was given permission to extend his remarks at this point in the RECORD.

Mr. KELLEY. Mr. Speaker, I have today voted for the tax reduction. I did it with a great deal of reluctance, and because I felt it was the only chance of getting some relief.

There are a number of reasons why I have consistently opposed a tax reduction, but the principal one was that the bills offered did not give sufficient relief to the lower-income brackets. This conference bill is somewhat better than that before us previously. It is still not a good bill, but it appears to be the best that can be obtained from this Republican-controlled Congress. I feel that the wage earners will get some relief, even if it is inequitable.

LEAVE OF ABSENCE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that I be granted 6 days' leave of absence to attend to official business in my district from March 29 through April 3, inclusive.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

EXTENSION OF REMARKS

Mr. PASSMAN asked and was given permission to extend his remarks in the RECORD.

Mr. JONES of Alabama asked and was given permission to extend his remarks in the RECORD and include an article by T. B. Hutcheson, dean of agriculture, VPI, appearing in the Progressive Farmer of March 1948.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in four instances and include newspaper articles.

AMENDING INTERSTATE COMMERCE ACT

Mr. WOLVERTON submitted the following conference report and statement on the bill (H. R. 2298) to amend the Interstate Commerce Act, as amended, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2298) to amend the Interstate Commerce Act, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

CHAS. A. WOLVERTON,
LEONARD W. HALL,
WILSON D. GILLETTE,
A. L. BULWINKLE,
OREN HARRIS,

Managers on the Part of the House.

CLYDE M. REED,
ALBERT W. HAWKES,
FRANCIS J. MYERS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2298) to amend the Interstate Commerce Act, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill, and inserted a substitute text. The recommendation of the committee of conference is that the House recede from its disagreement to

the Senate amendment and agree to the same.

The bill as passed by the House amends the Interstate Commerce Act by adding a new section 20b, providing a voluntary procedure whereby railroads not in bankruptcy or receivership may, under certain specified circumstances, with the approval of the Interstate Commerce Commission, alter or modify their obligations (i. e., bonds, debentures, or other evidences of indebtedness), or mortgages, indentures, or other like instruments, under which obligations have been issued or by which obligations are secured. Such modifications may be made only with the assent of the holders of 75 percent of such obligations. The purpose is to aid in assuring the continuity of sound financial condition of railroads by enabling them, so far as possible, to avoid prospective financial difficulties, inability to meet debts as they mature, and insolvency.

The Senate amendment modifies the House bill almost entirely by adding new matter, as explained in more detail below. The proposed section 20b of the Interstate Commerce Act contained in the House bill consists of paragraphs (1) to (11), inclusive. The Senate amendment adds paragraphs (12) and (13) to the proposed section 20b, and also adds a new section 3 to the bill.

Both the House bill and the Senate amendment contain the requirement that all letters, circulars, advertisements, and other communications, among other things, to be used in soliciting the assents or the opposition of holders of securities shall, before being so used, be submitted to the Commission for its approval. While this provision is necessary, and should be applied so as to fully protect the interests of affected parties, it is not intended to operate in such a way as to impose unnecessary censorship of normal or ordinary correspondence between a carrier and a stockholder. It is believed that the Commission will have ample authority, through prescribing regulations, to apply this provision reasonably and at the same time insure that it will afford the intended protection.

The substantive differences between the House bill and the Senate amendment are explained below:

1. Modification of stocks: The House bill would permit, under the voluntary adjustment procedure provided for, the modification of bonds, debentures, or other evidences of indebtedness and of the instruments under which they are issued or by which they are secured. The Senate amendment permits, in addition, modification of stocks and of the instruments under which they are issued. Appropriate textual changes were made by the Senate to carry out this policy.

2. Carriers in receivership or section 77 reorganization: Under the House bill, the voluntary adjustment procedure provided for by the new section 20b would be available only to carriers which are not in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act.

By the Senate amendment, paragraph (13) of the new section 20b will in addition permit, under the conditions outlined below, use of the voluntary adjustment procedure by those carriers in equity receivership proceedings, on the date of the enactment of this legislation, whose properties have not been sold under foreclosure and the order of sale confirmed; or those carriers which, on the date of the enactment of this legislation, are in section 77 bankruptcy proceedings which have not reached final consummation of a plan of reorganization.

In any such case the carrier must first file an application with the court in whose custody its properties are, for permission to take advantage of the voluntary adjustment pro-

cedure. The carrier must show that holders of at least 25 percent of the aggregate amount of securities affected by its proposed plan are in accord with the proposed procedure. The court has final authority to grant or withhold permission. If the court grants permission, the proceedings then pending will be suspended until such time as the Commission advises the court that the application filed with it by the carrier has been dismissed or denied by the Commission or withdrawn, or that the Commission has approved the new alteration or modification, or that 12 months have elapsed since the filing of the application and no alteration or modification has been approved by the Commission. The carrier will thus have a maximum of 12 months to work out a voluntary plan. The court will retain custody of the property, but if a plan is approved by the Commission and is satisfactory to the court, the receivership or bankruptcy proceeding will be terminated and custody of the property will be restored to the debtor.

Since the bill does not purport to affect adversely obligations or liens created by the operation for the account of debtors by trustees in other reorganization proceedings or former lessees, it appears unnecessary expressly to state that such obligations must be satisfied.

3. Taxes on issuance or transfer of securities: By the Senate amendment, in paragraph (12) of the new section 20b, it is provided that sections 1801, 1802, 3481, and 3482 of the Internal Revenue Code, unless specifically providing to the contrary, shall not apply to the issuance, transfer, or exchange of securities or the making or delivery of conveyances to make effective any alteration or modification effected pursuant to the new section 20b.

4. New section 3: The Senate amendment contains a section 3 which is not in the House bill.

Paragraph (a) (1) of this section provides, in the case of plans of reorganization hereafter approved by the Commission in section 77 proceedings, that at any time more than 18 months after the Commission has either certified a plan to a court or has disposed of a like petition filed under this paragraph, any party affected may file a petition and as a result it shall be the duty of the Commission to report to the court any changes, facts, or developments which have taken place since the approval of the plan and which make it necessary or expedient for the Commission to examine or revise the plan. Such a petition cannot be entertained, however, in those cases where an order confirming the plan has been entered, unless an appeal from such an order is pending in the circuit court of appeals, or the matter is pending in the Supreme Court on a petition to review any order of a lower court dealing with the order of confirmation, or the time to make such an appeal or file such a petition has not expired. These same safeguards are also contained in subsequent paragraphs of the section to make certain that orderly court procedures cannot be displaced or interfered with.

Paragraph (a) (2) of this section is substantially similar to the paragraph above described, but permits the court, instead of the Commission, to receive a petition and give consideration to whether changes, facts, or developments have occurred which make it necessary or expedient for the Commission to reexamine, revise, or reconsider a plan. If the court so finds, it may return the plan to the Commission for such revision.

Paragraph (a) (3) of this section is a parallel provision to the two preceding paragraphs and merely provides that in certain reorganization cases still pending the Commission must report to the court any changes, facts, or developments which have taken place since December 31, 1939, and which were not provided for in the plan it approved.

Paragraph (a) (4) of this section is a procedural provision to insure that if a plan is returned to the Commission in accordance with the provisions of the section, all of the proceedings will be governed by subsection (d) of section 77 of the Bankruptcy Act, as amended.

Paragraph (a) (5) of this section is also a procedural provision to make certain that petitions alleging new facts or developments must be filed with the court and referred to the Commission. Such action apprises the court of the legal action taken under the new law and suspends further action by the court involving confirmation of the old reorganization plan. The court, of course, retains custody of the property and of the case pending action and report by the Commission.

Subsection (b) of this section provides for a public hearing in the event a plan is returned to the Commission. It spells out the factors that the Commission must evaluate and on which parties will offer evidence in reconsideration of a plan. The Commission, after such hearing and consideration, may modify or refuse to modify the plan. If the former, it certifies the modified plan to the court and proceedings continue on the modified plan under section 77 as they did on the original plan. If the Commission refuses to modify, it also transmits its order and the transcript for court consideration. If the court finds that the Commission's refusal to modify the plan is based on sufficient findings and is supported by the record, the original section 77 proceedings shall continue as if the plan had never been returned to the Commission. If, however, the court does not so find, it shall return the plan to the Commission for further consideration, after which the Commission shall again certify the plan to the court.

CHARLES A. WOLVERTON,
LEONARD W. HALL
WILSON D. GILLETTE,
A. L. BULWINKLE,
OREN HARRIS,

Managers on the Part of the House.

EXTENSION OF REMARKS

Mr. WOLVERTON asked and was granted permission to extend his remarks in the Appendix in three instances dealing with the recovery bill and to include news articles.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2202, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from Ohio [Mr. VORYS] had remaining 6 hours and 5 minutes, and the gentleman from New York [Mr. BLOOM] had 6 hours and 24 minutes remaining.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from South Dakota [Mr. MUNDT].

(Mr. MUNDT asked and was granted permission to revise and extend his remarks.)

Mr. MUNDT. Mr. Chairman, like most of the other Members of the House and most of the other citizens of America, I regret the necessity which brings this legislation before us. I shall support the legislation on the floor of the House as I supported it in committee, as the least objectionable of the alternative decisions which we have available to make at the present time.

As we face up to the ugly realities of what the world news brings to us, it appears that we have only one of three decisions which we can make. We dare not continue to remain in an attitude of indecision. The most dangerous place, it seems to me, for anyone to sit when his home is on fire, is half asleep in his own study, unwilling to make up his mind whether to go for the fire extinguisher, to call the fire department, to try to put out the fire himself, or to evacuate his home and his loved ones and valuables, or simply to sit there dreamily, unable to act and hoping that the fire goes out of its own accord.

We in America have for too long sat in an attitude of indecision from the standpoint of world affairs. A continuation of that attitude of do nothing, it seems to me, is the most dangerous course we could follow. It would invoke the curse which indecision inevitably incurs. Aside from that we have three alternatives:

We could declare war on Russia at this time. I reject that because of the obvious reason that this country is peace-loving; we do not want war. A third world war might well result in the loss of all our liberties as well as another colossal loss of life, of limb, and of our natural resources. It would represent a complete breakdown of world diplomacy. I think we should, and that we can, avert it.

Our whole policy is directed toward peace.

The second alternative would be to withdraw from the European situation entirely; to withdraw our occupation troops from Vienna, Berlin, Tokyo, and turn Asia and Europe over to the Communists, retiring to this country in an effort to make a last ditch all-out stand to defend our precious necks when the Communists decided to attack us directly in war. I reject that as a rather hopeless and futile and altogether dangerous alternative.

The third alternative is to develop a pattern of action, to develop an American foreign policy which is consistent and comprehensive and active in order to meet the changes of the times. As I see it this legislation now before us, the so-called European recovery program, is one aspect of what can become a coherent and consistent, comprehensive foreign policy if it is supported by the collateral steps which are essential.

I think it can succeed in repelling communism without war and in safeguarding our peace if it is reinforced by appropriate steps. If it is not accompanied by collateral action I am afraid it is simply going to be an expensive but a comparative fruitless effort to try to do with one

single device what we must do by concurrent action along many fronts if we are to succeed. I shall vote for this legislation in the hope that the essential collateral steps will be taken before the hour is too late.

I think that in addition to this legislation we should as a second aspect implement with great appropriations and great energy the Voice of America program which Congress wisely enacted into law 2 months ago.

As a third aspect I think the time has come for us publicly to renounce the Morgenthau plan for Germany and to follow instead a new attitude which will utilize the resources of that defeated country for the recovery of western Europe as a whole.

As a fourth part of the program, I think we must renew and redouble our efforts, which have so far been partially successful, to eliminate Communists from the Federal pay roll here in Washington. We are making headway on these four aspects of what I consider a seven-factor program essential to meeting the challenge of our times.

The fifth aspect is that we should develop now a program of reciprocity toward Russia in the matter of our diplomatic relationships. Since we have reconsidered our relationships from the standpoint of economic and military problems we should also consider what it is best to do diplomatically, and I shall elaborate on that point in a minute because on that we are not making very much progress. To be successful, however, we must develop a reciprocal relationship with Russia diplomatically on exports.

Sixth, I think we should develop an attitude which is consistent and decide whether or not we in America propose to finance and support the forces opposing communism or whether we propose to support the forces of communism themselves or whether, once again, we propose to support both sides in this ideological conflict; and I shall have much to say about that aspect in a few minutes.

The seventh aspect of the program which I recommend is that I think we should call upon the power of the United Nations under a revision of the Charter through article 51 which will enable us on the side of freedom to have a cohesive cooperative teamwork of the nations who are in opposition to the Communists. The Communists today have the only functioning international organization with representatives in every country of the world, with its concentrated action directed from a central point and which is pushing toward a common goal. To me that is the biggest deficiency in our whole American program.

We must develop some counterorganization if we are to be successful. So on December 16 last, I, with several other Members of the Congress, introduced House Concurrent Resolution 166, calling upon the President to take immediate steps to bring about that revision of the Charter of the United Nations which would enable the decent countries of the world, the peace-loving countries of the world, the freedom-loving countries of the world to have a functioning organization for cooperative action such as the

Communists now enjoy. But now let us refer briefly to the two points of the seven-point program where this administration is colossally and dismally failing up to this very hour. I shall have more to say about the United Nations proposal at a later date.

First, let me talk about the matter of reciprocity from the standpoint of our diplomatic relationships with Russia. As I speak to you in the House at this hour, a great American in our Foreign Service overseas by the name of Frederick Rhinehart is in Moscow, Russia, trying to get to Leningrad to open an American consulate there which we have been trying to open for more than 11 months. We have permitted the Russians in America to open their prewar consulates in this country. We continue to permit the Russians to do that, but they deny us the right to open American consulates in Russia.

I cannot understand by what rhyme or reason Secretary Marshall and President Truman come to this Congress and to the committee rooms and talk tough about economic and military programs, and yet continue a pansylike attitude from the standpoint of diplomatic relationships. The time has come to insist that we open the American consulates in Russia, to which we are entitled, or insist that the Russians close up their consulates in America now. That is an attitude the Russians are trained to respect and understand.

Let me talk about something even more significant than that. The Russians, as we all know, are denying American visitors visas in that country. Last year they denied an official committee of the other body of this Congress the right to inspect our own Embassy in Moscow. Notwithstanding that, your State Department and mine, your White House and mine, your Government and mine, have officially granted Communists visas to enter this country to the extent of 3,696 visitors who were permitted to come from Russia to this country at a time when they were denying any American the right to have visas over there or, to be precise, at a time when they denied all American visitors visas to Russia except 250, 210 of whom were Government officials, 40 of whom were members of the press or their families. Only 22 Americans were permitted to visit Russia with official visas compared with 3,696 Russians who entered on the shores of America with the blessing, with the approval, and with official visas, from our Government. The time has come, Mr. Chairman, to get realistic in our attitude and to act with reciprocity toward Russia.

If you have read through these hearings you will note that time after time I discussed with Secretary Marshall every time he appeared before the committee the desirability of developing and announcing such a reciprocal policy. He sidestepped the issue, he tried to dodge the question, but finally, when he was cornered one day, you will find that on page 1561 of the official hearings I did ask him for the "umth" time why we did not adopt an attitude of reciprocity toward Russia and he said:

Secretary MARSHALL. I think we should have complete reciprocity and that is what we are working for.

I do not know in what manner they are working for it. I can judge only by the results that have been obtained. I submit we are not going to obtain the respect of the Russians and we are not going to obtain the respect and the confidence of the smaller countries of Europe until the greatest of all countries, the United States of America, has the candor to tell Russia that we are going to deal with them on the basis of reciprocity and that we are going to discontinue the attitude of appeasement that we have been so consistently pursuing in the past.

WAR SUPPLIES TO RUSSIA

Mr. Chairman, there is another and more serious aspect I am coming to. That is from the standpoint of exports of war potentials to Russia. Not only are we appeasing the U. S. S. R. from the standpoint of diplomatic relationships but up to this very hour we are continuing to permit American manufacturers of machine tools and other war potentials to ship to Russia the very supplies she needs to become militarily strong enough to threaten the small countries of Europe which we propose to brace up through this pending legislation.

Mr. Chairman, I want to say to you that as I am speaking in the House of Representatives here today there is loading at a New Jersey dock a great Russian ship by the name of the steamship *Chukotka*, a ship that is loading its hold today primarily with war potentials. In other words, we are repeating that same grim story of our experience with Japan, but this time it is not scrap iron, it is not oil; this time it is machine tools of which Russia is so desperately short and this is one of the big factors restraining her from engaging in hostilities today. Yesterday we had an investigator checking on the cargo list of the steamship *Chukotka*, and I want to list to you the material going into that hold as of 3 o'clock yesterday afternoon. I am going to give you 15 of the declarations on the ship and there will be many more today and tomorrow. More are going on by the hour. These are going on with the official approval of this administration, they are going on with official export licenses granted by the Department of Commerce, after the House of Representatives passed House Resolution 366, which I introduced in the special session of Congress, and which was adopted last December 5, calling upon the Department of Commerce to show cause why any more war potentials should be shipped to Russia. These shipments are made, gentlemen, despite the President of the United States has been granted full authority by Congress to stop all such exports. It is a clear case of the right hand of the Truman administration not knowing that its left hand is clapping the palms of Joe Stalin's Communists.

Let me read you some of the supplies which we are sending to Russia this week, the very hour that we are sending billions of dollars to European countries to protect themselves from the kind of attacks made possible by what we are shipping to Russia this very week. They loaded yesterday on this Russian ship, the steamship *Chukotka* an order purchased by the Soviet Government Purchasing

Commission, valued at \$18,595, according to the ship's declaration, materials supplied to the port by the Erie Railroad Co. and purchased from the Orton Crane & Shovel Co., of Huntington, Ind.

May I say that insofar as I can, I am going to name today the American companies and corporations who, for a short-lived opportunity for a long profit, are selling war supplies to Russia now, because I think American private enterprise, too, has a little responsibility now to the boys that fought the war and for protecting the peace of the world.

While there is no law against trying to increase their private profit by selling war potentials to a potential enemy, at least the public should have a right to know who it is that so traffics in potential blood, and who is trading arms to Russia for profits for American corporations. The big responsibility, I submit, is with the Secretary of Commerce, of course, and with the White House that permits these orders to go abroad and which fails to proclaim a clear-cut, comprehensive policy, but I think the public should be entitled to know who is today trying to profiteer on the possibilities of another war.

The first consignment:

The exporter is the Soviet Government Purchasing Commission, and the material is for its account. The material consists of one bundle, two boxes and three pieces, containing Diesel engine pneumatic-tired aero-crane, with clamshell bucket and spare parts. The value of this material is listed at \$18,595. This declaration bears customs file No. 297,386. The consignee is Machinoimport. This material was shipped by the Erie Railroad Co. from the Orton Crane & Shovel Co., at Huntington, Ind., under date of February 24, 1948, to be used by the Russians for whatever purpose they see fit.

The second shipper is the Amtorg Trading Corp. You may remember that a year or so ago I discussed the Amtorg Trading Corp.—CONGRESSIONAL RECORD, January 29, 1947, pages 711 to 713 of the bound volume—and showed you the bombing manual it prepared containing pictures of various installations, factories, cities, and so forth, in this country, the pages for which were paid for by some of the same corporations now selling war potentials to the Russians.

The exporter is the Amtorg Trading Corp. and the material is for its account. The consignee is Stankoimport. The material consists of five boxes containing parts for one pusher type roll drawn furnace, and the value of this material is listed at \$25,138. This declaration bears customs file No. 350,665.

The third consignment:

The exporter is the Amtorg Trading Corp., and the material is for its account. The consignee is Machinoimport. The material is listed as being 101 boxes of flotation machine, complete with standard equipment and spare parts. The value is listed as \$26,645. There is material listed as drum filters with agitators and standard equipment. The value of this material is listed as \$1,404. This declaration bears the custom file No. 350,668.

The fourth consignment, again the Amtorg Trading Corp.:

The exporter is the Amtorg Trading Corp. and the material is for its account. The consignee is Machinoimport. The material is listed as eight boxes containing cooling bed for seamless tube mill with parts—metal rolling mill machinery. The value of this material is listed as \$27,487. The declaration bears the customs file No. 350,681.

These are scarce articles needed in this country.

The fifth consignment:

The exporter is the Soviet Government Purchasing Commission and the material is for its account. The consignee is Stankoimport way back behind the Urals. The material is listed as three boxes containing specially designed milling machinery, complete with standard and electrical equipment and spare parts. The value of the machinery is listed as \$36,958. The declaration bears customs file No. 297,384. The material came from the Ingersoll Milling Machine Co. at Rockford, Ill., and shipped under date of February 23, 1948.

The sixth consignment:

The exporter is the Soviet Government Purchasing Commission, and the material is being shipped for its account. The consignee is Machinoimport. The material is listed as 56 boxes, 38 crates, and 9 pieces, comprising core drills, with 10 sets of operating equipment and spare parts. The value of the material is listed as \$98,439. The declaration bears customs file No. 297,383.

The seventh consignment:

The exporter is the Soviet Government Purchasing Commission and the material is for its account. The consignee is Machinoimport. The material is listed as two boxes containing continuous tube brazing furnace, complete with spare parts. Material valued at \$32,850. Declaration bears customs file No. 297,382. The material came from Lindberg Engineering Co., Galewood, Ill., and was shipped under date of February 27, 1948.

Eighth. The exporter is the Soviet Government Purchasing Commission. The consignee is Machinoimport—back of the Urals again. The material is listed as 2 boxes, 10 pieces, and 2 bundles, comprising Diesel engine driven pneumatic-tired aero-crane, complete with spares and two buckets. Material is listed as having a value of \$34,626. Declaration bears customs file No. 297,379. The material was shipped by the Erie Railroad Co. from the Orton Crane & Shovel Co. at Huntington, Ind., under date of February 27 and 28, 1948.

Ninth. The exporter is the Soviet Government Purchasing Commission—again back of the Urals—and the material is for its account. The consignee is Stankoimport; material listed as three boxes containing straight bevel roughers with standard and electric equipment and spare parts. Value of material listed at \$32,160. Declaration bears customs file No. 297,376. Material was shipped from Gleason Works, Rochester, N. Y., under date of February 27, 1948.

May I say here a word of tribute to the employees of the Gleason Works, because had it not been for them you and I might not know what is being loaded in this Russian ship today, sched-

uled to sail on Saturday of this week. Presumably the administration still could, if it would, but it probably will not, stop that particular consignment from going abroad.

I received first of all an anonymous phone call from a man in Rochester, N. Y., then an anonymous letter, then an anonymous telegram, to all of which I paid no attention, but finally my curiosity was aroused enough to write the Department of Commerce to inquire whether the Gleason Works had any export licenses to ship machine tools to Russia. The Department of Commerce told me they had none, but that they had permitted them, in fact, the words of the Department of Commerce were, "We have encouraged them" to sell these machines to Amtorg, but they said, "Amtorg will not be permitted to ship them out of the country." However, Amtorg is shipping products manufactured by the Gleason Co. out of the country. I am glad to say that these employees told me specifically the truth as it has since been demonstrated by an investigator, that those highly critical machine tools, which are manufactured in just a few places in the world, are today being shipped from the Gleason Co. first of all to Amtorg and in some instances by Amtorg to the U. S. S. R. itself.

Tenth. The exporter is the Soviet Government Purchasing Commission, and the material is for its account. Consignee is Stankoimport. The material is listed as three boxes containing straight bevel roughers, complete with standard and electric equipment and spare parts and four roughing cutters, and two sets of roughing blades. The value of the material listed at \$22,915. Declaration bears the customs file No. 297,377. Material shipped from the Gleason Works, Rochester, N. Y., under date of February 25, 1948.

This material is being loaded into this same ship, due to sail on Saturday of this week. In this time when we are trying so desperately to find electrical equipment for rural electrification, when we need electrical equipment so badly in this country, where is it going? From the Gleason Works, of Rochester, N. Y., to the U. S. S. R., as a war potential, with the approval of the Department of Commerce, which is asking us to appropriate money to help make western Europe strong enough to resist the greatly strengthened eastern Europe made possible by exports of this type. What a travesty.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota.

Mr. MUNDT. On the eleventh item, again the exporter is the Soviet Government Purchasing Commission, and the consignee is Machinoimport. The material is listed as eight boxes containing ball-bearing motors. Two of these motors are five horsepower, two are two horsepower, two are 1 horsepower, and one is seven and one-half horsepower, with two starting switches. Material is listed as having a value of \$793; declaration bears customs file No. 350,667.

Twelfth. Exporter is Soviet Government Purchasing Commission, and is for its account. Consignee is Stankoimport. Material is listed as one box containing straight bevel revex rougher, complete with standard and electric equipment. Material is listed as having a value of \$11,193. Declaration bears the customs file No. 297,378.

Thirteenth. Exporter is Soviet Government Purchasing Commission and material is for its account. Consignee is Stankoimport. Material listed as two boxes containing bevel revacycle machines with standard and electric equipment with spare parts. Material listed as having a value of \$38,979. The declaration bears customs file No. 297,375.

Fourteenth. The exporter is the Amtorg Trading Corp., to which the Department of Commerce says "we have encouraged" the Gleason Works to sell their supplies. The consignee is Machinoimport. The material is listed as six boxes containing the following material: one drum filter with agitator, having a value of \$503; two floatation machines complete with equipment, having a value of \$1,663; one screen testing sieve, having a value of \$80; one poidometer, complete with equipment having a value of \$1,055. Spare parts for all the above, having a value of \$196; bearing customs file No. 350,666.

Fifteenth. Exporter is Amtorg Trading Corp.; consignee Stankoimport; material is listed as four boxes containing a high speed, solid steel frame forging press—that is a nice, peaceful toy to give to the Communists—with electric and standard equipment bolster dies and spare parts. Material is listed as having value of \$127,871. Declaration bears Customs file No. 297,381.

The steamship *Chukotka* is loading at the Claremont Terminal, Jersey City, N. J., and is expected to sail no earlier than Saturday, March 27.

Amtorg has the same export privileges everyone else enjoys.

In addition, following through on this telegram I received from the employees of the Gleason Works, we finally checked through and found out, and the Department of Commerce admitted, that they have authorized the shipment of one hypoid electrical generator valued at \$18,000 to a town in Austria called Steyr. I said, "On which side of the iron curtain is that?" They said, "We do not know." So I checked with the State Department and asked, "On which side of the iron curtain is that?" They said that Steyr is a small community, and that the dividing line between the Russian zone and the American zone passes through the city, but that the railroad station is in the Russian zone. I said, "Where is this automobile works that gets the equipment?" They said, "We do not know." So they cabled Vienna yesterday to find out, and the answer has not come back, so I do not know. But certainly they are pushing it off in the direction of that Russian line just as fast as they can, while still there is doubt whether or not it will go to the Russians or Austrians.

What is my purpose in bringing this before you today? Because I propose

to offer an amendment to this legislation to correct that kind of self-contradictory policy. I propose to offer an amendment to read as follows: on page 57 of S. 2202, a new subsection (d) to read as follows:

Whenever the Administrator determines that it is in the national interest of the United States to prohibit the exportation of any commodity to any country wholly or partly in Europe which is not a participating country, the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall take such action as may be necessary to prohibit the exportation of such commodity to such country.

In spite of what the Washington Post has to say about an amendment like that, I submit to you that east and west trade, if it is going to be beneficial under this act, must be peaceful and not warlike trade. Unless we write in some such amendment as this, we may find ourselves literally financing and supporting the war program of the U. S. S. R.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. ARENDS. What makes the gentleman think the Administrator will possibly stop such a procedure if the administration at the present time does not do so?

Mr. MUNDT. Because this gives the Administrator, who is an independent agent so far as the administration is concerned, complete authority, and we have written into this bill the necessity for bringing back the legislation every 12 months for public hearing and inspection by the House Committee on Foreign Affairs. So the country can learn all the facts about its operation.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. KERSTEN of Wisconsin. How does the gentleman feel about the possibility of, for example, sending steel to Great Britain which in turn might be sent under a contract in the form of machine tools and so on to Russia?

Mr. MUNDT. That has been prohibited in the amendment which I offered to the committee and which the Washington Post severely criticized because they do not understand the amendment. But if the gentleman will look at subsection D on page 94 of the bill, he will see that such shipments are prohibited. The amendment which I offered to prohibit such shipments was adopted in the committee.

Mr. KERSTEN of Wisconsin. I thank the gentleman.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. STEVENSON. I am very glad that the gentleman has brought out these facts. I have been bringing out these facts to my people for months, and I hope the Congress will get behind the gentleman's amendment. His Committee on Foreign Affairs should have brought out something like this months ago.

Mr. MUNDT. I thank the gentleman very much but such a proposal should really come from the Committee on Interstate and Foreign Commerce.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. KEATING. In connection with this amendment which the gentleman so ably had inserted in the bill, I call the attention of the gentleman to the amendment on page 94 and make this inquiry: Whether it would not, as it is now working, still permit Britain to ship to Russia machinery made out of its own steel, while at the same time receiving the equivalent steel from this country.

Mr. MUNDT. That is correct.

Mr. KEATING. May I suggest to the gentleman serious consideration of inserting in the second line of that amendment the words "any class or type of commodities" in place of the commodities themselves?

Mr. MUNDT. I will be very happy to perfect my amendment in any way that it is possible. I think the gentleman has an interesting suggestion.

The CHAIRMAN. The time of the gentleman from South Dakota has again expired.

Mr. JONKMAN. Mr. Chairman, I yield two more minutes to the gentleman.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. O'KONSKI. Will the gentleman name the individual in the Department of Commerce who is responsible for the shipment of these materials to Russia?

Mr. MUNDT. I do not know who is responsible, but I can tell you who one of the fellows is who authorizes these shipments. We have not had a chance to check that completely since yesterday, but I found that one Herbert W. Parisius down there, who is a former preacher from Wisconsin, may I say, has now been charged by the Department of Commerce with the duty of determining what machine tools to ship to Russia. I do not know just what induced a preacher to lay his Bible down and to go down to the Department of Commerce to determine what is considered critical material for Russia, but he at least is the fellow who is doing it. It is an interesting commentary on New Deal inefficiency that this administration selects a former preacher instead of an engineer to pass on what is to be considered a critical war supply to ship to Russia. What are we coming to in this country, anyhow?

Mr. O'KONSKI. I am glad that the gentleman from South Dakota mentioned the name of the person responsible for this outrage. Herbert W. Parisius is a former resident of Wisconsin. I am informed he used to be connected with a church there and then became a public welfare director of Barron County. He was with a promotional project later, and then came to Washington. From FSA he went to Agriculture, under Wallace; from Agriculture to Foreign Economic Administration. From there, Wallace took him to Department of Commerce and the Office of International Trade, where he now is. Maybe he is following Wallace's instructions. If so, I am dis-

appointed and outraged, because he is a former citizen of my great State. I hold in my hand a photostat copy of the Patriot, a Commie-front publication. It bears his name as recipient and stamped by his office as received there. I am informed that he has been a regular subscriber to that publication at that time. I understand also that he has urged others to read it and subscribe. I do not know if any of these things are true. I do not want to accuse any person in his position unjustly. But because of this development on shipments to Russia I think that he should give reasons for his actions and also if the statements above are true or false. Personally I hope they are false.

Mr. MUNDT. I appreciate the gentleman's contribution. It is not at all surprising because we have discovered that among all men David Lasser, our old friend of Workers Alliance days, is down at the Department of Commerce again, and he has been assigned to a responsible position in the manpower department there. So I say that is another reason why we want to make the Economic Administrator responsible for this act all the way through, including exports to Russia.

The CHAIRMAN. The time of the gentleman from South Dakota has again expired.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, it is a happy privilege to rise today and say a word in commendation of the chairman of this great committee that has brought in this bill.

Dr. CHARLES EATON has, since the Sixty-Ninth Congress, laid his life on the altar of service of this Nation and has followed a gleam which led him in the earlier years into the pulpit, where he proclaimed the unsearchable riches of the religion which he so devoutly loves and practices.

You know, the Good Book, from which he used to take his texts in the pulpit, and from which he still takes his texts, allots to mankind three score years and ten; but it says, "If by reason of strength they be four score years, yet is their strength, labor, and sorrow."

As everything else in Holy Writ, when rightly understood, that is true. It is by reason of strength that he has come to the age of eighty, gloriously. His birthday is next Monday, we hear, and he is still going strong.

He has climbed the hill of real achievement to the pinnacle on which he stands today facing the east. In the leadership of this splendid committee which now brings, as they have brought us so many times, the challenge to do our duty—to do it nobly and well—he has found that which so many of us would love to win—the fulfillment of a dream—a dream of noble service that began for him long before San Francisco, where he was an honored delegate when United Nations was born.

So it is my proud privilege today to drop a posy, while he still lives and leads, upon the pinnacle of legislative success which he has attained by the reporting

of this bill on its way to becoming law, and which will be forever one of the finest tributes that can come to a leader in this body, namely, to have a bill bear his name which will do so much to advance the ends of civilization the world round.

Now, just a word about this bill, which to me is such a wonderful achievement of this great committee and of the other great committee which also has such splendid leadership. To me it may be summarily comprehended by saying that it gives our Nation a chance to win three great objectives: World peace, reciprocal prosperity for all, and the practical application of the Golden Rule to the awful need of this blood-soaked, sin-sick world.

The work of this committee in extending lively hope of meeting these three challenges to Europe and beyond is worthy of commendation to the uttermost. Thank God for this opportunity to bless China and all other nations—friend and foe.

I congratulate this committee and its chairman, the Honorable CHARLES EATON, of New Jersey, our "John the Baptist."

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Chairman, in my district there are approximately 10,000 persons employed in the foreign freight forwarding business. Additional thousands are employed in every port in the United States. Yet despite the large number of people whose livelihood is derived from foreign freight forwarding, little is known of this business or its importance to our economy. Briefly, the functions of the foreign freight forwarders can best be explained by saying that they are the connecting link between our domestic system of transportation and our oceangoing ships. When cargo arrives at a port city for shipment abroad, arrangements must be made for shipping space, necessary documents such as bills of lading and consular invoices must be prepared, insurance must be placed, and the cargo must be physically moved from the railhead to the ship's side at the proper time in order that there may be no delay in the vessel's loading. These are the functions of the foreign freight forwarders. Without the services performed by the freight forwarders our foreign commerce would soon grind to a halt. May I add, parenthetically, that the word "foreign" used to describe these forwarders refers only to the fact that they are in foreign trade—almost without exception they are American citizens.

In 1942 Congress recognized the importance of the foreign freight-forwarding industry to our foreign commerce and our merchant marine and enacted section 217 of the Merchant Marine Act, often referred to as the Bland Freight Forwarding Act. Under that statute, still in existence, the Federal agencies are directed to take the necessary steps for the development and maintenance of the freight-forwarding industry. This legislation was enacted because the shipment of lend-lease and other cargoes directly by our own and foreign government agencies threatened the continued exist-

ence of our American foreign freight-forwarding industry. Under that act, lend-lease cargoes were required to be shipped by private freight forwarders. As a result of this action by the Congress and its recognition of the importance of freight forwarders to our foreign commerce, this industry was able to demonstrate again its value to our international commerce. I understand, moreover, that the private freight forwarders gave ample proof, through their activities in handling these cargoes, that they could do the job more efficiently and more cheaply than could the Government agencies.

The legislative history of the inferim-aid bill indicated the need to use private forwarders. The State Department and the Maritime Commission are on record to the effect that relief cargoes should be shipped by private-enterprise forwarders. I feel that this approach is equally applicable to cargoes to be shipped under the present bill.

Today the freight forwarders are again threatened by the possibility that the enactment of the European recovery plan may result in their economic strangulation. During the next several years, practically all cargoes to Europe will be shipped under this program. So long as ordinary private-enterprise facilities are used to service these cargoes, they seek no favors. But freight forwarders fear that our Government or the recipient nations may set up government forwarding organizations to do the work and drive private-enterprise facilities out of business. I feel confident that this is not intended by the drafters of this bill or by the committee which reported it. I feel sure that the Congress has no desire to put this industry out of business. For that reason I feel it imperative that I rise today to make it clear that under the European recovery program I feel that it is not intended that our private-enterprise freight-forwarding industry be supplanted by government forwarding agencies, either of our Government or of the recipient nations. It seems to me most important that a plan such as the European recovery program, designed to maintain a private-enterprise system abroad, shall not be permitted to stifle private enterprise, such as the forwarders, here at home.

(Mr. BUCK asked and was given permission to revise and extend his remarks.)

Mr. BLOOM. Mr. Chairman, I yield 7 minutes to the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS. Mr. Chairman, I cannot support this bill. I certainly would not challenge in any way or impugn the motive of any man or person who might disagree with me in any respect in regard to it, but I shall set out for you in the few minutes I have at my disposal my reasons for not being able to support the bill.

In the first place, by the bill we are undertaking to a large extent to underwrite the economy and the politics and the civil wars of the sixteen European nations involved, or some portion of them as well as China, and it is just too big a job; it is too big an undertaking and it is too dangerous, in my judgment.

No man is more anxious to help the poor than I. Since coming here to Congress I have already voted for somewhere near \$1,000,000,000 for help to poor people outside of the United States of America and I would be perfectly willing to vote for any reasonable additional amount to help people who are in dire need of help, but I believe that the money or the goods ought to be administered through the United Nations or through the American Red Cross or through some agency of that kind, but the manner in which they propose to proceed here is not by giving direct aid and assistance to those who need it, but by giving assistance including military assistance to governments. Mr. Chairman, I call your attention to the fact that by this step, when and if we take it, we will bring ourselves that much nearer the status of making of your great country and my great country that we love so much, an empire; and we were not built for empire. The foundations of our government are such that we cannot become an empire and keep our way of life. So I say there is danger ahead of us because of that drifting toward empire.

May I suggest to you, Mr. Chairman, what it means in practice for us to do what we are setting out to do today by this bill. I just cannot be for this ERP bill, this so-called Marshall plan, for a number of reasons.

I want to quote from a United Press dispatch of February 12 this year as follows:

CAPTURED GREEK GUERRILLAS PLACED ON PUBLIC PARADE

Salonika, February 12.—The Greek Army returned triumphant today with 121 captured guerrillas who shelled Salonika Tuesday, and in a carnival-like spectacle paraded them before howling Salonikans who jabbed them with sharp sticks and pelted them with unsavory missiles.

About half of this war-swollen city's population of 480,000 turned out and waited for hours for the Greek northern Army's victory parade of captives who lobbed mortar shells into the heart of the city 2 days ago.

The hooting, jeering natives loved it. Along the line of march they jabbed the sullen, bearded, weary captives with sticks and showered them with stale eggs, bottles, and stones.

The jam became so great that the military parade could not pass down Tsimiski Street, as scheduled. It detoured two blocks to the water-front drive, and received an equally enthusiastic reception there.

The spectacle was regarded as the Greek Army's bid to quiet public feeling over the shelling of Salonika, in which one Briton and several townspeople were killed and nearly a score were wounded.

Mr. Chairman, we do not approve of that conduct, of course, and surely no one who supports this plan will approve of it, but that is what we get into. We would not have a thing like that occur in our own country; but when we go to underwriting the economy and politics and civil war of other countries, that is what we get into, and I am afraid we always will. We unwillingly become a part of it. It is not right, it is not just, it is not humane, it is not American, and yet it will be charged against us.

Mr. Chairman, I am as much opposed to communism as anyone who ever lived;

I could never subscribe to it; and I know that it is a danger to the world today, as we conceive it to be, yet I think that our people are too alarmed. I believe we should be a little more calm about the matter. Communism is a false doctrine. But are we going to say that a majority of the people of the world are going to accept a false doctrine? I am sure they will not. It is not logical, it is not reasonable, to assume they are going to. So I say, Mr. Chairman, we are doing some things here, in my judgment, in a moment of panic and hysteria that we will be sorry for later on.

Mr. Chairman, we are heavily in debt. All of us are well acquainted with that fact. Here we propose spending in all for the entire program about \$17,000,000,000. For what? To help poor people? It would be far better if it were for that purpose. No. It is to help support the politics of foreign nations, and different kinds of politics at that.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. MORRIS. Mr. Chairman, I just cannot believe that the danger of communism is so great as many of you very fine people believe it is. I have seen these waves of passion and hatred come before concerning other issues; then later on the people would find that there was no reason for all the alarm.

Let us get down to the proposition of making democracy work well in this country of ours. The best way in the world for us to defeat communism is for us to show to the world that democracy is the best form of government. When we do that, we definitely will defeat communism. But if we keep on and on with programs like this and others that have been proposed, we ourselves will be in danger of becoming a police state, the very thing that we are fighting.

So, let us not whip ourselves. I think we should be most cautious, my friends, along that line.

Then there is this final thought, and I shall conclude. I know that my time will be up. I love this country, my friends, with a zeal. I offered my life for it once. I do not brag about it, but I came very near giving it in several of the bloodiest battles ever fought in World War I; and if war should come again I will be one of the first of you to go and fight in whatever way I can for Uncle Sam, regardless of the cost. I will stand in the forefront and bare my breast if need be to the bullets for Old Glory, for America, my country. I am not afraid to fight. But we have a war hysteria going on here in this great country of ours, and in my judgment it is not justified. We are unduly scaring the people, I think, and if we are not careful we are liable to scare ourselves into a war.

(Mr. MORRIS asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. JONKMAN].

(Mr. JONKMAN asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, it seems to me that every realist who can to a reasonable degree evaluate the world situation and the security position of the United States therein must be for this bill, S. 2202. It seems to me that every realist who can envision the threat of Soviet aggressive expansionism to the security of nations and to world peace must be for this bill. It seems to me that every realist who comprehends the relative cost of this recovery program as against the cost of the inevitable alternatives of war or a slave economy must be for this legislation without substantial change.

Mr. Chairman, this is not a relief measure. We are not now contemplating a program of humanity and compassion in which we give of our substance to the victims of World War II that they might keep body and soul together. Our present objective is far broader and more comprehensive than that. We must boldly accept the premise that it will call for greater contribution, yes, even a certain degree of sacrifice, than would a program of mere relief. This recovery plan aims at an objective that has never seemed possible in the history of Europe, and which, unless embraced with decision and dispatch, may never come again.

For centuries, and ever since the dawn of history in Europe, its nations have lived in jealousy, hatred, and fear of each other. They have always felt that their interests were adverse. They have never been able to realize that their interests and welfare are mutual. And all through the centuries their imagined adverse interests have ended in devastating clashes on the field of battle, which have kept their economies and standard of living on a low level.

Now, more than 2 years after World War II, there hangs over their heads the Damocletian sword of Soviet dictatorship and tyranny. Almost as in time of war, there is in these 16 and more nations a sense of common danger and a realization of common interest to escape from that danger. Already there has been developed a spirit of give and take through cooperative action and common sacrifice. Extreme nationalism is giving ground to considerations of security and welfare.

Even before this legislation has become law, but through the hope that was inspired by its promise, movements that before the war seemed impossible, are beginning to take form. Belgium, the Netherlands, and Luxemburg a couple of months ago formed a customs union. Conversations to broaden this cooperative union to include France and the United Kingdom are in process; and together these five nations have already formed a pact for mutual protection. Similar conversations are going on with Italy. Norway, Sweden, and Denmark have begun negotiations for cooperative efforts. In other words, the union of western Europe, including German zones, is well under way.

In some of these countries unusual efforts are being made to balance budgets and stabilize currencies. It is an array of events that even after World War I and before World War II could

hardly have been dreamed of as a possibility.

The tragic fate of Czechoslovakia, the dire travail of Finland, where freedom is apparently doomed to annihilation, have driven home with terrible conviction the threat which hangs like a pall over Europe and all the world.

The experience of these two countries need not cause the hysteria that some of our people seek to create out of it. The present travail has been apparent and in the making for years. But it does drive home a realization of the consistent and relentless drive of the Soviets for European, and later, world domination.

This situation presents a great challenge to the Congress and to the American people; and right now is the psychological time to nurture and support that desire of the nations of western Europe in that program of helping themselves and mutually helping each other. There should be no hesitation in passing this bill and contributing of our substance, even if we should have to tighten our belts somewhat. It not only may, but in all probability will save the American people untold suffering and privations later.

The measures proposed in this bill are well adapted to reach this very desirable objective.

Its principal feature, the one which should make the greatest appeal, is that it divorces the operational administration of this program from the State Department, and places this function in the hands of an independent administrator.

It is interesting to recall that at the time the first UNRRA bill was being considered in February of 1944, I was for a bill introduced at that time by Congressman Dewey, of Illinois. That bill provided for an independent administration of European reconstruction. Had we followed such a program then, I am sure we could have saved the American people billions of dollars and have done a much better job. However, that is all water over the dam, and this time we are starting out right.

In this respect the House bill follows the Senate provision by placing the operational administration of this program in an administrator to be appointed by the President and confirmed by the Senate, who shall be separate from the State Department. On the other hand, machinery is provided for cooperation to harmonize the foreign-recovery program with the foreign policy as formed by the State Department.

There may be some question as to whether or not we should have provided a Government-owned corporation to carry out this recovery program. I was one of those who, ever since Secretary Marshall pronounced the program in his Harvard speech last June, favored the corporate form of management.

About that time I had something to do with the reincorporation of the Institute of Inter-American Affairs which operates a relief agency in all the South American Republics with great success and diminishing cost to the American people. I had also made some study of the Dawes plan as it operated in Europe

in 1926 and 1927, after we had sunk \$7,000,000,000 in public and private loans in Germany and other Axis countries. It will be remembered that after the First World War and after we had sunk that \$7,000,000,000—which was used for boulevards and apartment houses instead of for consumer goods which would bring exports and exchange—our Treasury sent its representatives into Germany, Poland, and Hungary, and with less than one-half a billion dollars placed those countries on their feet, and in 3 years changed them from importing countries to exporting countries. This, of course, was a noncorporate form of agency under the Treasury Department, independent from the State Department. Of the two I favored the corporate form.

However, the difficulty with the corporate form was found by the committee to be that, as proposed by its proponents, it would be a corporation in name only, inasmuch as the directors as well as the administrator would have to be appointed by the President, and would have only advisory function. In this respect the needs of the foreign recovery agency presents difficulties not found in domestic government corporations such as the RFC, for instance. The RFC is practically independent except for the President's power of removal from office. To create such complete independence of action in the foreign economy agency would be an invasion of the President's prerogative under the Constitution to control foreign policy. It might, therefore, present insurmountable difficulty and delay.

Now the principal reasons for preferring a corporate form were that in an undertaking of such magnitude as this foreign recovery program, speed of decision and centralization of responsibility are essential, as well as exemptions from the red tape encumbering Government agencies with respect to procurement, personnel, and auditing.

These have all been provided for in the present bill, which enables the administrator to employ all the advantages for effective and independent action which would be enjoyed by a corporation, and at the same time holds him to corresponding responsibility.

It is true, of course, that the choice of administrator and his associates by the President will be of tremendous importance to the success or failure of this undertaking, which will so vitally affect the interest not only of the United States, but the whole world. It is to be hoped that the President will rise to the occasion and choose the highest, ablest, most dynamic and cooperative leadership; for only with such independent administration can we reasonably hope for success of the program.

In other words, Congress has for the first time asserted itself. The administration said the program must be administered by the State Department or it would be an invasion of the President's prerogative under the Constitution to handle foreign policy. But the Congress has had the courage to say no, it shall be an independent agency, appointed by and under the control of the President, but having the necessary degree of in-

dependence of action and execution in the administrative end of the program.

A second reassuring feature of the program authorized in this bill is the amount and nature of the authorization. The bill provides \$5,300,000,000 for the European recovery program; \$275,000,000 for the Greece-Turkey military program; \$150,000,000 for the China military program, and \$420,000,000 for the China economic program, together with \$60,000,000 for the children's fund for the United Nations—a total of \$6,205,000,000.

To get a total picture of our foreign-aid program there should be added \$1,483,000,000 for the disease and unrest programs in occupied areas, and \$908,000,000 for the cost of the United States Military Establishment abroad, which brings the cost of our foreign-aid program pretty close to \$9,000,000,000.

There is also a contemplated foreign economic reconstruction program for Japan and Korea in the sum of \$220,000,000, as well as increasing the lending capacity of the Export-Import Bank for Latin American loans in the sum of \$500,000,000. These latter amounts, totaling \$3,111,000,000, of course, come under military appropriations and the lending authority of the Export-Import Bank. But they bring our total world-aid bill to \$9,316,000,000.

Of course, at the present time we are concerned only with the \$6,205,000,000, I gave the other figures only so that the House may have a complete picture of everything included in our foreign-aid program for the year.

I wish to address myself first to the \$5,300,000,000 for European aid. Again for the first time there has been a substantial cut in the authorization. President Truman and General Marshall repeatedly told the Congress that it would be \$6,800,000,000 or nothing. Yet, notwithstanding this, the amount has been cut to \$5,300,000,000.

Now, it may be said that this is not in reality a reduction, because the time element was reduced accordingly from 15 months to a straight 1 year period. Nevertheless, the Congress is for the first time showing its determination to husband our resources until it finds out from experience what amount is really not only sufficient, but ample.

And there is wisdom in this course. Right now there is not a man or group of men under heaven who can say whether \$3,300,000,000, \$5,300,000,000, or \$7,300,000,000 is nearest the correct amount to carry out the program. This must be admitted when we realize that not a single member of the administration testifying for the program would hazard a guess as to how much of the authorization would be used for loans and how much for outright gifts. The estimate was 20 to 40 percent for loans, but it was admitted that even this might be wrong, and the loans might be substantially larger in proportion to the outright gifts. It was further stated that no answer could be had to this question until the Administrator and his separate missions in individual countries made a survey of what kind of help might be needed.

The principal guide for these estimates is the balance-of-payments theory. This

means that it is ascertained what is the amount of a country's imports and what is the amount of its exports. Uniformly in European countries their imports exceed their exports, and, of course, to pay for this excess of imports they must either have reserves, exchange, or credit. Lacking credit, it means that they must restrict their imports and go without. Naturally this basis, while it gives some idea, is only a rough estimate, as it includes many items which the country could do without and would do without in the absence of help or credit.

Now, after having arrived at that amount, the next question is as to what scarce commodities and necessities are included, or constitute this excess of imports over exports. This was difficult enough when we were only considering the relief aid, and has become far more difficult in coming to a satisfactory evaluation in a recovery program. For under the proposed recovery program it is not contemplated that people shall have just the necessary 2,000 or 2,200 calories to keep body and soul together, but which prevents them from doing a day's work. On the contrary, the plan is not only to supply these peoples with sufficient food, say 3,000 calories so they can do a day's work, but also to find out what they need in the way of industrial machinery, equipment, and supplies for the creation of an energetic program which will in a few years make them independent of outside extraordinary support. This must of necessity be largely a matter of estimates in which there may be considerable error.

And yet, in spite of all these considerations and difficulties, it is my belief that the Paris Committee made a fair attempt in stating the needs of various nations, and that the screening of these amounts by Government officers and technicians, as well as the final action taken by committees in arriving at the figure of \$5,300,000,000 for the European countries, offers a fair estimate of the requirements for 1 year, at least as a beginning working basis. Then, say by the end of this year Congress can reevaluate the situation for further action.

Roughly, the division among the various countries is as follows:

Austria, \$145,000,000, one-half food.
Belgium and Luxemburg, \$258,000,000, three-fourths food.
Denmark, \$131,000,000, five-eighths food.
France and dependencies, \$1,147,000,000, one-fifth food.
Greece, \$148,000,000, two-thirds food.
Iceland, \$10,000,000, one-half food.
Ireland, \$121,000,000, one-half food.
Italy, \$695,000,000, one-half food.
Netherlands and dependencies, \$564,000,000, one-half food.
Norway, \$27,000,000, no food.
Sweden, \$26,000,000, no food.
United Kingdom, \$1,408,000,000, three-fourths food.

Three zones of Germany, \$804,000,000, one-half food.

This total comes to a little higher than \$5,300,000,000, but allowances are made for offsets in the nature of change in prices, deficits of the occupied areas in

Germany with other nonparticipating nations, and one or two other considerations.

Portugal, Switzerland, and Turkey, while participating nations, will not receive any aid or loans from the United States. So when we take the whole picture, and after all, as I have said before, it is only a matter of judgment, it does seem to me that the amount of \$5,300,000,000 is an amount which cannot be questioned from any critical viewpoint. The bill provides, however, that these estimates are not commitments to the various countries, but are subject to change by the Administrator, according to his discretion.

Further, it will be noted that the Committee on Foreign Affairs provides in this bill that \$1,000,000,000 shall consist of loans through the Export-Import Bank, which, as the loans accrue, can issue notes therefore through the Secretary of the Treasury. This, of course, will mean that these are not bankable loans, but nevertheless substantial loans in which there is a reasonable expectation of repayment.

This brings the appropriation down to \$4,300,000,000, and, of course, from this amount the Administrator can make further loans or use this fund for loans or gifts in his discretion.

Now a word with reference to the authorization for China. Not only have the American people a direct interest in the restoration of economic balance in China, which is impossible as long as the country is in the turbulence of a civil war, but it is also true that the recovery of western Europe depends in a large degree on the economic recovery of the Far East. The program envisaged for the nations of western Europe presupposes that in a year or two they will increase their industrial production to a standard substantially higher than prewar. To do this the western European countries need manpower, capital, and, above all, markets for this production. It is a well-known fact that European countries before the war found much of their markets in the Far East, and unless these markets are restored and trade is resumed, European manpower and capital will be of no avail and will bog down for want of markets. It seems a fair deduction, therefore, that success of the program in Europe depends on success of the program in China and the Far East. The authorization of \$420,000,000 for China is, therefore, fully justified.

The \$60,000,000 authorization for the children's fund, while it is the only amount not administered directly by the United States and, therefore, may seem a little out of line, I think will nevertheless meet with the approval of the Congress and the American people.

The authorization of \$175,000,000 for military type of aid in Greece and Turkey perhaps requires no comment.

However, practically all the military experts were agreed that some military aid to China was necessary, and some even went so far as to say that military aid was essential if economic aid was to become of any real value. Considerable

stress was laid on the fact that the Soviets could not attain success in subduing Europe unless they subdued China and vice versa. So I think the committee wisely included \$150,000,000 for military type of aid in China.

Mr. Chairman, there are, of course, many other salient, commendable features in the bill S. 2202 as amended, but those, as well as these I have referred to, will be ably commented upon by other Members.

I believe the Committee on Foreign Affairs has done a very commendable job. It is my belief that if the administration will implement the provisions of this bill with the best possible attainable personnel, and a firm, consistent foreign policy, it will greatly enhance the general welfare of the people of the United States, and contribute substantially to world peace and happiness.

With the passage of this bill Congress will have performed its duty. The responsibility for the success of the program then will rest with the administration.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from Georgia.

Mr. COX. I get little comfort out of the thought that the bill sets up an independent Administrator. For under the language of the bill, the Administrator carries on under the direction of the President, and to the extent that the State Department enjoys the confidence of the President the State Department will administer this plan.

Mr. JONKMAN. I do not agree with the gentleman. I do not think that necessarily follows, although a great deal is going to depend upon what man the President appoints as Administrator.

Mr. COX. Let me make this further observation in the interest of being understood. There has been a time when the State Department held, I think, a very small measure of the confidence of the Congress and the people of the country. I am prepared to agree, if not to assert, that a great part of the foreign policy made by the State Department has been bad, and that the State Department has been filled with too many people who have thought too much like the people that now threaten the security of the world. I believe, however, that there has been an improvement, but still I do not have the feeling that the State Department is yet what it ought to be at a time when the peace and welfare of the country and of the world is at stake. I got some comfort from the action of the President on yesterday in which he vacated an order which he issued some time ago to the effect that the administration of our affairs in Germany would be taken from the Army and turned over to the State Department. I happened to be a member of the so-called Herter Committee which visited that part of the world last fall. In Germany the only real Americanism that we found in the activity of what was being done in the name of the United States was to be found in the military set-up rather than in the civilian organization under the

control of the Department of State. Our policy in Germany, insofar as the effect that it may have upon the German people, might as well have been dictated by Stalin himself, for it was, and in part still is, pro-Russian.

Mr. JONKMAN. I deeply appreciate the vigilance of the gentleman from Georgia. I quite agree with him that in this instance we should not have a repetition of what we did at the beginning of the war, when, for instance, Sidney Hillman and Bill Knutson were appointed to the War Production Board. We know it bogged down completely, but the moment that intelligence was used in the appointment of the head of that Board, and Donald Nelson was appointed, the thing began to click.

Mr. COX. If the gentleman will yield further, I want to say that this plan will pay handsome dividends if in the building of the administration agency care is exercised in the selection of personnel. The President should exercise great care and wisdom in the naming of a man to this all-important post of Administrator, and this I know he will do and if he will make the Administrator completely and absolutely independent of the Department of State, in the selection of personnel, we will get an administration which will be wholly American and only will satisfy the people of the country who realize that the whole world at the moment is living beneath the muzzle of the Russian guns.

Mr. JONKMAN. Unless the President rises to those heights and appoints such a man, he will sabotage all my hopes for the success of this program.

Mr. COX. I applaud the gentleman in the statement that he has thus far made in support of the pending measure to the effect that a do-nothing policy will prove an act of suicide by this country. The man is blind who does not see and realize that unless we do organize the peoples of the countries not already behind the iron curtain, Russia will impose her will, not only upon broken and stricken Europe, but upon this country as a whole, and will in time have us digging up the gold that we have buried down in Kentucky and turning it over to Russia.

Mr. JONKMAN. I thank the gentleman. I assure him that the time I have yielded to him was well yielded.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. VORYS. The gentleman from Georgia [Mr. Cox] and the present Chairman of the Committee of the Whole [Mr. CASE of South Dakota] and I and others present on the floor were members of a German-Austrian subcommittee, the chairman of which was our present Chairman of the Committee of the Whole. In our report, we recommended that the administration in Germany not be turned over to the Department of State. I am very happy to remind our colleagues that within the past few days we have been assured that Army control in Germany is to be continued in accordance with the recommendations in our report.

Mr. COX. Mr. Chairman, will the gentleman yield further?

Mr. JONKMAN. I yield.

Mr. COX. The gentleman has referred to Germany. I want to make this observation, that there can be no strong Europe in the absence of a strong Germany. In the beginning of the effort to reconstruct Europe, to rebuild it into a strong organization, we ought to reverse the insane policy that we are pursuing in Germany at the present time; that is, the killing off of Germans who committed no other crime in the world except that of being loyal to their own country in time of its trial. We now desperately need these people in the common effort to stop the aggressions of Russia.

Mr. ISACSON. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. ISACSON. Does the gentleman not know that during all of his too-short life Sidney Hillman was one of our most patriotic citizens, and second to no man in carrying out energetically the war against Fascist forces?

Mr. JONKMAN. Notwithstanding that, the war effort bogged down while those two were in charge of production management.

Mr. ISACSON. I assure you it was not the fault of Sidney Hillman.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. JONKMAN] has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. JENSEN. I have listened to the gentleman's remarks with a great deal of interest. I have a high regard for the judgment of the gentleman who is now addressing the House. This bill is designed primarily to stop communism from spreading over the rest of the countries of the world. Is there anything in this bill which will stop communism in America?

I am not trying to be facetious. I am very serious. I know, and the gentleman knows, there are Communists running rampant all over this country, and the administration is full of them, and if we are going to attempt to stop communism from spreading in foreign countries I believe there should be a provision in this bill to stop communism here, as best we can, because the American people insist on it. I think the American people expect it.

This is an authorization bill. The money will not finally become available until the Appropriations Committee decides how much shall be appropriated for this foreign-aid bill. But I am dead earnest when I ask the gentleman if there is any provision in this bill which seeks to stop the spread of communism in America. And if there is not, why should there not be? Should we not have in this bill a provision that states specifically, and clearly, and categorically, that this is what we intend to do with the Communists in America now, or if and when conditions get a little worse?

Mr. JONKMAN. I may say to the gentleman that there are provisions in this bill to that effect, insofar as they are relevant to this legislation. The bill does provide that the personnel to be hired by

the Administrator must be investigated by the FBI and reported on before they may be employed.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JONKMAN. Let me say to the gentleman from Iowa that I believe this Congress is doing its duty in that respect with reference to communism in the United States and responsibility for such of it as there is in the Government does not lie in the Congress but in the administration. Congress is doing its duty in that respect, but the Congress has a duty with respect to this bill that it will have to assume responsibility for and if we have performed our duty as Members of this House in this bill, then the responsibility will rest on the administration. If as has been indicated, the program can be sabotaged through maladministration, that will be the responsibility of the administration to the people of the United States and of the world. The Congress has one duty in this situation, the administration has another. We must not shirk in our duty.

Mr. TWYMAN. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from Illinois.

Mr. TWYMAN. Will participating countries be permitted to use any of these funds to pay off shareholders, bondholders, or the owners of equities in industries that are being acquired under the socialization program?

Mr. JONKMAN. I do not think so.

Mr. TWYMAN. None of these funds can be used in the manner that the funds lent to Britain were used, that is, to buy off the shareholders and equity owners of industries being socialized?

Mr. JONKMAN. I get what the gentleman means. Of course not. That money was under the absolute control of the United Kingdom. This is not going to be under the control of any of the countries and must be spent for the purposes indicated by the bill.

Mr. TWYMAN. In other words, the gentleman goes on record as stating that none of this will be used to pick up the equities of any owners in industries in any of these countries—England, France, Belgium—or any of the European countries?

Mr. JONKMAN. Not if it is used in accordance with the provisions of the bill.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentlewoman from New York.

Mrs. ST. GEORGE. Would the gentleman mind repeating the sum for food to be allocated to Ireland?

Mr. JONKMAN. \$121,000,000, with half food.

Mrs. ST. GEORGE. I presume the gentleman is aware that Ireland has been exporting food to England and has been making a good deal of money out of those exports, and that Ireland today is one of the best fed countries in Europe.

Mr. JONKMAN. I am not so informed. I understand there is scarcity of food there.

Mr. WELCH. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from California.

Mr. WELCH. Ireland has had a number of prosperous years. Ireland during recent years has sent millions of dollars' worth of food to the stricken people of Europe; not only food, but blankets, clothing, and other things necessary for their comfort and well-being. But Ireland has experienced one of the wettest winter seasons in the history of that country. Her crops were drowned out. She is in need of food; otherwise Ireland would not be included in this relief program. I hope the money will be sent to Ireland—Eire—and not to Britain.

Mr. JONKMAN. I thank the gentleman from California for his contribution.

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. WINSTEAD].

(Mr. WINSTEAD asked and was given permission to revise and extend his remarks.)

Mr. WINSTEAD. Mr. Chairman, we have under consideration here today the foreign-aid bill, known as the Marshall plan. I rise as one Member of this House who has not supported in the past but few of the prior aid programs. I have been reluctant to come to the conclusion that it was essential to support this program at this time.

Secretary of State Marshall says that this step is absolutely essential to the security of this Nation. Under the terms of this measure this country will spend in 1 year more than \$6,000,000,000, with no assurance of peace, but in the hope that such a program and expenditure will help us to avoid war and to have peace.

Personally, I have watched through the last few years similar programs. UNRRA, the British loan, and others have all been disappointing. The chances are great that this measure will not bring about the results for which its advocates hope. Yet, as a member of the Armed Services Committee, after spending months in hearings before that committee, I recognize the seriousness of our situation. It is critical, and I know that we sit on a powder keg, and while there is probably only one chance in two that the Marshall plan will work, the advocates of the measure feel that of necessity the United States must take that chance.

Mr. Chairman, we know that the measure before us, even if it does what its proponents hope it will do, is insufficient to assure peace, even if it does help toward keeping communism from overrunning the countries of western Europe. We must for ourselves be sure we can put into the air and sustain an adequate air force. We must have peace and such an air force in our present situation will, in my judgment, do more to bring peace than anything we can do. The additional cost of such air force would be small indeed when compared with the amounts now being spent in these aid programs and would surely be a small price to pay for peace.

I have today introduced a bill "To provide for an air force capable of preserving and maintaining peace, the security of the United States, and for other pur-

poses." I strongly urge the immediate passage of this measure.

The recent events in Europe have indicated to the American people the severity of the international situation and have emphasized the requirements for immediate action to insure the most vital factor of our national security—air supremacy. Our first priority must be the implementation of a program which will provide this country with a most powerful air force.

We are extremely fortunate in having available the reports of the President's Air Policy Commission and the Congressional Aviation Policy Board on the present status and future requirements of air power. These distinguished individuals devoted months to extreme effort. They questioned the highest officials, studied secret intelligence data, and inspected first-hand, industries, installations, and facilities. Their reasoned analyses of the situation are so fraught with warning that they cannot be ignored.

Both boards concluded that the future security of this country is based primarily upon the role of air power. Our vulnerability has increased to a point where we are exposed to air attack which could be so intense and destructive that we must prepare at once the best conceivable defense against it. Our Air Force must be capable of swift offensive action so devastating that it will paralyze any aggressor nation.

This new strategic concept is generally accepted by the people, but the necessary action to establish the Air Force in being has not yet been taken, nor is it provided for in the proposed fiscal year 1949 budget. There is a natural reluctance to disturb the traditional defense concept in order to accept the new revolutionary capabilities of air power.

The advancement curve of air power is truly phenomenal, and it has proved that it cannot be anchored to the past. During World War I, military air in its infancy was capable of merely supporting surface operations. Unfortunately, the military planners assigned the air arm an ancillary role in World War II. However, in spite of this handicap, it demonstrated beyond argument the terrific and overwhelming force of air power. No action, either on land or sea, at any time during the war met with success unless opposing air power was first neutralized and destroyed. The bombing airplane entered the picture on such a scale and with so potent a capability of destruction that it became the decisive weapon of modern warfare. As a German commander said: "Without air supremacy, you can't win; with it, you can't lose."

The Strategic Bombing Survey, a Commission of civilian experts appointed by the President to render an unbiased evaluation on the contribution of air to our military victories, reported that—

No nation can long survive the free exploitation of air weapons over its homeland. For the future, it is important fully to grasp the fact that enemy planes enjoying control of the sky over one's head can be as disastrous to one's country as its occupation by physical invasion.

The curve has not flattened, and the continued rapid advancement of air power has placed this country in an extremely vulnerable position. Traditionally, we have felt secure through two world conflicts behind the great ocean barrier which gave us time to mobilize the industrial and military strength necessary for ultimate victory. The air age today denies this former immunity. The possibility of our major cities being exposed to a devastating air assault with atomic weapons has produced a national insecurity which we cannot ignore. We must be prepared for a sudden atomic attack and be in a position of readiness to retaliate.

The Russian Air Force has today a heavy bomber, remarkably similar to our B-29, which has sufficient range to bomb the industrial and population concentration of this country via the polar region. Information has been published which credits her with as many as a thousand of these aircraft. Large formations of them have actually been observed together with the most modern types of jet fighters.

Russia's development of the long-range bomber becomes more significant as her possession of the atomic bomb becomes a reality. There is every indication that she will have mastered the production-line technique of atomic bombs within a few years at most.

The initial blow in a future war will be very serious and will be a tremendous advantage. The weapons, whether chemical, biological, or atomic have the power to destroy a thousandfold over the conventional type of the last war. We learned in World War II that a determined air attack cannot be turned back. No matter how strong the defense may be, some aircraft will get through. And today one airplane can carry a weapon capable of destroying a city.

This new strategic situation has placed a major responsibility upon this legislative body for providing and supporting a strong air force and the requisite scientific and industrial resources to maintain it.

In introducing this concurrent resolution, I would like to read the Air Policy Commission's recommendation regarding the size of this force:

We have concluded that the minimum force necessary at the present time is an air force organized into 70 combat groups. * * * We should build this force as rapidly as possible and once it is achieved, never permit it to drop below this level.

The 70 groups would include the very minimum number of interceptor fighters necessary for home defense. * * *

The 70 groups would provide only 700 very heavy bombers for strategic bombing of enemy targets. This force of bombers seems minute as compared with the 14,000 bombers of the United States Air Force and the Royal Air Force committed to combat in the European theater during the war. Only by using the very best equipment and the latest techniques will so small a force be able to carry an effective war to the enemy.

The present air force is maintained at only 55 groups, and it is alarming to hear that unless the present appropriation is increased the establishment must be reduced approximately to 40 groups in the

fall. An air force short of the minimum strength recommended by the civilian and military experts is inviting national disaster.

Time is an essential factor. If the money is appropriated today, the air forces cannot achieve the 70-group program with trained personnel and modern equipment overnight.

In order to refresh our memory about the time required by an unprepared country, I would like to relate some dates. Germany began bombing England in 1940, and it was not until 1943 that the Allies were first able successfully to bomb Germany by daylight. Three years were required to retaliate against the Germans with weight of bombs comparable to that used on England.

Japan bombed Pearl Harbor December 7, 1941. Not until June 15, 1944, was the United States able successfully to bomb Japan. Even under the pressure of war, it was 2½ years before we could strike back at Japan in the manner in which she struck us. We will never be able to enjoy this time interval again.

The 70-group program has been established on a strict austerity basis. Every unit must be fully trained and furnished with the latest equipment. It is the absolute minimum force that will provide: First, instantaneous air defense; second, a long-range striking arm with the power and capacity to destroy the enemy's industrial and war-making potential.

The 70-group air force would be strictly a "one-shot effort" unless it was backed by civilian reserve components which are adequately trained and equipped. The striking action against an enemy will necessitate deep penetration into this homeland. The mission will be extremely hazardous and the losses will be high. The reserves must be capable of stepping from their civilian jobs to the cockpits of modern bombers.

The present reserve picture is discouraging. The Air National Guard and the Air Reserve program are training only a small percentage of the available personnel, and this training is being conducted in obsolete aircraft which should be immediately replaced by modern types.

No one questions the importance of research and development to military aviation. A requisite for the effectiveness of the 70 groups is that their weapons be superior to those of any foreign nation. There is every evidence that foreign nations are aggressively conducting research programs on a wide scale.

The aircraft of tomorrow is just as important as the aircraft of today. A lagging research program means a hopeless position for our Air Force 5 years hence. The implication of modern weapons is so deadly that we must never allow our research and development program to fall behind.

The procurement requirements of the 70-group program are not a secret. They have been amplified frequently by Air Force officials. We need at least 6,869 aircraft for the 70 groups, 3,212 for the National Guard, 2,360 for the Air Reserve—making a total of at least 12,441 airplanes. A strategic reserve of 8,100 brings this over-all total to 20,541 aircraft.

Today we have in active service about 10,000 aircraft and most of them are trainers. We have, roughly, only 500 bombers and 2,000 fighters in operation today, and the majority of these types are obsolescent.

The annual procurement requirement to build this force up to strength and keep it modern is 5,200 aircraft annually. The Congressional Aviation Policy Board represents the annual procurement requirement in air-frame pounds. This board believes that the annual procurement of 63,000,000 air-frame pounds is needed if we eliminate the Air Force Reserve, and 111,000,000 air-frame pounds if we maintain an adequate Air Force Reserve. The Air Force will procure 13,000,000 air-frame pounds in the fiscal year 1948.

The accomplishments of the Air Force procurement requirements would permit the survival of the aircraft industry. This industry, which is a vital factor to the Nation's air power, is in acute distress at the present time. The loss of a sound, expendable aircraft industry with its nucleus of skilled labor, engineering technique and production equipment would be a severe blow to our prospects of air supremacy.

The acts of an aggressor nation, the testimony of experts, and the recommendations of the two fact-finding boards all indicate that immediate action must be taken to restore the air supremacy of this Nation. It is an inescapable conclusion that air power will be the decisive factor in any future war. The additional appropriation which is required to establish the 70-group program is the wisest security investment that this Congress can make. The penalty for the failure to maintain our air supremacy may mean not only the waging of a defensive war, but the actual loss of a war. To put it in the more solemn vein, it might mean the end of our western civilization.

The best way to have peace, we now know, is to be prepared for war. That is true at least as long as Russia continues to hold the attitude she now has. Power is the only thing she will recognize.

The President of the United States has found, after conference with Secretary Forrestal and Secretary Marshall, the situation so serious that he has recommended to the Congress that measures be passed providing for:

First. Universal military training.

Second. The establishment of selective service.

Third. European aid through the Marshall plan.

Should Congress do all of that; in the absence of an adequate Air Force we would not be prepared for war should it come, and not being prepared for war, we would have a less chance for peace which is and must be our objective.

Mr. Chairman, we must not be caught short. We owe it to the American people to provide this enlarged air force as the greatest step toward peace. I plead with the Congress to take steps now; we must not provide too little nor be too late.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was granted permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, in the course of my remarks I shall deal with two subjects which are of particular interest in connection with this legislation. First, the question of ascertaining surely, for the benefit of the House, that the ERP legislation represents a 1-year commitment.

Second, to show the relationship between this legislation and the United Nations, a point of great interest to many Members.

First, a few observations on the program itself: This is a middle-of-the-road program. There is grave fear in the country that we may go overboard in either direction. We can either go overboard on the inevitability of war with the Soviets or a preventive war, or we can go overboard with another school of thought which says there is no danger; that all we need to do is to sit down and talk this over with the Soviets and everything will work out.

Taking the latter school first, it is generally very advisable to sit down and work things out, and certainly negotiations with the Soviets, though they failed at Moscow and London in the past, must be continued. But it is also necessary that the fellow you want to sit down with be willing to do so if you ask him to; and, second, that he be willing to follow through on the commitments undertaken, assuming you can arrive at any commitments. Finally, what do we do in the meantime? What do we do in the meantime—while we talk and negotiate—with practically a whole continent that is broke, that is living at the rate of 2,500 calories a day, which is a diet on which adequate work cannot be sustained? What do we do with a whole continent which sees only two alternatives, either that we support its recovery according to its own program, or that it must adopt a police state in order to distribute scarcity with the bayonet.

Now, the preventive-war school makes practically the same argument. It takes time to prepare for a preventive war or any vast military operation; but far more important is that a preventive war is unthinkable to the people of the United States, to me, or to any American, it is antithetical to the basic principles of any such democracy as ours. The American people would not and should not stand for it. What would we get from it? Not 10,000,000 but 50,000,000 displaced persons, a reconstruction problem many times as great as the one we now have, because it would encompass not only Europe and part of Asia, but the whole world, and would bring on an inflation which would make the present one pale by comparison. No, both the sit-down-and-talk-it-over school and the preventive-war school of thought go overboard in a way the American people will not follow. Therefore we must have a middle ground.

The middle ground we have decided on in this bill, is to try to put the European

nations in such shape that they can reconstruct themselves economically, and based upon that reconstruction, in terms of their own security, if they can proceed both internally and externally with their own rehabilitation to the point where they can resist both internal and external aggression, then the United States can play its part and only its part as a leader in the world and as a guarantor that the commitments of world peace will be lived up to.

At another time, and on another occasion, the House will be called upon to deal with the necessary military measures to enable the United States to discharge its international responsibilities. Now, we are called on to take those measures which are essential in order to equip our allies and help them, if we can, defend themselves internally and externally so that they can be strong both internally and from the point of view of their own national security.

By this bill we hope to make progress in straightening out internal disorder which obstructs recovery. We hope to finance reconstruction in return for self-help and mutual cooperation. We assume that people do not wish to destroy themselves if given any hope that they can possibly recover through their own efforts with our aid.

I said at the start that there were two questions in this legislation with which I would deal, and I want to do that now. Much has been made of the issue that this European recovery program represents a 4¼-year program. Now, the Congress obviously has no legal power to bind future Congresses, and so there can be no question of any kind or character about a legal commitment. There is not and there cannot be a legal commitment, but the Committee has to go further than that. The Committee has to recognize that while the Congress is unwilling to undertake any type of commitment, either express or implied, something must be done about making the nations engaged in the European recovery program understand that we know their problem, their plan, and their expectation that they cannot recover in 1 year; that in this legislation we are cognizant of the fact that they are embarking on a 4-year program which is their hope for recovery, and in the event that the policies which we outline in this bill—and I will refer to these policies in a minute—are complied with and these nations do not go Communist and adopt a police state, but go forward with their program for recovery and self-help, and mutual cooperation, then we are telling them that they have a reasonable chance to have their program continue. We give them to understand that we are not making a 4-year commitment of any kind or character. We are making that clear. We give them to understand that we envisage here that the 16 European nations have conceived this as a 4-year program, we give recognition to that fact while we make it clear that we are undertaking no obligation or commitment to support the program during that period. We are undertaking, however, only what we say in the bill, to start it off the first year.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MUNDT. I think the gentleman should emphasize at that point perhaps that the reason we prefer the House version of the bill for an annual reauthorization, as it were, is so that there can be public hearings and the Congress as a whole and the taxpayers have the picture, a full report of the manner in which the program is progressing; whereas, under the Senate version of the bill requiring annual appropriations only, since the Appropriations Committees meet in secret, the public and the House would have no opportunity of knowing how the program was functioning.

Mr. JAVITS. I thank the gentleman for his contribution.

Mr. Chairman, I shall now demonstrate from the CEEC report of the 16 European nations meeting in Paris and from the language of the bill itself, first, what the European nations expect in connection with this program, and what the bill provides.

They say in the report of the Committee on European Economic Cooperation, which is the very foundation for this whole program:

The effects of the war, which are so clearly illustrated by the lack of balance in the world's trading pattern, cannot be cured in a few months. Nevertheless the participating countries are confident that in 4 years considerable and decisive progress can be made to overcome them. This recovery program can break the back of the problem.

That is what they envisage as the nubbin of their problem. They have to have 4 years to work it out. What do we say about that? We say, and I quote from section 114 (c) of the bill, which is the appropriation section, page 82 of the copy which the Members have:

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of 1 year following the date of enactment of this act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000.

It is very clear from that recital that hereafter if there are to be any other funds made available for the European recovery program, and there is no commitment that there will be, but if there are to be, those funds are to be newly authorized and appropriated. This is a very sharp difference from the Senate bill, as my colleague from South Dakota has already pointed out. In the Senate bill it is stated, and I use the exact language of S. 2202:

There are hereby authorized to be appropriated—

That means that the Foreign Relations Committee has already done its work and the only thing that is necessary is for annual appropriations to come in on the basis of a policy and a program already

committed for legislatively. Here in the House, however, by our provision the House Foreign Affairs Committee undertakes annually to consider the program anew, and to determine whether American foreign policy and the situation in Europe and the world dictate that there should be authorization for further support of this program. Then and then only is authorization made, and after that in the same way authorization is to be made for each successive year. Then based on each such authorization the whole matter will go before the Appropriations Committee for appropriation each year. That is about as tight as you can make it and at the same time inform the European nations that we understand their program, that we envisage it as a 4-year program as far as they are concerned, and we will do what we can to meet it within our constitutional processes and within the necessity on our part for reviewing the program, not only for amount but for policy every single year separately.

If any further confirmation of that were needed, it is found in the policy section of this bill to which I now refer and which is contained on page 47, section 102. The policy section states clearly why we are going into the European recovery program. The first point is that the Congress, "finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations."

So that we say first there is a dangerous situation existing. Then we say, and this represents a distinct difference from the Senate bill:

It is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity.

The Senate bill used the word "hope," but we use the word "policy."

In other words, we say if we consider the condition of the world to require it, and if the European nations get together as they themselves have stated for self-help and mutual cooperation, then we will encourage them to go along with the program.

We put in two additional very important provisos found on page 49. We say first:

It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe.

Then we add another proviso which states:

It is further declared to be the policy of the United States that continuity of assistance provided by the United States should at all times be dependent upon continuity of cooperation among countries participating in the program.

So that only if all those policies and provisos are met by the cooperating

European nations do we envisage a situation where we can go along with them beyond this first year.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. O'HARA. Regarding what the gentleman just said with reference to the danger to the United States, I wonder if this is a declaration of war or whether we should construe the policies read as a declaration of war, in view of the policies which the gentleman has just read.

Mr. JAVITS. It is not a declaration of war and we should not have a declaration of war. I just stated to the gentleman that the European recovery program is a middle-of-the-road program. It attempts to meet the dangerous situation of the world, in the first instance, not that we are going to neglect our own preparations for national security, but in the first instance by strengthening and building up through recovery the European nations as a bastion of democracy.

Mr. O'HARA. As I understood the language, it said it was endangering the United States. Of course, to me, I suppose, lawfully, we would have to have some sort of language such as that to make it endanger the United States.

Mr. JAVITS. The language reads:

The Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States—

But then it goes on and finds means with which to meet that challenge, or that danger, and a primary way is the European recovery program prescribed in this bill.

Mr. PHILLIPS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Tennessee.

Mr. PHILLIPS of Tennessee. Would the gentleman be willing to vote for an amendment to take a portion of this \$5,000,000,000 to strengthen our Air Corps immediately?

Mr. JAVITS. I believe that that is a problem with which we will deal. I am certainly not alone among the supporters of this bill who will support other measures and actions which go to insure the national security of the United States, militarily or in any other way.

If we try to do it in this bill we lose sight of the need to fortify another line of defense. Certainly, I believe the gentleman will agree with me and most Americans will agree that what we want is an alliance of all democratic nations. We do not want to be isolationists, but we also do not want to be isolated.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. KLEIN. Would the gentleman explain in just a few words, if it is possible, why his committee brought out the bill in its present form; that is, combining aid to Greece and Turkey and China in the ERP?

Mr. JAVITS. I will tell the gentleman that the effort of the committee was to present the House with a complete foreign policy, and the committee, when it first started hearings on the ERP decided that it would hold hearings not on the single issue of the European recovery program, but on the issue of what should Congress do with respect to the over-all foreign policy of the United States.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JAVITS. The committee then found, for example, that internal disorder in China, which is one flank of the United States, prevented recovery in China, and that China aid was essential if there was to be an opportunity to make of China a democratic nation. I am perfectly familiar with all of the problems involved there and all the doubts which prevail among many people, including myself, about the situation in China, as far as the National Government is concerned. There is one thing, however, that the gentleman and every other Member of the House should remember. It is one thing to have a government with which we can do something, with which we can try to make improvements, out of which we can try to bring about a democratic government, and to bring about reforms. It is another thing when the curtain falls and we have no one to deal with in any way, and when democracy is completely shut out forever by police-state methods.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Colorado.

Mr. CARROLL. I have great respect for the gentleman's opinion on these matters, because I know he has given a great deal of study to it. But, what is the moral or legal basis for our intervention in China? I can understand the Greek-Turkish problem. We were invited by that Government. There was military penetration. There was a border incident. But here we have a civil war in China and, as the gentleman from Minnesota said yesterday, the great mass of the Chinese people are against the present Government. I am wondering now, from a moral and a legal basis, what right we have to intervene.

Mr. JAVITS. I think the gentleman is presupposing facts to contrast the difference between the Chinese and the Greek situations, which does not exist, and I will explain why. The gentleman presupposes that the great majority of the Chinese people are opposed to the present Chinese Nationalist Government. That is a presupposition on a decisive fact.

Mr. CARROLL. I am taking the opinion of the gentleman from Minnesota, who is an expert on this, and also the opinion I get from other people.

Mr. JAVITS. The gentleman from Minnesota is here and can confirm if he said that the majority of the Chinese people are opposed to the Chinese Nationalist Government. I have certainly not heard him say it before.

Mr. JUDD. I certainly made no such statement as that.

Mr. CARROLL. I am asking the gentleman this question because I am searching for information. We all know what the Communists are doing in China. Yesterday I understood that a great many of the Chinese were not Communists and that a great mass of the people are not for the present government. Is that right?

Mr. JUDD. Yes, I think that is right. A great many people are not for the present government in China, the same as a great many Americans are not for the present American Government. The Chinese are tired, disillusioned, and wish they had better living conditions. But their choice is not between their present government and something better, it is between their present government and the Communists, and dissatisfaction with their government does not imply disloyalty to it.

Mr. CARROLL. I asked what is the basis, moral and legal, for intervention in China. Has China ever laid its case before the United Nations that another power is seeking to destroy her sovereignty?

Mr. JUDD. Since 1931, the Chinese have had their case before international tribunals; since Japan first went into Manchuria. Our action is not intervention in China. It is belated making good on commitments we made to China during the war. The gentleman has read the Cairo declaration, I am sure. We have also made commitments to China since the war. They are wholly in America's own interest. It is not primarily a matter of our helping the Chinese, the important concern is to keep the Chinese free and on the side of the free peoples of the world. That is the over-all and overriding consideration.

Mr. CARROLL. Then by the same token, I take it that we can move all over the world any place where we think our interest is affected, and we can put in military missions and supplies if we do not agree with the internal affairs of that nation.

Mr. JAVITS. There is one other presupposition which the gentleman makes in this case which is not true. It is a fact that the Chinese Government has asked for this aid. The gentleman does not mean us to understand that the Chinese Government does not want this aid or has repudiated it or will not accept it?

Mr. CARROLL. In connection with the gentleman's remarks about Palestine, where we had a situation where we completely reversed ourselves based upon the principle and the idea of power politics, we have completely reversed our stand and now, again, using power politics, we move into a new area and we say that we will not only give supplies but will send military missions and show them how to use the equipment we send in. We do that in our own national interest, in the interest of our national security. I am asking what legal and moral basis there is for that.

Mr. JAVITS. The gentleman knows my own preoccupation with the Palestine issue and how thoroughly I condemn the shocking about face in American

policy on Palestine, and how hard I am fighting to see justice done there.

The legal and moral basis on China I think has been explained to the gentleman by the gentleman from Minnesota, Dr. Judd. It can very well be summarized, as I understand it, by stating it is the same in China as it is in Greece and that is the basic postulate upon which the aid is given.

There is one other point I am to discuss, and that is the question of the United Nations. Section 121 of this bill, at page 96, states that the administration and activities under the bill shall be tied in with the agencies of the United Nations. The President is even given authority to utilize some of the money under this bill for the purpose of utilizing these United Nations agencies for usable services and facilities; provided, however, and it is very carefully hedged, that the type or the amount of assistance, or the method of furnishing assistance to any country, under the bill shall at no time be the province of any United Nations agency. Cooperation with United Nations agencies is provided for. Also, under the bill, the United States special representative to administer the program in Europe, serves on the European Economic Commission, a United Nations agency, which includes the European Coal Commission, which distributes the coal produced in Europe, and the Inland Transport Organization, which deals with inland transport in Europe.

Just one further point that is very important. By making it a policy of the people of the United States to encourage close economic cooperation between the 16 nations of Europe in the European recovery program, we have the beginnings of a regional arrangement in western Europe which is the kind of an arrangement contemplated under the United Nations Charter, and which is very much the kind of an arrangement we have here in the Pan American Union among the nations of the Western Hemisphere. It is an effort to encourage the European nations to get into that same kind of an arrangement which we have here, and which has been so highly conducive to the cause of peace in this part of the world.

Such a regional arrangement is contemplated by chapter VIII of the United Nations Charter, and in declaring our policy as we have here, we are endeavoring to encourage the European nations to fit into that context and encourage them, which is the word we use in the bill, to move in that direction.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. SMATHERS. Does the gentleman from New York have any idea how much this program for China will cost us next year and the year after?

Mr. JAVITS. The best answer, sir, is that in China, just as in Europe, we are undertaking strictly and exclusively a 1-year commitment. I would like to read these words to the gentlemen from the bill because they are very important. They occur in connection with the appropriations section on page 82. The bill says as follows:

Nothing in this title is intended, nor shall it be construed as an express or implied com-

mitment to provide any specific assistance, whether of funds, commodities, or services to any country or countries.

Then the next sentence put in by the House committee reads as follows:

The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorizations.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLOOM. Mr. Chairman, I yield one additional minute to the gentleman.

Mr. SMATHERS. Is it anticipated that this amount of money for China will in any way level off her economy or stop the civil war that is now going on over there or produce any practical or foreseeable results?

Mr. JAVITS. It is anticipated that the \$420,000,000 which is to be devoted exclusively to economic aid will be a material factor in helping the Chinese to stabilize their economy. That is the reason the committee voted to authorize the money. We expect that it will have a material effect on the situation of China, otherwise we would not have voted for it in the first place.

Mr. SMATHERS. Does the gentleman think that \$400,000,000 will be sufficient to do that?

Mr. JAVITS. I would not hazard a guess, because one would have to be an oracle to say whether it would be sufficient or not. We are doing the best we can under the circumstances. The gentleman must remember that with other large commitments and necessities upon us, we have to in some way balance our program all over the world. We have large responsibilities in Europe and Asia and possibly even in other parts of the world.

Mr. SMATHERS. I thank the gentleman.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Chairman, I took great pains to read practically every page and every statement of the two voluminous hearings held on this important bill. It reminds me of the incident that occurred when Calvin Coolidge was President of the United States. He looked out of the window one day and was extremely shocked at what he saw. He called all his aides to the window and said, "I want you to see a sight that you have never seen before."

So the aides came over to the window, and they took a look. They asked Calvin Coolidge what was there so important and so unusual about that sight. Calvin Coolidge said, "Well, there is United States Senator Borah riding a horse."

The aides then said, "Well, what is so unusual about that?"

Calvin Coolidge then said, "Well, the horse and Senator Borah are going in the same direction."

I am very much in the same position on this bill. In my 5½ years in Congress, I have voted against every foreign loan, gift, and grant that has been proposed in the Congress. I voted against lend-lease because I thought too much of it was going to Russia. I voted against UNRRA because UNRRA was a Russian baby, pure and simple, and it was even conceived in places where news-

papers or Members of Congress were not allowed to go. I voted against every foreign loan, gift, and grant in the past because I felt the Congress and the State Department and the White House were going in different directions. While we are proposing schemes to stop communism on the one hand, our State Department was feeding them with the other. This is the first time, seemingly, that the State Department, the White House, and the Congress are going in the same direction—to stop communism. I propose also to go wholeheartedly in that direction.

In reading the bill and the various hearings that have been held and almost every statement that was made, I was rather disappointed in one or two features. That is, the exclusion of a country which I feel is very important in the recovery of Europe. That country is Spain. I want to compliment especially at this time the distinguished gentleman from Connecticut [Mr. LODGE], the distinguished lady from Ohio [Mrs. BOLTON], and the distinguished gentleman from Pennsylvania [Mr. MALONEY] for asking certain questions pertaining to why Spain was not included in the European recovery bill. I was much elated over their questions, but I was disappointed in the answers furnished by Secretary of State Marshall. Of course, whenever a difficult question is asked the State Department and they cannot answer, they always say, "Well, we do not feel it is psychologically the proper time to discuss that matter now." That was virtually the answer that Secretary of State Marshall gave as to why Spain was not included in this bill.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I gladly yield to the lady from Ohio.

Mrs. BOLTON. Just with regard to the matter of Spain, it was my understanding that Spain was excluded by the countries of Europe, not by us; and until the countries of Europe accept Spain as a part of the 16 countries there may be some question in the matter.

Mr. O'KONSKI. I thank the lady for her contribution. I want to cover that a little later.

Mr. Chairman, when the Marshall plan was first submitted to the people of America and to the people of the world, it contained a very important statement. That statement was, "This plan is directed against no country or doctrine." As a matter of fact, if you will remember correctly, even Soviet Russia was invited to participate in the benefits of the Marshall plan. So were all the satellite countries of Europe asked originally to participate in the Marshall plan. "It is directed against no country or no doctrine." But things have developed since June 5, when Secretary of State Marshall gave that significant speech. Things developed, and the country that was the greatest salesman for the passage of the Marshall plan was the action of Soviet Russia in recent weeks. As a result of these actions on the part of Communist Russia, ERP has become almost completely a stop-communism move.

In this new picture that the Marshall plan has taken on I am very sad to see that the most anti-Communist country

in Europe is left out of this bill—that is the country of Spain. So far, the provisions of the bill do not provide for Spain. No country in the world has shown such hatred for communism as have the Spanish people and the Spanish Government. If this is an anti-Communist measure, let us include the country that is the most anti-Communist of any country in Europe at the present time.

Now, because it is businesslike, the Marshall plan includes all the neutral countries of World War II, and even former enemy nations. If you will look at the 16 nations that are participants in this plan and included in this bill, you will find that many of them were neutral countries. Many of them were enemy countries. But the country that was neutral and yet helped us just as much as they possibly could, is left out. As the eminent lady from Ohio [Mrs. Borron] pointed out, Spain was responsible for saving the lives of 4,000 American fliers—they did not intern them but immediately set them free so that they could fight again for the cause of the Allies. Spain was neutral, but their hearts and their wishes were with the allied cause, particularly with the United States of America. Yet Spain is thus far excluded from this bill.

Spain is free to maintain international commercial relations. And here is the peculiar part of it: Spain today is carrying on trade relations, beneficially, not only to Spain, but to the countries who are in need of help, with every one of the 16 countries covered by the so-called Marshall plan. She has a trade agreement with Belgium, which country is in this plan. She has a trade agreement with Denmark, which is in this plan. In 1947 Spain granted a 2-year credit of 10,000,000 pounds sterling to Great Britain. Great Britain is included in the plan. It has a trade agreement with Norway, which is in this plan; with Italy, which is in this plan; with Ireland, which is in this plan; with the Netherlands, which is in this plan; with Portugal, which is in this plan; with Sweden, which is in this plan; with Turkey, which is also in this plan. Spain today is doing business with the 16 nations in the Marshall plan. By what rule of logic should Spain be excluded? Is it because the pinkos still control our State Department? Is it because our State Department fears Russia might not come in if Spain does? To eliminate Spain from this bill is nothing but shameful and stupid appeasement of the pinkos in Moscow and pinkos in our State Department and Department of Commerce.

Gentlemen, you will make Moscow very happy by excluding Spain. Moscow will consider it a moral victory if Spain is excluded.

Now, what is not brought out in the committee, and I am very sad to say that it was not, was the contribution that Spain has already made to the recovery of Europe. I have not sufficient time to read all the contributions Spain has made to these countries of Europe that are so tragically in need of relief. In 1946 Spain sent and exported to the nations in Europe covered by the Marshall plan more than 3,000,000 metric tons of foods and goods.

At the present time all that Spain needs to treble the amount of exports to those countries is a little fertilizer and machinery. Incidentally, the biggest item in the Marshall-plan program is food and things which are in short supply in the United States of America, and in fact we may have to impose rationing on the American people to meet the commitments under the Marshall plan. Yet, here is a country, Spain, that is today exporting and they can export three times the amount of food they did in 1946 if only under some plan such as the Marshall plan they can get a little fertilizer, if they can get a little cotton and machinery. This incidentally should interest the Members from the South. Spain today needs 550,000 bales of cotton in order to make a working economy that they may ship clothing and other articles to the people of Europe who need them. Every ton of food and goods Spain ships to the 16 countries of Europe means 1 ton less the United States will have to ship.

Spain needs coal—1,100,000 tons. They need sugar to meet a deficit of 80,000 tons. They need a little farm machinery and can only get things like that from America. They need a little transport equipment. If they get this, they can expand their production three times and increase their food exports to the 16 nations in Europe that need food, expand three times over the 3,000,000 tons they shipped to these recipient European countries in the year 1946.

Once these requirements are satisfied in Spain—just think of it—they can treble the shipment of food to the countries that need food. Moreover, most European countries hard hit by the war require food; and, as I said before, here is the most important and biggest item under the Marshall plan, calling for a greater expenditure of money than any other item in the bill. Spain can ship food if we give Spain a little help.

Here is something that ought to be brought to the attention of the membership of this House: Spain is one of those rare European countries which has never cost the American taxpayer a single cent and which has always paid scrupulously all of her debts. Why in the name of common sense should this nation be excluded from the Marshall plan?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman one additional minute.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. COX. Mr. Chairman, I rise simply to applaud the position the gentleman takes with respect to Spain. Leaving Spain out of the picture was in my mind a shameful and cowardly surrender or concession to the people that are now identified as the Wallaceites in this country. If Congress means what it says in its support of this bill it will include Spain as one of the countries receiving Marshall plan aid.

Mr. O'KONSKI. I am glad to have the gentleman's statement and will say to him that I intend to propose such an amendment when the bill is read under the 5-minute rule.

Mr. ISACSON. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. ISACSON. Does the gentleman forget that the Government of Spain is a Fascist government which was imposed on an unwilling people by mercenary Moors imported from Africa, by Italian Fascists imported from the legions of Mussolini, and by Nazi soldiers brought over from Germany? Does the gentleman forget that there is a Spanish Republic in exile voted by secret ballot, by democratic processes in the best American traditions? Does he forget that the Spanish Government was born in blood and that it continues to exist at the cost of the blood of the Spanish people? Does he forget all these things?

Mr. O'KONSKI. Does not the gentleman from New York recollect that the Communists of Russia were instrumental in butchering 5,000 priests and 10,000 Catholic nuns in Spain? Does not the gentleman from New York recollect that the Spanish civil war was a Moscow inspired conflict for Moscow to take over Spain?

Does not the gentleman from New York recall that it was Russia and her satellites that tried to take over Spain? Of course the gentleman from New York hates Spain. He hates Spain because it is the only country in Europe which has driven out communism completely.

And an additional reason why we should include Spain in this bill is the statement just made by the gentleman from New York. The source of that statement is an additional reason why we should put Spain in the bill. Communists hate Spain as much as they hate America. The United States needs Spain more than Spain needs us. Are we going to continue to allow the pinkos to determine our policy toward Spain?

Mr. Chairman, under permission secured in the House I insert at this point in my remarks a very interesting résumé of the economic and political factors of Spain's relationship to the Marshall plan:

SPAIN MUST COOPERATE—HOW SPAIN CAN HELP THE AMERICAN TAXPAYER

First. When the Marshall plan was first proposed to the American people they were told that it was economic and nonpolitical.

Secretary of State George C. Marshall told the American people at Harvard on June 5 that his plan was directed against no one country or doctrine, but that it was an operation against hunger, poverty, despair, and chaos. He added that all Europe was invited to cooperate and he let it be understood that his statement included all countries westward of Asia.

Second. The Soviet refusal has given this plan an anti-Communist slant.

It is now clear that only one power, the Soviet Union, does not, for its own reasons, share this aim—the restoration of the European community—

Said Secretary Marshall on November 10. No country has shown more of its anti-Communist ideals than Spain. As Spain's traditional objective has always been the welfare of its people and the liberty and dignity of man, why not agree

with Governor Dewey when, on November 5, he said:

So long as human liberty is maintained as a principal objective of a government, that government is our friend.

Third. Because it is businesslike the Marshall plan includes all the neutral European countries of World War II and even the former enemy nations.

Neutral European countries of World War II—Sweden, Switzerland, Ireland, Portugal, Turkey—several of them not members of the United Nations, are included in the plan. American leaders and the press have stated daily that the inclusion of Germany and Italy, former enemy nations, is essential to the economic success of the plan. This no one can dispute. But what are the reasons for excluding Spain, a nation whose neutrality was so helpful to the allies during the war? Is it because of the narrow-mindedness and petty rancor of certain European politicians who are thus endangering the success of the plan?

Fourth. Spain is free to maintain international commercial relations. Even the United Nations have not barred Spain from this field, Spain has recently signed commercial agreements with all but one European country included in the Marshall plan.

Even the first General Assembly of the United Nations, though fraught with political passion, made no allusion and set to limit to Spain's right to carry on international commercial relations with other countries. The second assembly did not doubt the absolute commercial freedom of Spain. Spain, freely exercising her rights, maintains normal commercial relations with 15 European countries which are included in the Marshall plan and has recently signed or renewed previous agreements with them. Spain has granted some of them important credits. The following are a few of these agreements:

1. Belgium, February 1946, still operative.
2. Denmark, 191, extended annually.
3. Great Britain, March 1947. Spain has granted a 2-year credit of 10,000,000 pounds sterling.
4. Ireland, 1946, recently renewed.
5. Italy, January 1946.
6. Netherlands, November 1947.
7. Norway, operations through compensation.
8. Portugal, agreement revised half-yearly by joint committee.
9. Sweden, September 1947.
10. Switzerland, July 1945, recently renewed.
11. Turkey, operations by compensation.

Fifth. The cooperation of Spain to the Marshall plan would make it more effective, would reduce the number of dollars the United States must supply and, therefore, the burden on the American taxpayer would be lighter.

As day by day we see Europe more clearly divided by Communist intrigue into east, rich in agriculture and raw materials, and west, highly industrialized, it is evident that the economic inclusion of Spain, or at least her cooperation to

the success of the plan, is peremptory for the plan's efficiency and lasting effects.

The flow of food and feeding stuffs, timber, and coal from eastern Europe would be of crucial importance to the complete success of the plan. It is obvious that the American people, even counting on extraordinary crops, cannot face this great task without considerable sacrifice. Therefore, why not include or seek the cooperation of a nation which has a lot to give? Even now, while receiving a minimum of fertilizers and raw materials from abroad, and therefore, struggling against limited production and a scarcity of foreign exchange, the contribution of Spain to Europe for the export period 1947-48, is as follows:

Commodities:	Thousands of metric tons
Iron ore.....	1,000
Pyrites.....	1,000
Lead.....	10
Wolfram.....	3
Mercury.....	Preponderant share of western European consumption.
Potash.....	50
Colophony.....	15
Turpentine.....	7
Cork.....	83
Skins.....	3
Olive oil.....	40
Olives.....	42
Dried apricots.....	3
Apricot pulp.....	3.5
Almonds.....	20
Filberts.....	7
Onions.....	27
Anchovies.....	3
Canned fish.....	7
Paprika.....	2.3
Tomatoes.....	125
Lemons.....	20
Mandarines.....	25
Oranges, including bitters.....	618
Bananas.....	18
Grapes.....	8
Brandies..... gallons.....	4,000,000
Wine..... do.....	26,500,000
Cotton fabrics..... yards.....	110,000,000
Wool fabrics..... do.....	11,000,000
Rayon..... do.....	16,300,000

Summing up all the data for the last 3 years, we have the following:

[In thousands of metric tons]			
Commodities	1945	1946	1947 ¹
Food.....	390	365	257
Raw materials and finished goods.....	1,796	2,678	1,554
Total.....	2,186	3,043	1,811

¹ First half-year.

A country with a social peace and a producing potential such as Spain's would require the following to increase her exports to other European countries:

(a) Fertilizers: The average amount of fertilizer Spain used during the period 1930 to 1935 was 1,360,000 metric tons.

Apart from the potash fertilizer which is produced in Spain, the most important are superphosphates and nitrates. The capacity of superphosphate production in Spain is 2,000,000 tons per year, but Spain used to import phosphates from Algeria as Spain's production is very small. The

interruption of commercial relations with France obliges us to import phosphates from the United States and these imports are small because of a lack of dollars. Nitrogenous. Spain requires at least 100,000 tons of "N." The International Emergency Food Council has allocated 31,632 tons of "N" for the present year. The national production is 3,600 tons of "N." The deficit is, therefore, 74,768 tons of "N" in order to cover Spain's minimum needs.

(b) Cotton: Spain has 1,315 factories working 79,875 looms and 2,039,000 spindles consuming about 15,000 tons of cotton monthly. Spain's requirements (discounting national production) are 110,000 tons or 550,000 bales.

(c) Coal: Spain produces today 10,000,000 tons of bituminous coal. For her heavy industries and transports she needs 12,000,000 tons. Therefore, she must import 1,500,000 to 2,000,000 tons formerly imported from the United Kingdom.

(d) Cellulose for rayon fabrics: Spain needs 50,000 tons.

(e) Tar, coal tar: Spain needs 60,000 tons.

(f) Tin plate: For its canned-goods industries (fish and vegetable industries) Spain needs 30,000 tons annually. Our foreign allocations are very small. National production is very small and do not meet our needs.

(g) Sugar: Spain has a deficit of 80,000 tons.

(h) Machinery: Machines, tools, turbines and other hydroelectrical equipment, public works, machinery required to complete factories at present under construction. These demands would be limited and directed to increase Spain's output. United States is the only world supplier.

(i) Transport equipment: Trucks, busses, cars, railway equipment.

Once these minimum requirements are satisfied, Spain could double, even triple, many of her exports to European countries.

It is more than patent that Spain's cooperation would reduce the required economic help of the United States and would, therefore, appreciably lighten the burden of the American taxpayer.

Moreover, most European countries, hard hit by the war, require food, and America's intense contribution naturally causes an inflationary tendency in the home markets. Primarily, Spain does not need food from the United States; she wants capital goods which the American market can export far more easily without any direct repercussion on the United States price index, and Spain could offer one of the soundest European investments for these imported capital goods.

Sixth. Spain is one of those rare European countries which have never cost the American taxpayer a single cent and which has always paid scrupulously all her debts.

We are living in a time of empty promises and fantastic demands for loans from countries who are attempting to lead a life of luxury on the sweat of their friends' brows, and we must never

forget that Spain is that *rara avis*, the European country which (1) has never cost the American taxpayer a cent, and (2) always pays her debts.

It is, therefore, economically obvious and businesslike that Spain should cooperate in the Marshall plan and that the American taxpayer should not have to bear on his shoulders the burden of the economic mistake of not admitting Spain's contribution.

Mr. BLOOM. Mr. Chairman, I yield 20 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, before discussing the pending bill, may I say that the argument advanced by the gentleman from Wisconsin in regard to Spain cannot be refuted. I call the attention of the House to the fact that Spain can be invited into this group of nations in Europe yet. Spain can come into this group just as Soviet Russia can come in, just as the satellite nations of Russia can come in, if they agree to the principles enunciated in the Marshall plan. Why, certainly, if Spain wants to cooperate with the other nations of Europe for cooperative economy security she has the right to come into this organization, and I believe before long she will be in this organization.

Now, as to the four titles of this bill. I am sorry I cannot go along with the committee members of the majority who have spoken on the subject in their position that the Committee on Foreign Affairs has done a masterful work in packaging four different phases of foreign assistance in one bill. In my opinion, the Foreign Affairs Committee did a bad job in putting these four titles together. That was the general position taken by the minority members of the Committee on Foreign Affairs.

Mr. Chairman, the first title of the bill is the ERP title, providing \$5,300,000,000 for European economic recovery. I am 100 percent for that. It is the wise thing to do, in my opinion, though our resources in the United States are not unlimited. Right now we should have done as the other body did, and just consider title I of the bill, or the ERP section along the line followed by Senator VANDENBERG, then take up the other provisions in separate legislation.

Title II of the bill, I fully agree, should be included in this bill. That has to do with the \$60,000,000 fund for children's aid. May I right here take off my hat to the gentleman from New York [Mr. Bloom], who offered this amendment to the committee bill and who has worked year in and year out for the starving, emaciated children of the nations ravaged by war.

When we come to title III of the bill, which includes military assistance to Turkey, Greece, and China, I ask why that should be included in this bill? It is true that economic assistance and relief aid should be supplemented by military assistance to some countries. But can the Foreign Affairs Committee qualify, can the State Department qualify, to advise this House as to how much and what kind of military aid should be given China, Turkey, and Greece? In my humble opinion, that title should have gone to the Armed Services Com-

mittee for its consideration, where the advice of the military men, naval men and the Air Force experts could have been heard and acted upon.

The military-aid title of the bill provides for \$275,000,000 for Greece and Turkey. It provides \$150,000,000 for China. It is my humble opinion that this title should not be included in this bill, because here is the situation you are going to find yourselves up against in a few days. The Senate Foreign Relations Committee has passed an ERP bill. It is now considering a separate bill for military aid to Turkey and Greece and China and it is also considering a separate bill for economic aid to China.

Now, granting that we pass this bill with all four titles in it, what are we going to be up against when this bill goes to conference? This bill, without adequate testimony, will be written in the free conference committee of the House and the Senate. As a matter of fact, the House Foreign Affairs Committee has had 2½ hours of consideration of military aid for Greece and Turkey; 2½ hours hearing witnesses. We had only about 1 week of half-baked testimony on the subject of economic aid to China while we had 7 or 8 weeks of testimony on the ERP program. Now, my contention is that you cannot intelligently legislate that way, particularly on such a momentous question.

My good friend the distinguished gentleman from Minnesota, Dr. JUDD, I think, is one of the greatest authorities on China. I judge him to be a man who has a keen understanding of world problems, and who is overflowing with sentiment for the downtrodden everywhere. But I am afraid that he cannot see the woods for the trees. My friend says that we have betrayed China. I do not think the record will bear him out in what he says. He has condemned the foreign policy of the United States in regard to China. I admit that our foreign policy has not always traveled along in one straight course in the field of international relations. The foreign policy of no country has done that, and I will admit that we have blown hot and cold some times, as all nations have. Why, it is entirely possible that we made a mistake when, under a Republican administration and under a great Republican Secretary of State, we declined to interfere in the rape of Manchuria by Japan. Maybe we did wrong then. Maybe a little later on we made some mistakes at Yalta, that much condemned conference. But history can only paint the right picture of what happened at Yalta if it fully considers the conditions that faced the world at that time.

If Russia had carried out the promises she made at Yalta, China would be in a favorable position today.

What was the situation at the time of the Yalta agreement, February 1945? At that time we wanted to be assured that Russia would enter the war in the Pacific. We were about to invade Japan, and we wanted Russia to fight the Japanese in China at the same time. We wanted to save the lives of a million American boys if possible, and it was prophesied that we might lose that number in the invasion of Japan. At that time, you remember, General MacArthur

was still fighting to conquer the Philippines. At that time Iwo Jima had not been invaded or taken. At that time Okinawa had not been conquered, with all the attendant loss of life. It took us 82 days to conquer Okinawa. Who is there here on either side, the Democratic side or the Republican side of the House, who can truthfully say that had he been at Yalta he would not also have agreed to the terms of the agreement there?

Who knew then that Japan would surrender in the summer of 1945? We knew then and we know now that had Tojo and the Emperor said the word the Japanese would have defended their islands to the death.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. The gentleman says that I condemned our foreign policy with respect to China and said that it had betrayed China. May I ask the gentleman which of the foreign policies he refers to, the one at Cairo or the one at Yalta?

Mr. RICHARDS. The gentleman knows that foreign policy written by the United States at Yalta, or anywhere else, was along lines calculated by those in authority to be for the best interest of our country at the time.

Mr. JUDD. Does the gentleman think it is acting in good faith to promise the head of the Chinese Republic one thing at Cairo and secretly at Yalta promise Russia something in direct conflict? Chiang came to Cairo with his country almost broken and almost forced out of the war. Some Chinese were saying to him, "Why are we pulling English and American chestnuts out of the fire? Let America do the fighting against Japan. She made the money selling the scrap iron and oil to Japan. Why not let her do the fighting. Let us get out of the war and have peace for China." In order to keep China in the war and tie up Japan until we could get fully prepared, we promised that Manchuria would be returned to China. That is what the Chinese had been fighting for for 12 years, since 1931. Why did they resist Japan at all if it was not to retain Manchuria, which, as I said yesterday, is the Ruhr of China, and without which they cannot industrialize and modernize China. We made a public commitment that Manchuria would be returned to China. The President of the United States came home and made a radio speech to the Nation in which he said, "We are merely returning Manchuria to its rightful owners, the Chinese." Those are his words. Chiang went back to China and was able by some miracle to keep his people in the war, because of their faith in our pledge that they would get Manchuria back.

Then the same head of this Nation, your President and my President, went to Yalta and, without the knowledge of a single Chinese, to say nothing of their consent, gave Russia control of the ports and railroads of Manchuria, which means control of Manchuria. Does the gentleman call that a betrayal?

Mr. RICHARDS. The gentleman is speaking on my time. I did not yield for him to make a speech.

Mr. JUDD. I asked what name the gentleman would apply to that?

Mr. RICHARDS. Some mistakes were made but the gentleman's statement grossly exaggerates them. What was done at Yalta was calculated to be of benefit to both the United States and China, and had Stalin kept his promises would have proved to be.

Mr. JUDD. Would the gentleman call it betrayal?

Mr. RICHARDS. Certainly not.

Mr. JUDD. I am not talking about the Democratic Party, I am talking about the policy of the United States. Would the gentleman call that betrayal, to announce a public policy and then renege privately and in secret?

Mr. RICHARDS. Public policy and foreign are never static during a global war, and the gentleman knows it. We were trying to win a war. Will the gentleman allow me to proceed?

Mr. JUDD. Surely.

Mr. RICHARDS. The gentleman said we have betrayed China, that the United States has betrayed China. He used those words. They are pretty strong words. History will show that during the last 150 years that there has been no greater friend of China anywhere in the world than the United States. The very first foreign policy evolved by the United States was in the Atlantic the Monroe Doctrine, and in the Pacific the open-door policy in China. That is the only foreign policy we had until the first World War. Year in and year out we have consistently striven to see that China gets a fair break among the nations of the earth. History will prove that.

And all through the recent war, by every means at our command, regardless of the cost, we poured out our wealth and the blood of American boys even on the shores of China itself. It is sacrilege for the gentleman to say the United States has betrayed China.

And since the war we have been constantly trying to help China.

Secretary Marshall himself spent a year in China trying to iron out the difficulties there, and he, too, was overwhelmed by the magnitude of the task and the hopelessness and apparent impossibility of getting those in authority surrounding the generalissimo to adopt his suggestions and advice.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. COX. Does not the gentleman praise God that General Marshall failed in his mission to China?

Mr. RICHARDS. I do not.

Mr. COX. Does the gentleman agree that the purpose of the pending measure is to stop Russia, now frantically prosecuting her campaign to enslave the world?

Mr. RICHARDS. I fully agree, and in stopping Russia we cannot spread our forces thin throughout the earth. We must use some sense.

Mr. COX. Then does not the gentleman likewise agree that it is terribly unfortunate that a responsible Member of this House, a member of the committee sponsoring the measure now pending,

should take a dig in the side of poor China, our faithful friend, and that we had better give attention to repairing the bridge of faith that joins the two countries, rather than further undermine it?

Mr. RICHARDS. I think it is very unfortunate that distinguished members of the Committee on Foreign Affairs get up on the floor of the House saying that we betrayed China. And I think it very unfortunate that a responsible member of the Rules Committee allows emotionalism to becloud common sense.

Mr. COX. Does the gentleman take issue with that? Have we kept faith with China? Have we made good our word?

Mr. RICHARDS. In general, and taking into consideration all obstacles, we have kept faith with China. General Marshall said in his testimony before the committee that they accept our advice cheerfully and then proceed to ignore it. The able gentleman from Minnesota [Mr. JUDD], a member of the Committee on Foreign Affairs himself, said a few days ago at a committee hearing that you cannot make the Chinese do anything they did not want to do.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. JUDD. What you have said is perfectly true. Why should it be otherwise? I should like to quote here from an editorial in the Washington Post of a few weeks ago, which was designed to show the impossibility of our working with China.

Mr. RICHARDS. Cannot the gentleman put that in the Record?

Mr. JUDD. I quoted from what General Marshall said in one of our hearings:

I tried to make them do continually and persistently—

That one sentence tells, in his own words, the reason why General Marshall failed. He tried to make the Chinese do this or that—naturally he did not succeed. We should give most weight to the testimony, not of the two men who failed in China, General Stilwell and General Marshall, both magnificent commanders and sincere patriots, but of the many Americans who have succeeded in China, for example, General Wedemeyer, General Chennault, Admiral Cooke with whom we had lunch this afternoon, and the whole succession of Americans who, by using another method than attempted compulsion, have been able to get the most magnificent cooperation from the Chinese Government and people.

Mr. RICHARDS. Will the gentleman yield me more time?

Mr. VORYS. I will yield the gentleman another minute if I may just make this observation. It seems to me that the committee should rely somewhat upon the six witnesses on China whom the gentleman from South Carolina, who is now speaking, presented to the committee. All those witnesses supported the policy contained in the bill which is now before the committee for consideration.

Mr. RICHARDS. I disagree with the gentleman about that. I asked the Members of the House to get the hearings and

read them; not just one part of it; read it all.

Now, I want to go ahead and carry out my idea about this thing.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. Well, I will have to have some more time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman two additional minutes from the spare time we have here.

Mr. BLOOM. Mr. Chairman, I yield the gentleman ten additional minutes.

Mr. MUNDT. Will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. MUNDT. I think the record should show, concerning the willingness of the Chinese to accept advice, that while it is true Secretary of State Marshall said he could not get the Chinese to accept his advice, both General Wedemeyer and General Chennault said that never in their experience had they failed to be successful in having the Chinese accept their advice. So that the gentleman from Minnesota, Dr. Judd, may quite well be correct when he says it was a difference in approach, a difference in technique. Secretary Marshall tried to make them do it, and General Chennault and General Wedemeyer tried to lead them to an acceptance of the correct policy.

Mr. RICHARDS. No, using different techniques, the results have been the same.

But I do not want anybody to get the impression that I do not want to render assistance to China. I simply want to proceed along sensible lines. We are helping China now with surplus-military supplies. We are helping China with surplus ships. We are helping China with training schools to man those ships. We are helping China with 400 military instructors. We are helping China with 400 scientific instructors. I want to continue aid to China, but I want the Members of this House to understand the conditions there, and how much it will take to carry the thing through as we propose to carry through the proposal for Europe. And what is going to be the road ahead? I think we may well consider that this afternoon and that is what I want to deal with right now.

Figures recently compiled by J. Franklin Ray, Jr., former UNRRA director in China, for the Foreign Policy Research Association, showed that estimated total American funds spent in aid of China since VJ-day amount to \$2,000,278,000. The items included \$844,721,000 for military aid, \$970,107,000 for relief, rehabilitation, and trade development, and \$30,450,000 for educational and philanthropic aid and \$155,000,000 for fiscal aid.

There may be added to those figures millions of dollar value for which little or nothing was paid on account of bargain price sales of munitions and other goods.

Since the beginning of our aid to China, there has been little or no reform, either military, political, or economic.

No foreign authority has been accepted and no advice followed.

Most every American who has come to grips with this problem will tell you how in China he ran up against a wall of disillusionment and frustration.

Secretary Marshall based his support of this authorization for economic aid to China, amounting to \$570,000,000, solely on the ground that it will give the Chinese one more chance to do something for themselves.

I, along with all other friends of China, want to help China to the extent of our ability and to the extent that China will help herself. I have the greatest admiration for the Chinese people, and I particularly admire General Chiang, the Generalissimo, because I believe he is the main hope of China today. Whatever help we give China, in my opinion, should be given in support of the government headed by the Generalissimo.

It is true that his Government does not meet our requirements for a democracy, but it is the only government there to rally around in opposition to the Communists who seek domination. If the present Chinese Government is supported, then I am sure that the people will ultimately liberalize that government through democratic processes. On the other hands, if the Communists win there, liberty and democracy are dead for generations to come. The trouble is many of our people are overcome with emotional conviction that if we give some help, everything will turn out all right in China. I cannot subscribe to that opinion. We should approach a decision in regard to China on sober and collected thinking.

The main two demands coming from China are, first, food; and, second, military aid. One without the other is useless and a little of either would be money going down a rat hole. It would take billions of dollars to give the Chinese the food they need and any military aid we sent them would, in the light of past experience, be squandered—unless the United States supplies, trains, and directs the Chinese Army.

The American Congress should know that unless we are going to back China "all out," as we propose to back Europe, and unless we follow up with billions of relief supplies and military support, our efforts will be fruitless.

The passage of title I of this bill, in my opinion, is a moral commitment of the United States to go through with a 4-year program in Europe, costing \$17,000,000,000; otherwise the authorization for 1 year will be useless. The same rule applies to China. If we pass the authorization for China, we should follow up with help, both economic and military, for several years to come.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I am sorry, I cannot do so right now.

I think a separate bill should deal with aid to China, that committee hearings should be held on that subject alone. Then we could all have the whole picture, know where we are heading, and what the cost will be.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. Not right now.

A great deal has been said about our general foreign policy.

Mr. MUNDT. If the gentleman will yield for just a second before he leaves the Chinese portion of his speech I wish he would tell the House a little about this so-called Jimmy Yen program.

Mr. RICHARDS. It is the best part of the program. Now let us get to this China military aid proposition. Do you realize we have already appropriated \$300,000,000 for aid to Greece? It is proposed to appropriate an additional \$275,000,000 for aid to Greece and Turkey, of which Greece will get \$200,000,000, making a total of half a billion dollars for Greece in 2 years. The situation is pretty much the same in Greece as it is in China, as the gentleman from Minnesota said yesterday; but do not forget that Greece is a little more than one-fiftieth of the size of China. It has one-sixtieth of the population of China.

My reason for mentioning military aid to Greece in connection with military aid for China is that it is the only place where we have a yardstick to follow when it comes to costs. We are spending in 2 years half a billion dollars on a little country one-fiftieth the size geographically with one-sixtieth of the population of China.

If we authorize \$570,000,000 for China in this bill we should follow through next year and the next. Let us not hand this to them as a little stop-gap aid unless we are going to follow it up and spend several billions more. Unless we are prepared to do this we had better watch our step. There is no 4-year commitment in the case of China in this bill, as there is in the case of Europe.

Mr. JUDD. Mr. Chairman, will the gentleman yield now?

Mr. RICHARDS. The gentleman had his time yesterday. I wish to say something further about the objectives of the United States—call it foreign policy if you wish—call it Machiavellian if you choose.

During and since the war the efforts of the United States Government have been directed toward the establishment of a stable, durable, and just peace based on the principle of international co-operation.

Every action of this Government during the war and in the postwar period has been directed to that end, and errors of judgment should not be allowed to obscure the sincerity and basic correctness of this attempt.

Without this record, the free nations of the world would not look to the United States with hope and confidence. Without this attempt the people of the world would have been left in great doubt as to whether or not the cooperation of the Soviet Union could or could not have been obtained, and the responsibility for the present world situation would be regarded as evenly distributed between the Allied nations instead of being clearly placed in the eyes of the whole world, and particularly our own people, where it belongs, that is, on the Soviet Union and the international Communist movement it controls.

It is necessary to admit frankly—and this has been done by the President

himself—that these efforts have failed and the hopes entertained during and after the war have not been realized.

It is not accurate, however, in accordance with the record, to place the cause of the present world situation on these earnest efforts to obtain peace by negotiation and agreement. To do so is to disregard the evidence of the record and to indulge in partisanship at the expense of accuracy at a time when a nonpartisan approach is so essential if we are to play our part in the world.

The agreements concluded during the war contain imperfections. Historians will argue for many years to come as to whether or not the democracies went too far in one direction or the other, but that is really a secondary point. Anyone who will take the trouble to read carefully the agreements concluded, recognizing that as in all international agreements the element of mutual compromise is present, it will emerge that the chief difficulty with agreements was not in the terms as written down or as obtained through negotiation but in the simple fact that they have not been kept. No one would deny that had they been implemented as written, with good faith, that we would be facing a very different world today. Despite the fact that these agreements have been published in their entirety—and I am assured that there were no agreements reached at the wartime conferences with the Soviet Union which have not been published—I think this fact will emerge.

Charges are continuously made that this or that area or country was assigned to the Soviet sphere, although there is nothing in these agreements to justify such assertions. One of the Yalta agreements called the declaration on liberated Europe is the exact antithesis of a sphere of influence agreement. It would be difficult to find an international document that more directly states the contrary provision. Anyone who has troubled to read it will discover that there are no geographic or other limitations in regard to Europe in that document. The three leading victorious Allies agreed to try to work out a common policy not to divide the nations of Europe into spheres, but on the contrary to insure the observance of democratic principles and the emergence of free governments out of this war. That document certainly expresses on paper American principles. Indeed, I understand, it was basically an American draft. The trouble is, it has not been observed in any form, shape, or manner by the Soviet Government.

The same can be said for virtually all of the wartime agreements, including the Charter of the United Nations.

There are absolutely no grounds for believing that agreements of a different form and, more particularly, agreements imposed by a show of force on the Soviet Union would have been any better observed by the Soviet Union. Indeed, as is now sometimes asserted, had agreements been imposed by a show of force or by pressure upon the Soviet Union, it would merely have provided Russia with a justification for their violation which would have only served to confuse the public mind as to where the responsi-

bility lay and the character and the danger we face.

It is of no help to American leadership to distort the record in an attempt, for partisan reasons, to ascribe to this country the responsibility which so clearly belongs elsewhere.

In the unprecedented nature of the situation it is vastly misleading to the proper handling of the problem which confronts us in the world if the belief is spread that it could have been handled with a different clause here or a different clause there during the war or immediately afterward. It tends to engender the belief that the problem is one which can be met by a new type of agreement or document.

It could be said by the same critics that it was a mistake to take the initiative in bringing into being the Charter of the United Nations. Here again, the fault was not in the Charter, although like every great document it must be subject to growth and change, but in the simple fact that one nation has persistently violated its principles and its purposes through abuse of the veto power.

It is a striking fact that in virtually every action that this Government has taken since the close of the war in connection with the policies and practices of the Soviet Government that these practices and actions have been based upon a violation of a wartime agreement. It is difficult for me to understand why, if these arrangements were so feasible to the Russians, they found it necessary in pursuit of their policies of aggression to violate these agreements at virtually every step. This is a fact which should be pondered by those irresponsibly charging that this, that, or another country has sold out to the Soviet Union.

There is no advantage to America today, faced with our responsibilities in the world, however, to go back and argue in partisan fashion over the past. That is not what the present situation requires. We are confronted with a condition and not a theory, and I believe that the Congress can well leave to the historians to wrangle over the details of what has occurred in the past and get on with what the present and future requires—not on a partisan basis, but on a basis of what this country has to do in its own national interest and of the free world.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. RICHARDS. Mr. Chairman, it is a strange thing little has been said in this debate about the resources of the United States or the ability of the United States Government to furnish the money required in this bill without damage to our financial and economic structures. Our experts say we can pursue this \$17,000,000,000 4-year program without endangering the financial structure of our country.

I have come to the conclusion after a lot of hair tearing about it that we can stand the strain. I have come to the conclusion that it is best for us to spend that money to bring economic stability to Europe.

In western Europe lies potentially 50 percent of the industrial production of the world.

Here in Italy and Greece the crucial cold battle is being waged for domination of the world today. Look at this map. Here is where the Communists are pressing down and down and down. There is their principal point of attack.

General Forrest, the great Confederate cavalry leader, said, "Get the mostest there the fustest." But, we haven't enough dollars to attack everywhere at once with preponderant strength. We must choose our points of attack and spend wisely.

During the recent war our forces were scattered all over the world, and General Marshall had a great battle to keep people quiet who were continually "ding-donging" on him to attack on every front in the world at the same time. But, he held fast. He concentrated his strength on Normandy, and the back of our chief enemy in Europe was broken. The battle won there, we turned to the Pacific.

History repeats itself. Again we must concentrate our forces for attack in Europe and the Mediterranean area. We must not spread our lines too thin.

Now, it was said here yesterday that the Chinese front is more important in the fight against communism than is the European front. With that, I cannot agree. In what position would China find herself if the Mediterranean area was overrun by the Communists? Where would China be if Turkey, the Dardanelles, Iraq and Iran fell to the Soviets? China would eventually be encircled.

As a matter of fact, Mr. Chairman, the 275 million proposed in this bill for military aid to Greece and Turkey is more necessary for the security of China than the \$520,000,000 proposed for China itself. If the Mediterranean area goes Communist, then we had just as well draw in our horns and retreat to our own shores and spend \$50,000,000,000 a year to perfect our own defenses and Military Establishment. What Russia wants most of all is control of the potential industrial output of Europe. It is there that she is centering her main attack. It is there that time is of the essence. And it is there that we must concentrate our defense forces, instead of spreading them thin around the world for sentimental reasons.

Mr. BLOOM. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. ISACSON].

Mr. ISACSON. Mr. Chairman, this country and its institutions are dear to me. Its welfare and security are precious beyond price. Therefore, in this grave crisis I must speak out, not unmindful that the road to peace involves seemingly insurmountable difficulties. For the road to war entails certain and inescapable disaster.

There is great need today for some sober and calm reflections. There is great need today for a halt in the war hysteria deliberately induced to stampede the people into a mass psychosis of despair for peace.

Yes, we are in great danger. Our American traditions and security are under attack.

Not from outside our shores, but from inside our borders.

Not from the hungry peoples of Greece and China, but from the profit-hungry denizens of Wall Street.

Not from the unarmed settlers of Palestine, but from the oil cartelists and monopolists.

There is our real danger; there are America's real subversives.

It is these who are attacking on a world-wide scale the traditions and security of American democracy.

It is these who have warped and subverted the traditional humanitarian American concept of aiding the needy and downtrodden.

For some time now this ERP program has been presented as a disinterested plan for European construction and relief.

Such a plan would receive my enthusiastic and wholehearted support.

I am for European reconstruction and relief—and for United States participation with all the rest of the United Nations in a genuine plan for world recovery. I have introduced a bill for such a plan in this Congress.

But I am against any attempts to use the needs of the people of Europe to blackmail them into acceptance of domination by ambitious United States monopolists. I am against attempts to dictate to the people of Europe the kind of economy and the kind of political system they shall have by threatening to withhold American aid if they do not conform.

I think the following is a fair analogy: WPA was a splendid and necessary project introduced by President Roosevelt to provide employment for the hungry, jobless people of our country. It fulfilled its purpose and benefited millions of Americans. It brought credit to the Roosevelt Democratic administration, and it brought votes.

But it would have been shocking beyond belief if Americans had been instructed that they could gain work relief only if they pledged to vote the Democratic ticket.

Such a restriction would have been branded inhuman and un-American. Yes, as inhuman and un-American as the restrictions in section 118 and elsewhere in this bill which refuse food to the starving, shrunken-bellied people of Europe unless they vote in accordance with our dictates.

But that is not the worst.

A foreign policy cannot be judged piecemeal; each part must be considered in the context of the policy which it is intended to implement.

The spurious, oppressive nature of this scheme for unilateral economic program was revealed long ago when UNRRA was killed and the United Nations bypassed.

And its clandestine relationship with Truman's military doctrine now stands fully exposed in this hybrid, mongrel political potpourri.

Apprehensive lest the people of Europe and Asia elect freedom of choice and liberty of expression in preference to the kings, reactionaries, and Fascists that are wrapped up in the bundles of food offered in this bill, there is now bared

the naked threat of military intervention.

The complete bankruptcy of our warlike foreign policy of war is revealed in this bill.

It is the fruit of the 2-year-old reactionary and militaristic bipartisan foreign policy of the Truman administration and the Republican Party. It is the policy of a coalition of generals and admirals on the one hand with Wall Street bankers and industrial cartelists on the other. It is a policy which is preached daily to the American people by the big-business-controlled press, radio, and slick magazines. It is a policy which openly rejects the United Nations and the spirit of international cooperation and substitutes for it the idea and practice of brute force.

Under this policy the American Navy already roams the world and seeks to dominate every sea, including the Mediterranean. Under this policy British military forces are joined to American forces in a virtual world-wide military alliance. Under this reactionary bipartisan policy America is creating and holding military bases thousands of miles from its shores.

This bill is a brazen and shameless expression of the policies of military force and support of reactionaries and Fascists which have been embraced by both old parties.

Its sole effect today is more permanently to divide the world into two camps and force western Europe into the military and economic orbit of the United States in preparation for war.

That is precisely why it should be rejected.

Because this bill's warlike aspects are fully revealed, the bipartisan alliance of Republicans and Democrats with generals and cartelists is now trying to pass it in a blaze of war propaganda.

Because the American people are nauseated by the treachery of the Truman administration in Palestine, the administration is trying to distract their attention from this treachery with war talk.

Actually the betrayal of Palestine, like the betrayal of the people of Greece and China, is virtually written into this bill in so many words.

Under section 112:

The purchase of petroleum and petroleum products under this title shall to the maximum extent practicable be made from petroleum sources outside the United States.

This section takes on added significance when linked to the statement on page 46, chapter 16, of the State Department's *The United Kingdom: Country Studies: ERP*, which says:

In the long run the British contribution to an increased world supply of petroleum products, chiefly through an expansion of production, transportation, and refining facilities in connection with British-controlled oil in the Middle East will help to eliminate energy bottlenecks. To this end the United Kingdom is scheduling substantial production of equipment for the petroleum industry, which will need to be supplemented, however, by large imports of some types of equipment from the United States.

Any last vestige of doubt concerning the intent of section 112 is completely

removed by a reading of House Report No. 1585, the report of the Committee on Foreign Affairs on the bill.

On page 10 the report virtually confesses responsibility for the United States reversal of the partition plan for Palestine adopted by the United Nations. Here is the confession, quoted directly:

Petroleum, too, will furnish peculiar difficulties which are not rendered easier by the existing threats of political chaos in the Middle East, centering on Palestine. The whole European recovery program depends in considerable measure on the development of the exportable oil of the Middle East in the next 3 or 4 years, since, without oil, not only its industrial users but transportation will be seriously crippled.

The monstrous oil cartel which sired this bill is rubbing its bloody hands in glee. They are now ready for the last act in this horrible tragedy.

I understand that the President is being urged to explain the United States policy in Palestine. Well, Mr. President, I challenge you to dispute the serious charges I am making.

The Arabian-American oil combine—called Aramco—and its pipe-line construction subsidiary, Trans-Arabian Pipe Line Co.—called Tapline—is a billion-dollar enterprise, the largest private foreign investment in United States history. Its chief stockholders are the Texas Co. and Standard Oil of California, with Standard Oil of New Jersey and Socony-Vacuum of New York completing the ownership.

The Dillon, Read Co., from which our Government has selected Mr. James Forrestal as Secretary of Defense, and Gen. William H. Draper as Under Secretary of the Army, has floated bond issues for these companies and is intricately involved in the affairs of Aramco, the Middle East exploitation combine of these great oil imperialists.

At the time the United Nations partition plan for Palestine was in the making last fall there was great pressure from many sources against it, reflecting ancient Arab opposition to the establishment of the long-pledged Jewish state.

But it was not until we had taken the partition step in the United Nations that Arab pressure was exerted where it hurt the oil combine.

Aramco was planning to build a pipe line from the Dahrain oil concessions in Saudi Arabia, across Transjordan, Syria, and Lebanon to the Mediterranean.

Unless this pipe line could be completed, the Aramco concession was no particular bargain, since the tanker method of transportation via the Persian Gulf is three times as costly as oil pipelined to the Mediterranean.

Consequently, it was, and still is, all important for Aramco to get its pipe lines laid quickly and gushing oil to peddle to Europe for Marshall-plan dollars.

But last December the crafty Arab Mufti took a hand. While Aramco had apparently made all necessary deals with the heads of the Arab countries through which the pipe line was to pass, the agreement still had to get the approval of parliament in Syria.

Hence the Mufti began his third holy war rampage in 25 years. Arab bands descended on pipe-line crews. Members of Arab parliaments suddenly cooled to

approving their leaders' deals with Aramco for pipe-line construction rights-of-way.

So in January, when all seemed serene and hopeful here about the future of Palestine, the worried heads of Aramco went to Beirut and Damascus.

In the party were W. S. S. Rogers, chairman of Tapline, vice chairman of Aramco, and board chairman of the Texas Co.; Burton E. Hull, president of Tapline and builder of our Big Inch and Little Inch pipe lines; H. H. Hall, Tapline's chief engineer, and former chief engineer for Standard Oil of California; George W. Ray, Jr., general counsel for Tapline and Aramco; and James Terry Duce, Aramco executive and chief lobbyist for the oil combine in Washington.

When this party was photographed in the St. George Hotel in Beirut, surveying a map of the Middle East with a background map of the pipe-line route adorning the wall behind them, Mr. Duce dodged the camera—and well he might.

Duce is the lobbyist who has been selling official Washington on the need for Middle East oil for United States security and inducing the erroneous belief that oil reserves on the United States continent are running low.

Yet it was this same Duce who testified before a congressional committee against a synthetic-fuels program calculated to guard against the draining of United States continental oil reserves.

It is the same Duce, too, whose machinations have led to our exploiting the Middle East for oil when it can be had near at hand both from Canada and Mexico. But the Middle East oil—pipe lines, tanker trips, and all other expense notwithstanding—is the choice of the oil imperialists because oil magnates can no longer exploit peon labor in Mexico, nor of course can they mine Canadian oil on terms even approaching those obtainable from feudal Arab sheiks.

It was Middle East oil, incidentally, which Aramco jacked up in price from 34 cents to \$1.05 a barrel for Uncle Sam when our oil needs were desperate during the two-front period of the war.

In any case, these oil cartelists went to Beirut and Damascus to come to terms with the Arab leaders—and with the odious Grand Mufti.

The Grand Mufti's terms have not changed over the years. They were—and still are—annihilation of every Jew in Palestine. The pan-Arabic objective which the Mufti expounds to his fanatical following: "Kill the Jews wherever you find them; this pleases God." Small wonder that this man, listed as a war criminal until the British and French let him escape, is hated and feared even among the people of Araby as the potential "feuhrer of Islam."

The Mufti's terms, then, were: Kill partition of Palestine or no approval of oil pipe lines across Arab nations. Approval of deals for pipe-line routes across Syria and Lebanon now lie tabled in the parliaments of those nations, awaiting Aramco's answer to the Mufti's terms. On the piers of Beirut and on sidings throughout Araby stand millions of dollars' worth of pipe-line equipment awaiting the go-ahead from the Grand Mufti of Jerusalem on his hateful terms.

This is the story the oil cartel heads of Aramco brought back to the United States. This is the story the Aramco board of directors heard at a closed meeting late in January.

At this very moment there is tabled in the Syrian Parliament Premier Mardam Bey's agreement. It is being held as a club over the heads of Aramco to kill the United Nations partition deal or lose millions in pipe-line equipment and future profits from a Mediterranean outlet for Arabian oil.

By the strangest of strange coincidences, it was just about the time of the Aramco board meeting to consider this troubling problem that Defense Secretary James Forrestal made the statement that partition would jeopardize United States security.

From then on, from the end of January until the infamous turnabout of last Friday—the eventual betrayal of Palestine was a virtual certainty.

Thus is the way paved for ERP.

Thus are the people of Palestine being sacrificed to our foreign policy, so that Aramco may pump oil to the shores of Europe to recapture Marshall plan dollars from the luckless recipients of our international bounty.

What a shameful betrayal of the Jewish people; what a shameful betrayal of the United Nations; what a shameful betrayal of American national honor, of our American concepts of ethics and morality.

Yes, in his ambition to be elected President of the United States in 1948, Mr. Truman has found a worthy running mate in the Grand Mufti of Araby.

As for me, I repudiate this program of profits and war contrived by Mr. Truman's Wall Street-West Point Cabinet. I know the American people repudiate this program. They have not been so deafened by the relentless beating of the propaganda drums that they will not recognize the truth.

The American people want a program for peace, not for war. The American people want a program of genuine aid and assistance to the stricken people of the world; not a program of arming the reactionary governments of the world; and above all, not a program of colonizing and terrorizing the world for the benefit and profit of American big business.

Mr. COX. Mr. Chairman, will the gentleman from West Virginia yield me a minute?

Mr. KEE. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman, Henry Wallace, in organizing his third party, has rendered a valuable service to the country, for he has made it easy to identify those who would deliver the people of these United States with all their resources into the keeping of Soviet Russia.

Mr. VORYS. Mr. Chairman, I yield myself such time as may be necessary to read to the Committee a letter from the Honorable Herbert Hoover, former President of the United States, addressed to our Speaker:

WASHINGTON, D. C., March 24, 1948.

The Honorable JOSEPH W. MARTIN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I have your request that I give to you my views and recommenda-

tions upon the Marshall plan bill as reported out of the House Committee on Foreign Affairs.

On January 18, at the request of Senator ARTHUR VANDENBERG, I made an analysis of and recommendations as to the legislation originally presented by the administration. Many Members of the Congress, myself, and others urged its support in principle because of world conditions, but recommended that certain additional safeguards be introduced into the legislation. We believed these would make for more efficient administration, less drain upon the American taxpayer, less strain on our economy, and at the same time deliver the same volume of commodities to the Marshall plan countries.

I have now compared the bill as passed by the Senate and the House Foreign Affairs Committee; have had the advantage of the able reports of the Herter committee and the discussions before the Congress and their committee reports. While claiming no credit for amendments so ably perfected by the Senate and by the House committee, it seems to me that the most clear presentation of my personal views and recommendations as to the legislation would be:

First, to review the suggestions made in my letter to Senator VANDENBERG (likewise made by others) which have been adopted or incorporated in part; and

Second, to suggest some further recommendations which I urge for adoption.

I. PREVIOUS RECOMMENDATIONS ALREADY ADOPTED BY BOTH SENATE AND HOUSE COMMITTEES OR INCORPORATED IN PART

1. We proposed that there be set up a business administration under a separate Administrator, yet coordinated with the State Department. This has been done effectively.

2. We urged that a nonpartisan board of citizens be created to advise and counsel with the Administrator with respect to basic policy matters. This has been done.

3. We suggested that there be an organization coordination of all Government agencies involved in financial relations with the Marshall-plan countries. This has been accomplished, in effect, by enlarging the National Advisory Council on Monetary and Financial Problems to include the Administrator.

4. We recommended that all Government relief organizations for the Marshall-plan countries be consolidated under the Administrator. This has been done by committing to the Administrator any remaining funds in other accounts.

5. We proposed that there must be protection against excessive exports which would injure American economy. The bills are intended to safeguard this.

6. We urged that private channels of trade be utilized to the fullest extent and that partial guarantees be given by the Export-Import Bank to private enterprise. This idea, apparently limited to Americans, was incorporated in the Senate bill and has been strengthened further by the House committee.

7. I suggested that amounts equivalent to any relief to any particular country be deposited in the currency of that country in a trust fund to be administered jointly by the Administrator and the country concerned for the internal benefit of that country. This has been done. And such sums arising out of previous relief activities have also been transferred to the new administration.

8. We urged that increased production and economic cooperation between countries receiving aid, with monetary and budgetary reforms in the receiving country, were vital conditions of success of any plan. That has been made a prominent part of the Administrator's duties and an implied condition of continued support.

9. We recommend that as part payment the countries under aid furnish us, for stock-piling purposes, such commodities as we do not possess sufficiently for future de-

fense. This has been made an implied condition of support in the House bill.

10. We suggested that the petroleum products provided under the original program could not be furnished from the world's present supplies. The act now provides that the world shortage makes undesirable the expansion of petroleum-consuming equipment in the Marshall plan countries (which originally had been contemplated) and where alternate fuel sources are practicable. This provision is most essential until Persian Gulf oil can flow freely to Europe. Thereafter it should be contemplated for many other sources of energy.

11. I proposed that the Congress define more clearly the areas of grants (gifts) from the areas of loans; that all capital goods provided from the United States be made as loans from the Export-Import Bank or private sources; that all consumption goods from the United States be made as gifts. The reasons were that the former could be repaid out of the increased productivity they create, and that the latter would never be paid because we cannot receive this volume of European goods in return without creating unemployment at home. The House committee has effected this, to some extent, by dividing the aid into \$1,000,000,000 of loans through the Export-Import Bank and \$4,300,000,000 of unspecified grants and loans. Both bills require consultation with the National Advisory Council in the determination between loans and grants.

12. We urged that no moral commitment be made in the proposed 4-year plan beyond the first period (now 1 year), with a view to giving complete freedom of review by the Congress at the end of that period. The plan still stands as a 4-year program, but the standards of progress and of performance to be made by the Marshall-plan countries have been emphasized more strongly, and these, no doubt, will be taken into account by the Congress in determining the volume and kind of aid beyond the first year.

The House committee has strengthened the congressional control of such extensions by an express statement that no implied commitment has been made to any country and a requirement that further assistance shall be authorized as well as simply appropriated as in the Senate bill.

13. We suggested that the Marshall-plan countries should participate in the cost of the program by using the assets of their private citizens in the United States, reimbursing those citizens in their own currencies. This has not been required, but the Administrator is directed to locate and control such resources and to secure their use, as far as possible.

14. We recommended that definite action be taken to restore German production, particularly steel and machinery, so much needed by the Marshall-plan countries, and to stop removal and demolition of plants. This would relieve the drain upon the American taxpayers, which arises both from shipment of such goods from the United States and by necessary feeding idle German workmen in the meantime at the expense of our taxpayers. The House bill makes partial provision looking to this end.

II. MY PRESENT RECOMMENDATIONS

1. I originally urged that all relief operations, not only to the Marshall plan countries, but to China, Germany, Japan, Korea, Greece, and Turkey, be consolidated under the Administrator. This would prevent overlap in procurement and enable better coordination of policies. The House committee has made such provisions as to Greece, Turkey, and China. Relief to Germany, Korea, and Japan should be incorporated when those appropriations are made later on.

2. I do not recommend a decrease in the authorized total in the House bill for the first year. No doubt the Appropriations

Committees will review the effect of decreased prices; the effect of possible savings to be made by guaranteed loans through American citizens, through possible credits of other Western Hemisphere countries; the reduction in such estimated price as Argentine wheat of over \$4.50 per bushel; the reduction in amounts of proposed commodity shipments which cannot be provided now because of scarcity; etc.

3. Certain new provisions in the House Foreign Affairs Committee bill seem to me to be most advantageous. Chief among these are: (a) authority to the Administrator to create a corporation to facilitate operations; (b) assistance to Trieste; (c) chartering American vessels to Marshall plan countries when available; (d) equitable access of Americans to the development of strategic materials; (e) the encouragement of better use of manpower and displaced persons; (f) aid to Greece, Turkey, and China; and (g) the appropriation to the International Children's Emergency Fund, which is reconstruction at its very base. I hope these will be adopted by the Congress.

4. It seems to me that section 117 (d) is too strongly drawn. If the Marshall-plan countries are to become independent of relief, they must trade with the satellite countries. A provision against munition shipment would appear to be sufficient.

5. It would seem to me that the provision in the Senate bill for a committee of seven Members each from the Senate and House to work in conjunction with the Administrator is much more effective than merely reports to the chairmen of committees, as in the House bill, and should be restored.

6. I urged from the beginning that the other countries in the Western Hemisphere take part of these burdens. The President is authorized to make such a request in the legislation. To bring this about more effectively, and to reduce the drain on the American taxpayers, I suggested that Western Hemisphere countries extend credits for, say, 10 years to the Marshall-plan countries, and that the United States guarantee such credits up to 70 percent and advance dollars to that amount to the credit-extending Western Hemisphere countries. A permissive authority to the Administrator to make such arrangements was included in the Senate bill. I regret this provision has been deleted from the House committee bill. The provision in the legislation for guaranteed loans is apparently limited to United States citizens.

This plan is all the more feasible by reason of the fact that most American supplies (consumption goods supplied) must be gifts. The dollar exchange arising out of imports by the United States from the Marshall-plan countries would be free for their purchases in other Western Hemisphere states, thus minimizing the extent of such credit.

I am convinced that a number of countries in the Western Hemisphere are in a position to extend such credits. Because their natural trade is exchange of surplus agricultural products for manufactured goods, such credits can be repaid to them in the course of trade without hardship because they can absorb European manufactured goods without creating unemployment. The increased productivity in Europe would render this possible. As an example, under the State Department program of commodities to be shipped over the 4 years from other Western Hemisphere states, at the expense of the American taxpayer, is about one billion dollars worth of coffee. Coffee is a comfort, not a nutrient. It would seem that a country desirous of selling its coffee surplus would be willing to deal on a dollar-credit basis, especially if the United States guaranteed 70 percent of that credit.

I strongly urge the restoration of this guaranty provision, as it could save the American taxpayer a great deal.

IN CONCLUSION

I realize that many approach this gigantic experiment with great apprehension and a realization of the sacrifices it will mean to our people. All legislation must be the result of compromise. However, if it should produce economic, political, and self-defense unity in Western Europe, and thus a major dam against Russian aggression, it would stem the tide now running so strongly against civilization and peace. The plan, if well devised and, under a capable Administrator, stands a good chance of success. I believe it is worth taking the chance.

Yours faithfully,

HERBERT HOOVER.

Mr. MARCANTONIO (interrupting the reading of the letter). Mr. Chairman, will the gentleman yield?

Mr. VORYS. No.

Mr. MARCANTONIO. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MARCANTONIO. Mr. Chairman, in connection with my point of order, I just want to propound a parliamentary inquiry.

Mr. VORYS. I object to his propounding a parliamentary inquiry, Mr. Chairman.

Mr. MARCANTONIO. Then I make a point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. MARCANTONIO. The point of order is that the gentleman cannot read anybody else's material without the consent of the Committee. I asked the gentleman to yield to me, and he would not yield.

The CHAIRMAN. The Chair will present that question to the Committee. The question is, Shall the gentleman be permitted to proceed with the reading of the letter?

The question was taken, and the Chair announced that the motion was agreed to.

Mr. MARCANTONIO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-seven Members are present, not a quorum.

Mr. MARCANTONIO. Mr. Chairman, I withdraw the point of order. I just want to show that courtesy can be extended in this House.

The CHAIRMAN. The Chair has already announced the count.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Abbitt	Carson	Gillie
Andersen,	Celler	Goff
H. Carl	Chapman	Gordon
Andresen,	Chipherfield	Gorski
August H.	Clark	Graham
Andrews, Ala.	Cotton	Granger
Andrews, N. Y.	Coudert	Grant, Ala.
Auchincloss	Crosser	Grant, Ind.
Barden	Dague	Gregory
Bates, Ky.	Dawson, Ill.	Gross
Battle	Dingell	Gwynne, Iowa
Beckworth	Dirksen	Harless, Ariz.
Bell	Dondero	Harness, Ind.
Bennett, Mich.	Doughton	Hartley
Blackney	Elliott	Havener
Bland	Engle, Calif.	Heffernan
Bonner	Fellows	Hendricks
Boykin	Fernandez	Herter
Brehm	Flannagan	Heslton
Brown, Ohio	Fogarty	Hess
Bulwinkle	Gallagher	Hill
Byrne, N. Y.	Gathings	Hinshaw

Hoeven	McCormack	Price, Fla.
Hoffman	McDonough	Rains
Hope	McGarvey	Redden
Horan	McMillan, S. C.	Reed, Ill.
Jarman	McMillen, Ill.	Rich
Javits	Maloney	Richman
Jenkins, Ohio	Manasco	Robertson,
Johnson, Ill.	Mason	Rooney
Johnson, Okla.	Meade, Md.	Sarbacher
Johnson, Tex.	Morton	Sheppard
Jones, Wash.	Murray, Wis.	Simpson, Pa.
Kearns	Nodar	Smith, Maine
Kefauver	Norrell	Stanley
Kennedy	Norton	Taylor
Keogh	Patman	Thomas, N. J.
Kirwan	Pickett	Thompson
Lesinski	Ploeser	West
Ludlow	Poage	Wilson, Ind.
McConnell	Potter	Worley

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2202, and finding itself without a quorum, he had directed the roll to be called, when 309 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

Mr. VORYS concluded the reading of Mr. Hoover's letter.

Mr. VORYS. Mr. Chairman, after consulting with the leadership I wish to state that it is the purpose to continue with general debate until 6 o'clock. A number of interesting speeches lie ahead this afternoon.

Mr. Chairman, I yield such time as he may desire to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, I shall vote for the pending measure. The price asked of our countrymen is tremendous. But if the objectives sought can be attained, the price we are asked and ask them to pay is cheap, indeed.

We are living in crucial days. Stern measures are required and are essential.

THE PRESIDENT DID NOT PLAY POLITICS

I completely disagree with those who say President Truman was playing politics in his recent message to Congress and to the people. Those of us who are members of the Appropriations Committee, the Armed Services Committee, or the Committee on Foreign Affairs, before whom during these past few months the country's top military and civilian authorities have been appearing to give confidential reports, have been made aware of the dangers now faced by our country. Many of us believe the people generally should be given more detailed information by the President and his advisers concerning the imperative need for immediate, positive action by this country in building up its economic and military defenses.

DIPLOMATIC ERRORS

It is idle to speculate on what might have been our place in the present world situation if our country's diplomatic errors and mistakes at Yalta, Teheran, and Potsdam had not been made. They were made, and we are now reaping some of the fruits of those errors. Undoubtedly we would today be occupying a stronger and less vulnerable position if some type of universal military training had earlier been adopted, as some

of us have urged for so many, many months.

**ECONOMIC NEEDS MUST BE BACKED BY FORCE
IF NECESSARY**

Now, however, the absolute need for economic assistance abroad, and for the draft and wider military training, and greatly expanded defense expenditures, both on the military and economic front, is apparent. I shall support those measures designed to reach the necessary objectives.

POLITICAL PARTISANSHIP

Some people treat the existing situation too lightly. They say that this is a political year and everything is tinged with partisanship. I, for one at least, will continue to keep the welfare of my country first, as I have attempted to do throughout my service in Congress. I am sure my colleagues will do likewise.

**JAMES FORRESTAL, SECRETARY OF NATIONAL
DEFENSE**

In this connection, may I say that I have reason to have great confidence in the judgment of James Forrestal, Secretary of National Defense. His opinions are not based on any other premise than that which involves the safety and the duty of this country to maintain that place in the world which its destiny and responsibility demand. If and when Secretary Forrestal, with all of the top-secret information he possesses by virtue of his position, says we need universal military training and selective service, I would hesitate to vote against his recommendations. He has divorced himself from politics. He is no war-monger. His is an unenviable position of tremendous responsibility. I propose to go along with him in the discharge of such responsibility as is mine under the circumstances.

THE DRAFT

The draft and compulsory military training have seldom been popular measures. If they are needed, and I believe they are, I shall vote for them. National defense, both economic and military, should never be allowed to be governed by popularity-contest standards.

ECONOMIC AID PLUS

I believe we must give economic aid to European nations and others, and I shall vote for the European recovery program. But I further believe that if any semblance of world peace is to be preserved and substance given to the all-but-forgotten four freedoms of the Atlantic Charter, our air power particularly and our military might generally must be sufficiently great to impress those world bullies to whom armed strength is the only persuasive diplomatic argument understood.

OUR DESTINY

Our Nation and its people have a tremendous responsibility. The challenge must be met. Unless we assume the burdens of our responsibility and meet the challenge facing us, the dark, dreary road to war is the terrifying prospect which confronts our people who so earnestly desire peace.

(Mr. PLUMLEY asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. STOCKMAN].

Mr. STOCKMAN. Mr. Chairman, when we think of the Marshall plan, our first thought is that we must not fail western Europe; that we must stand by the people in Europe who still retain a burning and creative desire for freedom. That is the thought which comes to me again and again as I think of the nations of western Europe who are now facing economic crisis, and then when I stop to investigate and analyze the Marshall plan, the facts and figures found in my investigations indicate to me that the Marshall plan in its present form is not likely to accomplish its declared goal.

The aim is, as we know, to see that the 16 nations in the program recover enough economically by 1952 to, first, produce enough exports to pay for their imports, and in the process, second, put their populations back on something approximating their prewar standard of living. If the plan fails, then we are faced not only with inflation in our country and the loss of the money of our taxpayers, but with seeing Russia step in and reap the benefits of our billions of dollars, just as in Czechoslovakia, where we have poured in \$262,000,000 since VE-day, and Russia now has taken over the benefits of that money, along with the famous Skoda munitions plant of that country.

I am opposed to the principle of just handing out money, especially when I do not think it will accomplish the purpose for which it is intended, and in this case I think the Marshall-plan expenditures can be justified only if we expect to back up the plan by showing Russia we intend for her to stop her aggressions right now and that we are prepared to back up our stand with military power. It is clear to see that Russia has respect for nothing but military force. She understands nothing else, for force is the basis of her own power, and she is drunk with the idea. As long as she remains so, then it behooves us to maintain sufficient military strength to defend ourselves and our way of life.

If, after examining the Marshall plan and seeing where it is likely to fail in its objectives for recovery, we still want to go on and make that much money available to the 16 nations in western Europe, then I recommend that it be done as far as possible on a businesslike basis through the International Bank for Reconstruction and Development and the Reconstruction Finance Corporation. I shall discuss this later on, as well as the specific reasons that the plan is not likely to do the recovery job it now proposes to do. I shall also show why the plan will not stop communism unless we firmly tell Russia now that she must cease all aggression, and then quickly take all necessary steps to affirm our position by force if need be.

PROPAGANDA

First let us see why there seems to be such an overwhelming conviction among the American people, and among the Members of Congress, that we must have the Marshall plan enacted right now. The answer is first, the sympathy and

generosity of the American people, and second that very effective propaganda has been used. There has never been such propaganda in the whole history of our Nation as there has been for the Marshall plan. Naturally the European nations which stand to gain are for it and have sent their most effective spokesmen to America to lead the propagandizing. The new British Ambassador, who was the chairman of the conference of the 16 European nations who would benefit from the Marshall plan, has been sent over as the number one lobbyist. The leader of the British Maritime Service has come over to make an active plea for the 500 ships included in the plan. Everyone who has an ax to grind has done his share of spreading propaganda, and there are many axes which hope to be sharpened by some share in the \$17,000,000,000. Philip Murray of the CIO appeared for the Marshall plan. Why? Because he is president of the Steel Workers Union, and under the plan large quantities of steel will be sent to Europe, thus causing a steel shortage here at home which will cause bidding for our home shortage with resultant high prices. Philip Murray knows that the higher steel prices will give him a chance to demand higher wages for his union.

Practically every group in the country has been drilled on the benefits to be expected for that particular group if the Marshall plan is put into operation. Factory owners have been told that it will provide foreign markets for the products they manufacture. To the farmer is held out the promise that the plan will keep the price of agricultural products high. Laboring people are led to believe that it will assure plenty of jobs and good wages. Religious groups have been appealed to on the grounds of brotherly love and charity.

Many of our people who believe in the American Constitution and our republican form of government and who do not want to see the encroachment of communism in our own country have been assured that the Marshall plan is a sure cure for the spread of communism. They have been led to think that if we pay out this money for the plan, their boys and girls will not be taken from their homes to fight, and perhaps die, in distant lands.

Even the taxpayers are being told, "You can afford to wait a little while longer for reduction of taxes. We have prosperous times now and can afford to pay high taxes while jobs are plentiful."

Everybody is willing to listen to the propaganda and to do something about the unsettled world situation, but it has so many different aspects that it is hard to know what is the wise and the constructive move.

SOCIALISM AND CONTROLS

We know we want to stop the spread of communism, yet socialism is a step in the direction of communism, and some of the countries covered by the Marshall plan have gone quite a distance on the socialistic road. In fact, that is the basic cause of their economic troubles today. The grand vision of the innate importance of the individual and of his in-

alienable right to work and seek happiness in his own way, so long as it does not interfere with anyone else, has been lost in Europe. Our Constitution was built on that vision. It was the urge that caused our forefathers to face hard and untried conditions in a new land. It was the vitalizing force that inspired the framers of our Constitution to write a document that has enabled America to attain the highest standard of living yet known to mankind; and it is the vision we must now show forth in all its shining glory if we are to help the people of Europe reestablish themselves on sound economic and governmental principles.

There are questions about the Marshall plan which we must consider if we are to analyze it from all angles. The effect of socialism and controls on the economy of the European countries which we desire to help, and how these socialistic governments will use the funds under the Marshall plan, are some of the things we must examine.

One of the first questions that comes to us is, Why should we send our coal to Britain when Britain has unlimited coal underground and before the war was an exporter of coal? But that was also before Britain succumbed to socialism. Now the miners will not dig the coal under the socialistic rationed economy. They have demanded, and attained, shorter working hours, higher wages, and then they practice featherbedding on the job in the belief that in this way they make more jobs. Under the Socialist Labor government the politicians cannot do anything about the miners falling down on the job, because the political officeholders are dependent on the votes of the miners to remain in office, and they cannot chastise the miners for fear of losing their votes. That is the reason socialism is not working in Britain.

When we talk about helping Europe we think first of Britain, for she has our great sympathy. She has been our ally. Her people are our kin. We have for many years admired her wisdom and appreciated the integrity of her word. We recently loaned them, or gave them, \$3,750,000,000. Within a few months it was virtually all spent, and little had been accomplished in the way of restoring economic stability in Britain. Our money had only served to allow Britain to carry out governmental experiments in the nationalization and socialization of her industries.

British industry is now in the dumps, but while V-bombs were falling on London, production in Britain was better than it is today with statism. Large industries have since been socialized. Thousands of bureaucrats, instead of aiding production, are busy operating price fixing, rationing, and various other devices that hinder and prevent production and perpetuate poverty, and that prevent these government workers from being producers themselves. The manpower shortage in Europe is one of the reasons the Marshall plan is likely to fail, and yet this controlled form of government continues to absorb manpower in unproductive bureaucratic jobs.

The British Labor Government believes in punishing the successful by tak-

ing up to 96 cents out of a dollar of income. As a result, there is no new profit money available for investment, for buying machinery or equipment, although most machinery has been worn out. There is no private money being created for building new plants or starting new industries.

The British Government subsidizes the food supply as much as 70 percent in order to fool the people into believing they are getting food cheap. The labor government must keep wage rates high. All this increased-production expense has caused British goods to be practically priced out of foreign markets. No wonder there is, for the British, a dollar shortage. She needs the restoration of freedom and the opportunity to cut down waste, to restore incentive, and to produce as the British have always done so well over the years.

France is in a similar position. The French are a thrifty people, and France would be on her feet today if it had not been for collectivist control of the French Government. They have failed to balance the budget and have resorted to printing-press money, so that the once 20-cent franc has come down to a value of about one-third of a cent. This naturally encourages imports and discourages exports. The government fixes prices and wages, maintains rationing, and buries business in a mass of red tape. No wonder France is paralyzed.

MARSHALL PLAN GOALS

While socialism is the greatest offender against the success of the economic aims of the Marshall plan, there are other purely material facts which show it is not likely to accomplish its recovery goal. These facts prove, first, that Europe has not the manpower to do the production job; second, that the capital resources available, or to be made available, are inadequate; and, third, that markets for the expected products are not available, unless created in Asia.

These three items have been thoroughly investigated by Business Week magazine, and the facts I am giving you were contained in their report to the Nation. It is well recognized that in order to attain the goal of the Marshall plan, the production of western Europe must expand well beyond prewar levels. This is necessary because there are more people in the area, so more production is needed to support the local population. They must produce more to make up for now having to go overseas for food which they obtained before the war in eastern Europe, and they must produce more to make up for a shrinkage in overseas investments which they have suffered, which investments in the past provided foreign currencies as dividends to pay for part of what was imported.

MANPOWER SHORTAGE

While there are larger populations to feed, there is less employable manpower available now for productive work in the 16 nations of Europe than there was before the war. Total employment in industry, commerce, and agriculture is less than in the late 1930's. This fact received no official mention in the Paris report of the 16 nations. While Europe has a de-

creased number of workers, with 1 percent fewer in Britain than in 1939, and 4 percent fewer in France, for example, there are more workers in government, which work, as you know, does not go to produce actual goods of any kind.

There is also poor distribution of workers, though Europe is trying to put its limited manpower to the best use. Britain, for example, has succeeded in getting more people to work on farms, but it has fewer miners digging coal, while France has more coal miners, but fewer farm workers. Yet it is a known fact that the British have traditionally been better producers of coal than the French, and the French have been the better growers of food.

And finally the people of these nations lack the inspiration and the incentive to work under their rationed and controlled economies.

INSUFFICIENT CAPITAL

Now we have the question, Can Europe get the capital to meet its greater-than-prewar production goal? First, it must have enough capital to overcome the manpower deficiency, and then it must rebuild its capital plant, which is in worse shape than before the war, and expand it to produce more than ever before, both in total volume and in output per worker. But Europe is not contemplating imports of capital equipment in the volume required to meet the goals set. She is striving to get out of her current production more than 80 percent of the capital goods required to meet Marshall plan goals, and it cannot be done. In addition to this, she is now sending capital goods abroad to balance her trade deficits. In other words, the capital goods she is making and which she needs for recovery is going overseas to pay for imports.

MARKETS INADEQUATE

Long before the output of the 16 nations begins to reach its goals, Europe may find that it cannot sell the goods it makes for export, yet the goal is to balance exports with imports by 1952. To accomplish this, the export volume must be far larger than prewar. Britain has announced that it must sell 75 percent more goods than prewar to balance its trade books. The Monnet plan for France calls for 87 percent increase in export volume, and all the other countries must also boost their exports. Yet, all these countries plan to export products largely along the line of metals and metal products, and machinery. We, in the United States, are also planning for far larger than prewar exports in the same general lines. We can plainly see that western Europe and the United States cannot exchange all these industrial products between themselves. Then they must look to the rest of the world. Asia, the biggest customer, took 18 percent of prewar exports of manufactures, and eastern Europe 11 percent. We cannot count on normal exports to eastern Europe. That leaves Asia, with its more than a billion population, who could absorb the products if it were not demoralized and torn by war and desperately impoverished, but in order to take all the products, Asia would have to buy

three or four times the volume of manufactures than it did before the war. We cannot hope for such an economic recovery for Asia.

If the plan has no chance of successfully working as presently constituted, we should certainly face the situation and decide our course on the basis of real facts rather than on the basis of blind hopes. If we see it is not going to accomplish the expected recovery within the time planned and within the limits contemplated, and if we further see that our efforts will not stop communism if Russia decides to use force to promote it, then we may be forced to the conclusion that there is nothing left to do but broaden the scope of the plan. This means we may have to extend the time limit set to reach the goal, that we may have to increase the amount of aid which the United States will give to some of the countries as we go along, and that we may have to aid also other parts of the world which are within our trade orbit.

It also means that if the aid is to mean anything except something for Russia to step in and take over the benefits, then we must back our efforts for economic recovery by telling Russia to immediately stop her aggressions, and by showing that we have the military strength to enforce our stand.

There is every indication that Congress desires to go forward with the Marshall plan, and if that is true then I think it would be placed as much as possible on a businesslike basis and carried out through the International Bank and the Reconstruction Finance Corporation to the extent that these banks can be used. We all know that we appreciate and get out of anything only what we put into it. Only by having the nations of western Europe put all that they can into the plan themselves, can we expect it to achieve its full possibilities. They will not lose by putting in their assets; they will only be the more willing to work hard to protect them.

ASSETS OF 16 NATIONS

To secure loans from the International Bank and from the Reconstruction Finance Corporation, these 16 nations had as of June 30, 1947, long-term investments in the United States of \$4,930,000,000, composed of stocks and bonds of United States corporations and bonds of the United States Government. This amount includes \$900,000,000 collateral which Britain now has in the RFC. It has been estimated that this collateral could support a loan of as much as \$700,000,000, and since England is to get a third of the ERP funds, this would help take care of her needs. It is my thought that the assets of these countries might be used as collateral in obtaining loans from the International Bank and from the RFC. I think these loans, however, should be for a short time only, probably 4 or 5 years, and then let the loans be made by the usual private sources. The money comes originally from private individuals in taxes anyway, so why not plan to ultimately leave the matter of the loans to private banking institutions and to people who have money to lend? They have done a good job in the past and can continue to perform this useful

service in a better way than any governmental agency could possibly do.

INTERNATIONAL BANK AND RFC

I recommend for these loans, first the International Bank for Reconstruction and Development, for this agency can do more than any other institution to have the countries straighten out their trade barriers and make the reforms necessary to permit freer trade and stabilize their currencies. This bank has the power to refuse loans unless the borrower is in a position to meet the obligation. It must take credit worthiness into account in making its loans, because of the fact that it must sell its debentures to private investors. Since this is true, and since it can refuse loans, I see no reason why it could not impose needed conditions on foreign governments. While it might cause resentment for one government to tell another government she must make reforms in her internal economy, there is no reason why banks cannot say they would not be interested in making loans unless they can be assured of certain conditions.

The conditions which are so apparently necessary, of course, and which would work to the ultimate advantage of the borrowing country itself, are freer markets and sound money. The European economy is so tied up with trade and custom barriers and artificial and false currency values, that it is badly crippled, and is doing much of its business on an antiquated and retarding system of barter.

The overvalued currencies of these countries serve to attract imports but discourage exports which bring in the much-needed dollars. The free market rate of the French franc was a few months ago about 240 to the dollar, but under exchange-control rates where the franc is overvalued, the Frenchman is able to get the dollar for only 119 francs. Naturally if he wants to buy something, he will import it if possible, since his money has more value when he exchanges it into dollars than when he leaves it in francs and tries to purchase goods in his own country. This, of course, makes a chronic excess of imports over exports for France, so that it is hardly surprising that these countries now buy more than they sell. Allowing the franc to reach its own natural level would tend to correct the excess of imports.

The American Government has agreed to guarantee sales of the securities of this International Bank up to \$3,175,000,000. There is now a free and unused guaranty of the United States available of \$2,290,000,000.

The administration's program itself estimates that \$1,285,000,000 of the \$8,727,000,000 to be financed during the first 15 months of ERP can be met from sources other than new United States Government funds. The report of the House Committee on Foreign Affairs issued on March 20, however, on page 19, states:

The administration's estimate that not more than \$1,285,000,000 can be mobilized, without the liquidation of foreign investments, seems conservative.

I agree that it seems so conservative as to be unsound. In that amount is included the small sum of \$700,000,000 as the share to be borne by other Western Hemisphere countries. They could certainly be looked to for more, especially, in the light of the favorable international position of certain of the Latin-American countries, notably Cuba, Argentina, and Brazil, and in view of the plans to spend \$1,700,000,000 of the \$6,800,000,000 in offshore procurement in Latin-American countries.

The same report of March 20 of the House Committee on Foreign Affairs also states:

The inclusion of \$200,000,000, as a likely estimate of dollar funds that might be available to the ERP countries by the Export-Import Bank does not seem unreasonable.

The United States Treasury officials report the "excess" gold and dollar balances of Switzerland, Portugal, and Turkey amount to \$1,500,000,000. Since this is "free" gold, in the sense that it is not needed as currency reserve, it might well be used in a program of mutual aid among the 16 nations.

Then there is the Reconstruction Finance Corporation. I know of no reason why loans could not be made through this agency on a businesslike basis. It has been done before. In 1941 the United Kingdom pledged collateral presently valued at \$900,000,000, to secure a loan made at that time. It has now been amortized from the original \$425,000,000 to \$176,000,000, but the original amount of collateral in the sum of \$900,000,000 still remains with the RFC.

AMOUNTS ASKED

Let us consider the amounts that are supposed to go to these various countries. First there is Britain—she has already received very much which she has allowed to be dissipated in governmental experiments, and has declared that she is worse off than she was before the loan. However, according to figures made public in the Senate hearings on the European recovery program, page 116, at the time when the amount being considered was \$6,800,000,000 for a 15-month period, the amount set up for Britain is \$1,760,000,000, which is about one-fourth of the total amount for the 15-month period.

Holland, or the Netherlands, is a very small country; \$705,000,000 is set up for her, yet it is generally conceded that there is no danger of this country voting Communist. Nor is there danger of Belgium, Luxemburg, Norway, Denmark, Ireland, and Iceland voting Communist, yet all these countries are to get large amounts. Little Iceland is set up for \$13,000,000, Norway \$34,000,000.

The anti-Communist problem in Austria and Greece is generally recognized as largely need for military assistance rather than economic. Austria is to get \$182,000,000 and Greece \$186,000,000.

The island of Ireland is listed for \$152,000,000. Yet communism is not a threat there. Furthermore, Ireland was not in the war, and she made large profits in trade during the war years. Nor was Sweden in the war, and she naturally made profits in trade during the war. Sweden is down for \$33,000,000.

As I understand it, however, the problem is being considered as a current one, and if these countries care to come into the Marshall plan and agree to cooperate in reducing trade barriers and stabilizing currencies and otherwise help in the recovery program, they may be included in the plan whether they were in the war or not.

These figures would now be somewhat changed, since under the bill now before the House we are considering a sum of \$5,300,000,000 for a period of 1 year only. The figures I am using, however, are illustrative of how the break-down might be. I am giving below the entire list based on the sum of six billion eight hundred million and on prices as of July 1, 1947, but it must be remembered that in the bill before the House, the money is not specifically allocated but is to be considered as a lump sum and the Administrator is to handle it as the economic circumstances demand and according to the cooperation shown by the individual nations. In other words the whole thing is flexible.

Distribution on basis of \$6,800,000,000 for 15 months from Apr. 1, 1948, to June 30, 1949

	Millions
Austria	\$182
Belgium-Luxemburg	325
Denmark	164
France	1,434
Greece	186
Iceland	13
Ireland	152
Italy	869
Netherlands	705
Norway	34
Portugal	None
Sweden	33
Switzerland	None
Turkey	None
United Kingdom	1,760
Germany:	
Anglo-American zone	914
French zone	80
Saar	11

AMERICANS WANT TO HELP

Of course it is the deep and honest desire of the American people to help people abroad as much as we can. No other nation in the history of the world has ever had such altruistic instincts, and this is another reason why we can be proud we are Americans. The American people will spontaneously give and give and give, if they are allowed to follow their own inclinations. We have the example of the Friendship Train. First it was just a brief mention by a radio commentator, and then it grew to be three trains full of grain, and countless other gifts, and hundreds of thousands of dollars, to be distributed directly to the people of Italy and France from the people of this country. It was charity given out of pure love of one people for another people, and there would be many repetitions of such gifts if it were left to the American people to do it in their own generous and spontaneous way.

Such gifts would make such a convincing plea for free government and free enterprise that Communist propaganda would not have a chance. But that is not the way the Marshall plan is to be handled. The rank and file of people of these countries will not be told that the aid comes from democratic, free-enterprise America, for the plan is to

have this \$17,000,000,000 worth of food and goods delivered to the governments of these various countries, and the governments in turn will sell it to their people, not give it but sell it, and nothing will be earmarked as having come from America.

AMERICAN SUPERVISION

I think the food relief should be handled entirely separately from the capital goods we are furnishing for rehabilitation. Let the 16 nations put up security for as much as possible of the capital goods, and if there is anything to be given in aid, let it be food to feed the hungry people. If we do decide upon a food-gift program, I think it should be administered by Americans. If we can afford to send that much food overseas, we can afford to send Americans over there to see that it really gets to the people who are destitute and starving, and we can see that every item is stamped with the American flag, so the people will know what American democracy and free enterprise can do.

The capital goods should also be under American supervision, especially the amounts of it which are unsecured by collateral. Let us send our engineers and our supervisors over to see that the money actually goes into productive channels and not into socialistic experiments and nationalization of industry. If the plan is to be ably administered, we must do better than we have done in Germany, where our dole is now costing the taxpayers of America about a billion dollars a year to sustain Germany.

Regardless of the weaknesses of the Marshall plan which I have pointed out, still I believe America sincerely desires to go forward with the program of helping the nations of western Europe, but a recovery program alone would do more harm than good, for the benefits would ultimately be taken over by Russia. We therefore see that if we go forward with the recovery aims of the Marshall plan, then it is up to us to take the second step and very firmly tell Russia to cease her aggressions. Then, of course, we must support our position by military force. We cannot talk convincingly unless we have military power to support what we say, for Russia understands no other language.

OUR OWN DEFENSES

Let us see what our defense position is. Secretary of the National Defense, James V. Forrestal, in his testimony before the Senate Committee on Foreign Relations, on January 15, 1948, was asked by Senator BARKLEY:

Is there any way by which we can estimate the possible cost of having to resort to the other alternative of defense, namely, military and naval preparation and building up of our strength?

To this Secretary Forrestal replied that in that case as a guess he would say we would need to increase our total appropriation for national defense by 25 to 50 percent. In terms of this statement, an increase of 25 percent on the amount of the present budget of over \$11,000,000,000 would be more than two and three-fourths billion dollars while a 50-percent increase would be over five and one-half

billion dollars. That includes all items of national defense, military and naval preparation and building up of our strength. Other figures which I will give you indicate to me that the estimate of Secretary Forrestal is far too conservative.

While it is well known that Russia has at least 100 trained divisions at its command, we have only two and one-third trained divisions at this time which are uncommitted and ready for immediate combat, with seven or eight divisions overseas, of which none is combat-ready. The present ceiling for the Army is 669,000, whereas the actual strength is about 550,000 and the Army is asking for an authorized strength of about 900,000. That seems a very small request to me under the present unsettled world situation.

General Spaatz, our Chief of Staff of our Air Forces, estimates that Russian air power consists of 14,000 first-line combat planes. That is approximately three times the size of our first-line air fleet. The Secretary of the Air Force, W. Stuart Symington, in an article in the February 1948 American magazine, stated that in order to provide our country with an adequate air force which is "able to guarantee the minimum of safety margin of national security, the bill would run as high as \$8,000,000,000 annually." He also stated it would be necessary to employ 664,602 military and civilian personnel for the maintenance of an adequate air force.

Secretary of State George C. Marshall, in his recent closed discussion of new developments in the world picture is reported to have told the Senate Armed Services Committee that for the 5-year period of 1953 the estimates for universal military training appear to call for a total of more than \$14,500,000,000, with the average cost of the program estimated at nearly \$3,000,000,000.

Recently the Chairman of the Atomic Energy Commission recommended that for fissionable materials our capital investment of about \$2,000,000,000 be doubled in the next 4 or 5 years to expand our production of these vital materials. This means an annual outlay of \$400,000,000 to \$500,000,000, and, of course, we all recognize the necessity of giving every dollar needed to this project, not only for defense purposes, but in the hope that constructive uses of atomic power will mean unlimited progress for civilization.

As part of the expense of national defense one might add the cost of construction of the proposed Nicaragua Canal. In 1931 the United States Army engineers reported the estimated cost would be about \$722,000,000 dollars, with an annual cost of \$10,800,000 for operation and maintenance. This cost at this date would, of course, be much larger, but it is thought that it is a needed defense, since it would afford another canal in the event the Panama Canal should be put out of operation.

Then there is the recommended change of the Panama Canal to a sea-level canal which was made by the Governor of the Canal to the Congress on December 1 as the result of a 2-year study made at the

direction of the Congress. The report points out that converting the present Panama Canal to a sea-level canal would afford greater security for it, since this would do away with the necessity for the locks and the lake. The estimated cost of converting the present Panama Canal to a sea-level canal is approximately \$2,500,000,000.

Then there are certain strategic or critical materials which are essential to the national defense, the supply of which largely comes from outside the United States. I have taken eight of these materials and have shown the imports in the peak war year, and have estimated the probable cost of stock piles in such quantities as to make us self-sufficing in these materials for a period of 2 years. I am giving tabulated figures following this paragraph, but for summary purposes I will say that the eight materials—chromite, copper, industrial diamond, lead, manganese, nickel, rubber, and tin—would require an amount of \$1,273,430,329 for a 2-year stock pile. Certainly it behooves us to get our stock piles built up at this time.

	Peak war year (in tons)	Cost of 2- year stock pile
Chromite.....	1,115,000 (1941).....	\$89,000,000
Copper.....	845,200 (1945).....	71,375,200
Industrial diamond.....	12,614 ¹ (1944).....	84,514,197
Lead.....	492,491 (1942).....	59,196,632
Manganese.....	1,714,600 (1941).....	24,004,400
Nickel.....	169,200 (1943).....	197,080,000
Rubber.....	537,000 (1935-39) (average).....	429,600,000
Tin.....	169,500 (1941).....	318,660,000
Total.....		1,273,430,329

¹ Carats.

Then there is one more defense need that seems important to me, and that is to strengthen our Foreign Service. There is need for more good footwork in the State Department offices abroad. Right now, with the elections in Italy scheduled for April 18, much could be done by our diplomatic corps to see that the elections are fairly held, and that there is a secret ballot. There are many services these diplomatic employees could perform. In this connection I wish to call attention to the bill which I introduced in this Congress, H. R. 1770, to establish a United States Foreign Service Academy for the training of these diplomats, just as we have the Military and Naval Academies for the training of officers in the Army and Navy.

Since it is evident that the program for European recovery would be futile and just a matter of building up to the point that Russia could move in and take it all over, unless backed by strong military power in our own country, we can see that the two phases of the program will cost a very large amount of money over a long period of time. However if it takes that to make the program a success, and if otherwise the aims of the Marshall plan will fail, then there is nothing left to do but meet the cost. We would at least be taking affirmative action and doing our best, and that is the American way. If it prevents another war, then the cost is small as compared to the great losses of World

War II, which were, as we know, more than a million American lives, and over \$330,000,000,000.

If we are to have the money to finance the two phases of this program, it is most important to keep our own economy free of the restrictions and controls which would strangle our production. Our full facilities must be allowed to operate as they have in the past in producing for America and for the world, so that America may stand before the doubting world as positive proof of the superiority of democracy and a free economy over socialistic and communistic systems. When we have done this, then as Henry Clay once said:

We have done more for the cause of liberty in the world than arms could effect. We have shown to other nations the way to greatness and happiness.

(Mr. STOCKMAN asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin, a member of the Committee on Foreign Affairs [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, I was somewhat surprised to hear the remarks of my distinguished friend and colleague on the committee [Mr. RICHARDS], who apparently would tear this bill apart. To me the aid for China and Turkey and Greece are of the utmost importance in this bill. One of the witnesses who testified, one of the military men, said that this flank in China must be protected and so long as it is Russia will be contained. Put in another way, this military man said that Russia will not move militarily in western Europe so long as that flank is not in the hands of the Communists. It seems to me that is the heart of this whole problem. Mr. RICHARDS has said there has been too little time granted in committee to consider fully just what titles III and IV mean. I call his attention to the fact that as to China, the committee listened to 17 hours and 30 minutes of discussion. This information comes to me from the clerk of the committee. In that connection there were some six or seven witnesses, all of whom appeared in response to a request by the minority members of the committee. We spent 5 hours and 10 minutes listening to the testimony on the Greek and Turkish matter. It seems to me the committee was very generous in hearing testimony on these two titles in the bill. As for me, if these titles are eliminated I cannot support the bill. I hope that the Members of this House will fully consider the importance of titles II and III; as a matter of fact, to all titles in this bill.

I call attention, in connection with the China situation, to the fact that the State Department has been wholly inconsistent in connection with the China problem as it has been in so many other matters. As I listened to the distinguished gentleman from South Dakota [Mr. MUNDT] this afternoon I was amazed to learn that we are today shipping critical materials

to Russia. I wonder if we are actually interested in stopping communism.

I have before me today's Washington News, in which appears an article by Maj. Gen. Claire Chennault, who appeared before our committee. He was an outstanding soldier in the last war. I give you what he says in a few paragraphs about the conduct of the State Department's attitude toward China, and especially by Mr. Marshall and his aides and assistants.

General Chennault says:

If American policy has attained its manifest objectives in China during the war with Japan, China would be Communist today.

I don't mean to say this was the conscious aim in China, but I sincerely believe this would have been the result.

American policy as applied during the first 3 years of our wartime military alliance with China consisted principally of increasing demands upon the Chinese Central Government which at their peak in 1944 would have entailed virtual abdication of Generalissimo Chiang Kai-shek.

At the same time, the executors of our war policy had been carrying on a "public love affair" with China's rebellious and autonomous Communists, hoping to arm them with American weapons and bring them into Nationalist China. They were planning to use the Communists in battle against the Japanese when Chinese Nationalist commanders, never short of manpower, were begging for American arms and ammunition.

This is an almost unbelievable statement.

The testimony before our committee was to the effect that for more than a year the Secretary of State successfully resisted any effort to send matériel to help out the nationalist army.

In western Europe we have the State Department condemning communism. In China we find it embracing communism.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JOHNSON of California. Is it not a fact also that we spent about 2 years, through an executive committee, trying to compose the differences between the Communists and the Nationalist Government, and after exhausting every possible approach and every effort that we could, the thing finally failed because the Communists would not give one single inch?

Mr. SMITH of Wisconsin. That is the fact, and unfortunately Secretary Marshall apparently took sides with the Communists.

Now, I continue to read:

The strain in American-Chinese relations at the time turned Chungking dinner tables into a strange propaganda front, where Americans extolled Chinese Communists and berated the Chinese Central Government.

It was a common witticism in Chungking that the American headquarters staff was developing "a private foreign policy with John Davies (a State Department aide assigned to General Joe Stilwell) as Secretary of State."

(NOTE.—Mr. Davies is now a member of the State Department's Long Range Planning Committee, a job to which he was assigned by State Secretary George Marshall. He is in charge of China matters.)

So I am wondering where this kind of policy is going to take us. Is this

administration against communism or not? The people in this country have a right to know. It is their money that we are asked to spend.

Just a week ago we listened to the President, and as a result of his remarks there is a national hysteria today and a demand is made that we ought to start dropping bombs upon Russian cities. People are confused. So are we, because we do not know where this policy is leading us.

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. MACKINNON. This bill actually represents in titles II and III the first movement by this country in advance of movements of Russia. The rest of it has all been after the horse has been stolen, trying to lock the barn door. Is not that right?

Mr. SMITH of Wisconsin. I agree with the gentleman; yes.

We, the members of the committee, at least, and those who have read the hearings, know that so far as title I is concerned it provides for doing business between the east and the west countries in Europe. Mr. Marshall testified that so far as Russia is concerned we would welcome her at any time just so long as she did business with the 16 cooperating countries. Now, I am wondering if we can welcome her with open arms and give her the things that she would want in view of what has happened in Czechoslovakia?

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. MACKINNON. At the close of the day's proceedings I am going to insert a compilation of tables I have had made of trade with Russia during 1947. This bears out the gentleman's statement. We exported \$149,000,000 worth of goods last year and imported \$77,000,000.

Mr. SMITH of Wisconsin. I thank the gentleman for his timely contribution. Those figures will be interesting.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. HARRIS. I wonder if the gentleman would tell the committee how much of that has been exported to Russia since June 30, 1947?

Mr. MACKINNON. If the gentleman will yield, I may say there has been a substantial fall-off since June 30 in many of these items, but it is still continuing. All that information is contained in the charts which are so broken down that you can gather that. Offhand I would say it looks like \$55,000,000 July and September, October and December.

Mr. SMITH of Wisconsin. These are some of the things that the American people are troubled about. They just do not understand how that kind of policy can prevail in view of the fact that we are so determined to go to war if it is necessary.

Mr. COX. Can the gentleman understand such a policy?

Mr. SMITH of Wisconsin. Not at all.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. BUFFETT. Did the committee get any evidence of our ability to staff these military outposts like Korea, Japan, Germany, Austria, Greece and Turkey with enough troops to repel a Russian attack in force? Did the gentleman have any testimony on that?

Mr. SMITH of Wisconsin. No; I believe there was no testimony on that.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I am glad to yield to the gentleman from Ohio for further information.

Mr. VORYS. The gentleman's question referred to staffing with enough troops. Wherever the expression "military aid" or "military assistance" is used in this legislation or in the discussion or in the report it means military-type aid or assistance, it means advice and military equipment but not American combat personnel.

Mr. SMITH of Wisconsin. I am glad to have that correction. I would like to say also that in the matter of aid for China, General Chennault said very emphatically that it was his opinion that as far as manpower was concerned and as far as ability to whip the Communists was concerned that all they needed was material and technical advisers. I think even as far as economic aid is concerned that is a secondary matter. If we will just give these people something to fight with they will do the fighting.

Mr. BUFFETT. In connection with my original question, if we are following a policy that challenges Russia to war are we not directly endangering the lives of our boys in each of these places of occupation?

Mr. SMITH of Wisconsin. I expect there is that possibility.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that these military missions that we sent to Greece and Turkey, and one was in China before we passed the Greek-Turkey bill, are under the authority of the Congress and the Americans who are over there, in the language of the bill, are in an advisory capacity only?

Mr. SMITH of Wisconsin. That is my impression.

Mr. JUDD. Not for a moment has anybody contemplated sending a single combat soldier in. It is not authorized by the legislation and cannot be done. So it is important to make clear that when we speak of military aid, as the gentleman from Ohio has said, it is supplies, training, and advice—nothing further.

Mr. SMITH of Wisconsin. That is my understanding.

Mr. JUDD. It is to avoid sending any American soldiers ultimately by helping these nations stay on their feet so that they can provide the soldiers that may be necessary.

Mr. SMITH of Wisconsin. Yes.

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. MACKINNON. In answer to the gentleman from Arkansas [Mr. HARRIS] in reference to the statistics since June 30, last year, this chart, which was prepared by the Department of Commerce, shows American exports to Russia in the last 6 months as \$57,800,000 and imports as \$44,600,000.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Illinois.

Mr. OWENS. Is it not true that we are taking the very same steps that we took prior to World War I and World War II; that is, getting other nations to aid us instead of standing on our own feet, thereby encouraging an attack upon some part of our Nation or some one of our outposts as we did on previous occasions? Now, is that a courageous thing for us to do?

Mr. SMITH of Wisconsin. Does the gentleman want me to answer the question?

Mr. OWENS. Yes; I would like to have an answer.

Mr. SMITH of Wisconsin. It is not a courageous thing to do, as you say.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Ohio.

Mr. VORYS. If there is a threat to our security, I wonder if these gentlemen recommend that we send American troops overseas at this time?

Mr. OWENS. I will answer that. I think that the shoe is on each foot. In other words, we ourselves are attempting to shape the destiny of the world. Question some of these generals and find out if it is not true that they think America is going to rule the world.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from New York.

Mr. REED of New York. I have stated my position in regard to this Marshall plan. Of course, I am opposed to it as un-American, as unconstitutional, and not worthy of this Congress to consider.

May I say one other thing. I do not know how much of this is camouflage, but I am interested in the statistics that my good friend presented. The American people know, if they have not forgotten, that we followed this same course when we armed Japan. It was simply greed. Here was an opportunity to sell all of this armament to Japan. We built her tanks, we built her navy, we built her submarines, everything, with our steel, with our oil. We furnished the supplies to Japan over a period of years. We are doing the same thing now with Russia and we are going to pay for it with blood, because it is going to be hurled into the bodies of our men before we get through if we keep on down this course. We have been pouring goods into the satellite countries of Russia, and it has been getting into her hands. We armed Yugoslavia, then we poured the

money of the taxpayers of America into Greece and Turkey to try to head off this debacle. Why do we not come to our senses? Once the people know the truth, they will crucify this crowd here for selling out America.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from South Carolina.

Mr. DORN. May I say that I am very much in accord with the intelligent analysis of the situation that the gentleman is making. I am glad he raised the point about this trading that is going on with Russia. If you will break down those figures that you have you will find out that they not only cover various articles, including also airplane engines, and they were sent there lately. They will be used directly for attack on this country or some other country.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Wyoming.

Mr. BARRETT. I have been very much interested in the statistics that the gentleman from Minnesota has offered to the committee. I would like to ask the gentleman having the floor this question: Is it true that under the provisions of this bill we are advancing funds to England and other European countries to enable them to manufacture and ship to Russia the very materials that we are now complaining about being shipped out of this country to Europe, and on a much larger scale than have been shipped in the last year from this country?

Mr. SMITH of Wisconsin. I take it that that is possible under the program, because if we are going to do business between the eastern and the western countries of Europe, I do not know how you could plug the hole once that trade develops.

Mr. BARRETT. Is there anything in the bill that indicates that we are opposed to the shipment of goods to build up the economy of Russia or build up their war machine from the West to the East.

Mr. SMITH of Wisconsin. All I can tell the gentleman is that the Secretary of State has stated specifically that Russia is welcome, as the satellite countries are, to do business under this program.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. O'HARA. I wonder if the gentleman's committee has given any consideration to the effect of this program upon our material resources in this country that we are in short supply? Today I introduced a resolution, because we are short of tractor fuel oil up home, and the whole answer is that we do not have the ability to get cars to get that fuel oil up there so that the farmers can use their tractors. On top of that we have the continuing shortage of supplies of steel to the extent that some of our industries have closed down. I wonder

if in this program any consideration was given by the gentleman's committee to all these vast amounts of steel and short supply resources that are going out of this country.

Mr. SMITH of Wisconsin. Well, we had rather voluminous reports by Dr. Nourse, by Mr. Harriman, and by Mr. Krug. These reports were all to the effect that we do have the resources. I am in no position to challenge their statements.

Mr. O'HARA. The gentleman has undoubtedly had his own personal experiences and difficulties in getting supplies in his own district, has he not?

Mr. SMITH of Wisconsin. Well, I think we can take notice of the fact that oil has been in short supply. Steel has been in short supply, as well as copper and all these other critical materials, and they will be increasingly so under this program. You cannot avoid it. That is inevitable, in my opinion.

Mr. Chairman, I am also having trouble with title I of this bill. It too, involves the same kind of inconsistencies that exist in title IV. The people of this country have been told that the European Recovery bill now before us will stop communism in western Europe. That is the alleged theory underlying the measure and certainly that was the theme of the President's message just one week ago. It has, therefore, become a symbol of opposition to communism.

Is it not strange, Mr. Chairman, that those 16 countries in the report (CEEC) to this country failed to comment on the dangers of communism? I have carefully examined the report and there is no mention of such a menace. Then, when we examine the bill we find that Russia and her satellites are encouraged to join up with the other 16 countries. The fact is that this plan envisages full trade between eastern and western European nations, as I have previously stated.

I call your attention to the direct testimony of Secretary Marshall on this point at page 57:

Mr. RICHARDS. Mr. Secretary, as I understand, it is your hope that the other nations over there, outside of the 16 nations in Europe, will also join this group.

Secretary MARSHALL. That is the hope. I do not know whether you can regard it as a probability or not, but I think it is a possibility, and I am inclined to think that if this program moves forward in a successful manner, that it is going to work a great change in feelings and in European public reactions.

Again I am somewhat influenced in that expression by my contacts with the officials of satellite countries. They have expressed great concern in relation to trade possibilities, their fear that this proposed legislation involved a western curtain, which it did not at all, and their general concern over what happens to them if this general program moves forward successfully. All of which I think will have a decided influence on their general feeling, though there is no indication whatever of any weakening in their political stand at the present time.

And on 65 of those same hearings Mr. Jarman questioned him along the same line. Here is the colloquy:

Mr. JARMAN. Now you were questioned this morning about the fact that the wording of this bill and one paragraph in par-

ticular of it was so general that it would permit Russia to benefit under the plan. Later on, you mentioned that other countries might come in. The door is open to Russia; is it not?

Secretary MARSHALL. Yes, sir.

Mr. JARMAN. Russia went to Paris, as I understand, and left in a few days. All countries were invited; were they not?

Secretary MARSHALL. It is wide open, and the more countries that come into this on a truly cooperative basis, the greater ease we would find in composing the economic situation in Europe.

Mr. JARMAN. Therefore, it is no criticism of the legislation that it is sufficiently general to open the door to any country that might want to come in?

Secretary MARSHALL. I would not think so. Of course, any country that comes in has to meet the conditions.

Congressman GORDON also asked the secretary the same kind of question and he received the same answer. On page 70, he said:

Mr. GORDON. Is the door shut for other nations to participate?

Secretary MARSHALL. What was your question?

Mr. GORDON. Is the door shut for other nations, such as Poland, for example, to participate in this program of European reconstruction, now or in the future?

Secretary MARSHALL. It is not.

Mr. GORDON. What would be the condition for it to participate?

Secretary MARSHALL. They would have to subscribe to the conditions which are laid down in the CEEC, and the later conditions that arise here by virtue of the laws which you gentlemen enact.

Mr. GORDON. Were Poland and Czechoslovakia asked to participate in this program?

Secretary MARSHALL. All countries in Europe were invited, except Spain. That was handled entirely by the nations in Europe.

There can be no doubt, Mr. Chairman, that under the pending bill Russia and her satellites can receive the benefits of our largess. This is a ridiculous situation.

Now, then, Mr. Chairman, I think we should stop and take a look at the consequences that will follow in the wake of passage of this legislation, even though there is an intense desire to support it. At this point our constituents enter. Here is what follows:

First. There will be a considerable boost to the pressures of inflation. The bill provides, however, that assistance contemplated shall not impair the economic stability of the United States. This seems like double talk to me.

Second. There will follow a program of allocations of materials in short-supply.

Third. Rationing and price controls must be imposed if the program is to be effective.

Fourth. Restrictions on the use of oil will be effected.

Fifth. Shortages in durable goods, steel, copper, iron, lead, lumber, will be greatly accentuated. The housing shortage will grow worse.

Sixth. Prices will go higher and so will taxes.

Seventh. Veterans' benefits will be in jeopardy.

Eighth. Then follows: UMT, conscription, and billions more for national defense.

Ninth. Ultimately, as a result of all these programs, there will be imposed a

regimented economy under police-state regulations.

This is not a pleasant picture.

Title I of this bill provides a considerable sum of money for outright relief. The history of relief programs in the past indicates that when it is given privately it is much more effective. In this instance, Europeans who are suffering misery and want are to be relieved by grants from the American Government. Naturally the Europeans will assume that America is taking advantage of their desperate situation in order to make certain demands as a condition of receiving relief or in order to give vent to our imperialistic ambitions. I believe that the relief provisions should be separated from economic rehabilitation and should not be covered in this bill. The responsibility for this part of the program should be placed in the hands of reputable and responsible private agencies so that a campaign for assistance from the American people could be undertaken and so that this country could not be charged with ulterior motives. It does not seem so many years ago, after the First World War, that the British were charging us as being Uncle Shylock. Government grants to foreign countries arouse resentment. Private gifts do not. It also appears to me that under title I we are subsidizing socialistic governments in Europe. We make no real provision in this legislation whereby private individuals can do business with private individuals in other countries. It is strictly a governmental operation between this Nation and other nations. Unless we are careful we could easily perpetuate the conditions of economic stagnation which now exist in Europe because of state socialism. And let us not forget that socialism is only one step removed from communism.

OUR YEN FOR YENAN

(By Maj. Gen. Claire L. Chennault, as told to Clyde Farnsworth, Scripps-Howard staff writer)

(NOTE.—General Chennault formerly commanded the United States Army's Fourteenth Air Force in China, before that the Flying Tigers, famous outfit of American volunteer pilots which helped China fight the Jap invaders. He is now head of Civil Air Transport, a private aviation concern in China. A long-time friend of China, he knows that country's strength and weaknesses and is widely regarded as a competent critic of America's policies toward our wartime ally.)

If American policy had attained its manifest objectives in China during the war with Japan, China would be Communist today.

I don't mean to say this was the conscious aim in China, but I sincerely believe this would have been the result.

American policy as applied during the first 3 years of our wartime military alliance with China consisted principally of increasing demands upon the Chinese Central Government which at their peak in 1944 would have entailed virtual abdication of Generalissimo Chiang Kai-shek.

At the same time, the executors of our war policy had been carrying on a "public love affair" with China's rebellious and autonomous Communists, hoping to arm them with American weapons and bring them into nationalist China. They were planning to use the Communists in battle against the Japanese when Chinese Nationalist commanders, never short of manpower, were begging for American arms and ammunition.

The strain in American-Chinese relations at the time turned Chungking dinner tables into a strange propaganda front, where Americans extolled Chinese Communists and berated the Chinese Central Government.

It was a common witticism in Chungking that the American headquarters staff was developing "a private foreign policy with John Davies (a State Department aide assigned to Gen. Joe Stilwell) as Secretary of State."

(NOTE.—Mr. Davies is now a member of the State Department's long-range planning committee, a job to which he was assigned by State Secretary George Marshall. He is in charge of China matters.)

At the root of our mistakes in China was the refusal of the dinner-table clique to take the Communists' own word for the fact that world revolution was and would continue to be the Communist objective in China.

Social life in China's drab and battered wartime capital consisted mostly of dinner and cocktail parties. American officers and officials turned them into forums of propaganda for the Chinese Reds and unbridled criticism of the central government. Among these groups it became an easy conversational axiom that the Chinese Communists were not really Communists but just agrarian reformers.

My subordinates were told by members of the headquarters staff that this loose talk had Gen. Stilwell's sanction. I believe this was indeed the case. But if it were not, General Stilwell's failure to curb such behavior was a fault of almost equal gravity.

This was the state of affairs in September 1944 before Generalissimo Chiang Kai-shek, refusing the latest and most extreme American demands, forced Stilwell's recall. For nearly 3 years General Stilwell persistently had pressed for full control of Chinese armies under an exclusively American corps of officers down to rank of colonel.

For some time, the Communists had maintained a mission in Chungking as a front for a thin pretense of collaboration with the central government against Japan. Actually, this mission was little more than an espionage post and propaganda center.

The principal function of the Red outpost in Chungking seemed to be press-contact work. It was an ironical though unpublished footnote to journalistic attacks on the dictatorial central government that much material for them originated with the Communist mission in Chungking.

To that bizarre arrangement, the American theater staff eventually added another—an American military mission to Yen-an, the capital of Communist China. The justification that was offered for our Yen-an mission was that it supplied military intelligence in a theater notably lacking in such facilities.

But the Yen-an mission was more than a source of intelligence. It served as a convenient bridgehead to the Reds for our military dealings, and an excuse as well as a means for occasional trips there by American correspondents and such State Department personnel as were partners with our theater staff in promotion of friendship with the Communists.

If the American mission to Yen-an was a source of valuable intelligence, there was a sad lack of security on such information. An officer told me he had learned on a visit to the Chungking press hotel that Yen-an Communists liked Stilwell well enough to desire his leadership for their armies. If this report was true, the failure of security on such a delicate matter was nearly as surprising as the information itself.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BLOOM. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, since before the beginning of the war, it has been necessary to make many decisions that called for decisive action. Decisions of grave concern and that sometimes literally tore the heartstrings from our very souls.

People everywhere are crying peace, peace, and yet after nearly 3 years since the ending of the most tragic and cruel war in all history, there is no peace.

The greatest of all narratives has been our effort to bring about a just and lasting peace.

Without reviewing again the reign of terror, the unholy aggression that reached the depths of degradation, murder and bloodshed, the chain of events since has reflected the need and the justification for adventures unequalled for the sake of humanity. Prostration in war-torn countries, tragedy and human suffering unfolded and incredible atrocities lined the path of a shameful experience and a distraught world. Mistakes undoubtedly have been made as it is impossible to look into the crystal ball and determine the final result of any undertaking and especially when there is discord, confusion, and a planned design by some to prevent peace.

It matters little now and I would not speculate as to whether or not the policies we have pursued have prolonged the catastrophes or helped to precipitate the present dilemma. For me it is sufficient that tragedies have occurred and that we have full knowledge that they are seriously threatening the peace, stability, and world security.

To the everlasting credit of the United States, we have tried to bring about a just peace. We have shown by our actions and sacrifices that this time we are determined to prevent another world conflict. At times it has appeared to be hopeless through diplomacy but we continue to try with a fervent hope that we will ultimately succeed.

It is not enough apparently that we have gone to the rescue of prostrate Europe; it is not enough apparently that we have provided bill after bill supplying money, food, and the necessities of life; it is not enough apparently to relieve human suffering, though all of these are worthy accomplishments and I shudder to think what would have resulted without them.

In the midst of the dust and ruins of victory, in the wake of our laudable efforts for peace for free men and as we continue to alleviate mass human suffering, there has arisen a new aggression that is circumscribing the disintegrating peoples like the mighty tentacles of a huge octopus.

The Soviet Union has not only deliberately failed and refused to cooperate in establishing a durable and just peace, but has set out upon a conquest that even surpasses, if it is possible, the Nazi aggression that brought on World War II. Totalitarianism produces the same result against humanity whether it is nazism, fascism, or communism. A dictator becomes a detriment to humanity whether it is a Hitler, a Mussolini, or a Stalin.

We have accomplished little by destroying one of these forms and permit-

ting another to extend its vicious methods of enslavement.

We had a right to assume that Russia would live up to her agreement for the basis of peace and world security. We were justified in assuming that Russia meant what she said about cooperation to accomplish this objective after victory. We believed her to the extent that we immediately demobilized, but we have seen her Communist expression and dictatorial policies extended to country after country as consistently as time would permit.

Our hopes have been frustrated. Desired results have not been obtained. From the Atlantic Charter to Casablanca, Tehran, Yalta, and Potsdam, and the many, many other conferences, we have consistently planned to extend freedom and democracy to the peoples of all nations that they may freely choose without interference the type or kind of a government they desire.

It, therefore, becomes only too clear that if we are to reach our objectives something more than granting relief to human suffering is necessary. We must go beyond this immediate relief and bring about something more permanent for peoples to build to. A definite pattern to preserve the freedom of western Europe by bringing about a permanent stable economy and political honesty is essential. It is futile to continue otherwise.

Facing this reality, our Secretary of State, General Marshall, struck a note in his speech at Harvard last June that is destined to bring about the long sought peace and stability for freemen in a free world.

Modestly and quietly he said that it was evident that before the United States Government can proceed much further to alleviate the situation and help the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements and the part these countries will take in order to give proper effect to whatever action may be undertaken by this Government. The initiative, he said, must come from them and the role of this country should consist of friendly aid in drafting a program and later supporting it so far as it may be practical for us to do so.

The reaction to this suggestion was spontaneous. Sixteen nations took the initiative and met to coordinate the independent nations of Europe in a self-help effort to become stable and preserve their freedom.

We are now in the process of deciding what our future role will be. We are face to face again with a momentous decision. Everyone recognizes the crisis is greater today than it has been since the ending of the war. We have got to decide between peace and war. This program is to prevent war and stop the aggression that will inevitably bring war.

Here we propose a recovery plan to foreign nations on conditioned participation. As has been said "in the name of peace, stability, and freedom, it deserves prompt passage. In the name of intelligent American self-interest it en-

visions a mighty undertaking worthy of our faith." This is an economic approach which calls for survival. It is necessary to prevent collapse of these nations into the Communist sphere of influence.

This plan recognizes that "disruption following in the wake of war is not contained by national frontiers."

It announces the sound doctrine that "it is the policy of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation."

This plan authorizes \$5,300,000,000 for European recovery to the 16 participating nations. It provides \$60,000,000 for the International Children's Emergency fund; \$275,000,000 for primary military-type aid to Greece and Turkey, and \$150,000,000 for primary military-type aid to China; it also authorizes \$420,000,000 for economic aid to China; a total of \$6,205,000,000 for the next fiscal year.

The European recovery program is intended, if its provisions are met, to continue until June 30, 1952, with annual review for both authorizations and appropriations by the Congress. This, we feel, is deemed necessary to protect our own self-interest.

It is significant that this plan recognizes that military security and domestic tranquillity are necessary to prerequisites to economic recovery and the maintenance of peace and free institutions. It is for this reason we propose military-type aid to those areas which are most beset, and there are many of them, by the dangers of externally sponsored communism.

In the light of world conditions and our future security are we willing to launch out upon such an adventure? Is it a wise policy and can we afford the sacrifice? This is the question your Congress is deciding now. We must choose between definite course of action or completely surrender our leadership in world affairs.

I cannot overemphasize the incalculable risks. I am frank to say we cannot foresee what the results will be. I am firmly of the opinion that this is the best course of action, with the least calculable risk this country can take provided we will implement it by our own preparedness, that Russia and her satellites will know we mean business.

If we are willing to take this risk, I believe it will cost us far less in the end. Instead of six, twelve, or sixteen billions of dollars, another tragic war would cost us many hundreds of billions and the loss of countless lives of additional American youth in this unpredictable atomic age.

I have given long and arduous study to the many problems affecting the destiny of our Nation. In view of the serious crisis with which we are faced in world affairs, I do not hesitate to say this is a decision that calls for thoughtful, calm, and cool deliberation. I know and realize there are different viewpoints and I respect the view of those who disagree. I respectfully submit to those who prefer

other risks which I believe would be far greater, that they cannot escape "to safety by rejecting or subverting this plan."

Let us not overlook the fact that this means as much to us as it does to those we seek to help.

First. We seek to preserve the victory against aggression and dictatorship, which we thought we had won in the recent war.

Second. We seek to prevent World War III before it starts. This is designed to bring about peace by firm and decisive action. It is not as many will have you believe a war measure.

Third. We hope to prevent economic chaos, which would inevitably result on a world wide scale.

Fourth. We are determined to sustain Western civilization.

Fifth. We seek to relieve the American taxpayer at the end of the adventure. This is all important too.

Sixth. We recognize the cool fact of American self-preservation which is inseparable to our economy and national security.

In meeting this reality, I ask again, is it worth the risk?

Some honestly think it would be a wise policy to leave those nations to their fate. This should be in my humble opinion our last recourse. To do so would in my opinion be a blind and dangerous policy. It would, I believe, result in another world war that could very well destroy all freedom and bring a serious decline in our civilization and the Christian world. Reflect if you will, one moment on Hiroshima and Nagasaki. To leave these people to the fate of Communist aggression and another kind of dictatorship, knowing what their ultimate plan is, would be a policy of appeasement.

This is the policy that Henry Wallace would pursue on a total appeasement of Russia. There is no compromise with the Russian philosophy, it is all their way and I might inject that it would be encouraging if Mr. Wallace and his kind would decide to speak for our American form of government.

Why, may we ask, are we in greater danger of the inevitable today? We might answer by asking Why has Russia failed to live up to the agreements reached at many conferences since the end of the war? Why has Russia failed to cooperate in a recovery program? Why has Russia defied the United Nations in efforts to establish a just, honest, and enduring peace?

We have seen a new kind of totalitarian conquest and country after country perverted to the Communist ideology. The most recent and most brazen was the method by which the last semblance of democracy was destroyed in Czechoslovakia. We are watching the threat of this cold war on the little country of Finland. Already, and believe me, this threat is being extended to the Scandinavian countries. The crisis in Italy will be resolved on April 18. The method used there makes outcome very, very uncertain.

We know what would have happened to Greece and to Turkey already had it

not been for our decisive action toward those countries a year ago.

Then is it not a threat to our future security and world peace that we become an island of freedom in a world of communism? We know what the result would be without trade, without free international intercourse, friends or allies. This must be clear to those who are willing to face realities.

It was my privilege to visit many of these countries in western Europe a few months ago. I personally observed some of the almost incredible experiences of destruction, desolation, and destitution. I had a deep feeling of sympathy toward the present condition but what impressed me even more was the attitude of the Russian sphere and their obvious zeal to eliminate any obstacle that would interfere with their uninterrupted political and communistic aggression. In talking with our own people who are face to face with this problem, their intention is very plain. Their failure to cooperate on mutual and advantageous problems, their determination to destroy and confuse should be sufficient proof of their clear design to extend their philosophy to all of Europe and eventually the world. We saw it in the devastated city of Berlin, in the historic and grotesque city of Vienna, we saw it in the ancient port of Trieste and many other places where the fight for liberty continues on and on. It is more acute today than it was then.

Let me give you some additional facts.

On authority which I would risk my legal, professional, and political reputation of 18 years, we learned that from the interrogation of more than 15,000 people behind the iron curtain and within the Soviet Union, in recent years, that the regime has complete control with no hope of change, even with the death of Stalin. Secret police active at all times.

In all parts of the Soviet Union violent hate is preached against the United States.

World domination, premise of Lenin and Stalin, is still the goal of present government.

War industries are in full operation, producing 1,500 planes and 4,500 tanks per month. More than 4,000,000 men under arms.

Major source of labor east of the Urals is slaves. More than 15,000,000 Russians engaged as slaves—sentenced for political reasons.

Economic conditions in Russia are extremely bad. Construction of shelter and domestic industry has low priority, with major effect on expansion of heavy industry.

Nominal freedom of religion exists, but only after the clergy has been purged. Stalin uses the church as a rostrum for his propaganda.

While Communist principles stress class-against-class tactics, yet the gulf between the Communist proletariat and the average Russian is wide.

Summed up, this means that Russia is preparing for a war, if necessary, to continue their aggression. Announced enemy is the United States. Russia's relative present weakness dictates short-

term policy of national security, coupled with Communist expansion short of armed conflict. Time is her ally.

To stop this aggression we must not only provide economic aid for these nations, but, as the President of the United States has said, "Extend to them the support which the situation requires. The determination of the free countries of Europe will be matched by an equal determination on our part to help them do so." This means a strong and adequate military force which we must provide. We cannot delay an adequate preparedness program any longer. We cannot let it ever be said again "too little and too late."

We may not be able to feed the world. We may not be able to police the world, but a Christian Nation like ours, and blessed as we have been, can, with the help of God, stop the growing menace that is stalking the world toward slavery. We seek our own security, we seek peace and the free will of mankind.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, I will be as brief as I can because there are so many that want to talk on this very, very important piece of legislation. But, I would like to add a few remarks at this point in the discussion.

First of all, I would like to say something about the tax bill that passed the House today. I would say that there were ample grounds for serious people to question whether or not at this point Congress did not need a psychiatrist.

We are not through paying for the recent war. Four out of every five dollars of our national budget still reflect that obligation. If we cut taxes we will not be able to balance our budget. The United States will become a deficit economy, which means further devaluation of the dollar and increased inflation. Unless America remains economically sound we cannot do any of the things we are talking about today.

It seemed to me that passage of the Knutson tax-cut bill at this particular time reflects an infantile desire to kid ourselves and the American people.

To pass a tax cut at the same time we pass ERP would certainly indicate that Congress was trying to persuade the American people that ERP was not going to cost anything. The ERP can be a sound economic program—a program that is needed—if we are going to have peace, but it is going to cost us something.

Those who are most vocal in advocating tax cuts today are the very ones who also talk loudest about the possibility of World War III. Those who are raising loudest the drum's discordant sound are yet the first to lay aside the burden of paying for World War II.

Mr. Chairman, we still have a \$257,000,000,000 debt to pay off. It is a past war debt. If we do not pay it off we will add to the inflation that is already eating up the housewife's dollar.

If we are going to have peace, we have got to face the cold hard facts of life,

and the passage of the tax cut bill was a retreat into the never-never land.

Yes, I think that serious people would agree that Congress was ripe for psychiatric treatment.

We propose to undertake a program that is to extend for 4 years. If it does not extend for 4 years it is just another relief program. We are attempting to get the second most productive area in the world back on its feet as an essential part of building the peace. The best estimates that have been arrived at through consultation in Europe, and through research and consultation in our country, are that it is going to take 4 years to do a sound job of rehabilitation in Europe if everything goes well. If the European countries cooperate, if we do not go hogwild in our cooperation by attaching the kind of strings to our aid which would impair the national integrity of countries in the Committee for European Economic Cooperation, if we keep our eye on the ball and really put our shoulder to this undertaking, economic stability will be achieved in Europe with benefit to the rest of the world.

If we have the understanding we can make this a joint effort the like of which the world has never seen.

Never has there been a time when a people situated as we are today has extended its hand with the good will that we manifest under this ERP program.

Whether or not we succeed in the 4-year program within the framework of our democratic principles will depend upon the kind of administration this program has. The kind of administration it has will depend upon the caliber, the depth of understanding, and the sincerity of succeeding Congresses.

The bill that passed the Senate had only to do with the European recovery program. The present bill before us is an omnibus bill. Title I covers ERP; title II, the Children's Fund; title III, military aid for Greece, Turkey, and China; title IV, economic aid for China. Each title is a self-contained piece of legislation not affecting the other titles.

I am in complete accord with the remarks made on the floor today by the gentleman from South Carolina [Mr. RICHARDS], namely, that we should never have included title III, military aid to Greece, Turkey, and China, in this bill. An amendment will be offered to strike out this title, and I shall vote for it.

I wish to confine my remarks today to title I, the ERP. There were certain amendments added to the Senate bill which should be eliminated. I will make specific recommendations when the bill is read for amendments.

Under ERP, in order to fulfill our commitments, we are going to send goods and services to Europe, goods that may be in short supply. We are in the midst of inflation, the cause of which does not come from foreign exports. It comes from our own domestic market, where there is a greater demand than supply even today, 3 years after the war. Anything we export abroad, however, adds to that inflation, but it does not create it.

We have to recognize this if we are to succeed abroad and protect our people

at home. Some sacrifices will be necessary if we are to keep our commitments. Some controls will be necessary if we are to keep our economy stable; but I feel that sound European recovery is to the long-range interest of the people of this Nation.

The Marshall plan was offered not as a program to divide Europe, but as a program to help all of Europe—including the Soviet Union—recover from the devastation of war. Russia chose not to come in. Czechoslovakia and Poland indicated a desire to join the ERP, but it was rather clearly shown that they were influenced to withdraw.

Nevertheless, the fact remains that the ERP was offered to Russia and to the eastern countries of Europe, and, despite the fact that they have not chosen to participate, the door has not been closed to future cooperation.

We discovered in World War I, under the leadership of Wilson, or at least some of us did, that wars were no longer possible in our world as a means of settling differences between nations if we were going to survive, if our civilization was to remain intact. In World War II the American people, of both parties, came to the same decision that Wilson had come to—the only real protection against future wars is a system of collective security. In that belief in the midst of war, when we did not know what the outcome was going to be, we drew the blueprints and laid the foundations for the United Nations. Through the United Nations we hoped to obtain peace. We hoped the nations of the world would stand together hand in hand, and if any one nation got out of line in the future, the efforts and the forces of all the others would band together to resist that one nation.

The United Nations is still the best hope for lasting peace in the world. Much thought ought to be given by this Congress as to how the UN can best be strengthened. I support the ERP because I believe it will do just that. The ERP, if properly and democratically administered, will go far in that direction.

If we allow economic collapse to overtake Europe, with resultant political chaos, collective security is lost—and so is the United Nations. Make no mistake about that.

Instead, there would be two nations facing each other in the world—Russia and the United States—each surrounded by its satellite nations—and that is not collective security.

I would rather have seen this program administered through the UN, but the undertaking on that basis would not have been agreed to by this Congress—and Europe cannot wait if there is to be any hope of building collective security in the world.

I am convinced that the economic health of Europe will go far in stabilizing international relations.

Mr. Chairman, there has been some discussion today of the question of our sending goods to Russia. This is a fundamental fact that we have to understand. It is a fact that I drew attention to all through the hearings.

This Congress can shut off our country's trade to Russia if it sees fit, as inadvisable as that would be. But it cannot add amendments to this bill to shut off trade between eastern and western Europe if it expects European recovery to succeed.

Europe is interdependent. Eastern Europe is the breadbasket, and western Europe is the industrial center. Eastern Europe exports food to western Europe. Western Europe exports manufactured goods to eastern Europe. Despite the refusal of Russia to enter into the European recovery program, trade is going on today between eastern and western Europe and over 60 trade agreements have recently been concluded.

The goals set for European recovery can only be realized if east-west trade continues.

Are we running the danger, because of economic necessity for east-west trade, of sending materials to Russia which will make her strong so that she will be better able to go to war with us?

This is what we are faced with: War or peace. If we are so scared of Russia and communism that we will not do the things that have to be done to build peace, we are licked before we start.

Another war is unthinkable. This Congress does not even want to pay for the last war. If we have troubles now, what would we have if we went through another world conflict?

In order not to have another world war, we have to allow ourselves enough leeway to make peace possible and we have to take the chances that will promote and permit peace to develop. Europe cannot get back on its feet if we cut trade between eastern and western Europe, between England and Russia, between eastern Europe and England, and so forth, by arbitrary rules and regulations in this program. This program can only succeed if England and western Europe get the grain and coal they need from eastern Europe. It cannot succeed otherwise.

We are not going to give them all the materials they need to realize the goals that they have set for themselves. We are only going to give them a part of their needed imports. The whole program will fail unless we take this gamble. It is a gamble, but it is less of a risk than pursuing a course which must inevitably lead to war. Another war would change our way of life and destroy our economy.

If we are so sure of war that we do not dare take any risks for peace, then, Mr. Chairman, we should not pass this bill.

The CHAIRMAN. The time of the gentlewoman from California has expired.

Mr. BLOOM. Mr. Chairman, I yield five additional minutes to the gentlewoman.

Mr. O'HARA. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. O'HARA. Does the gentlewoman think Russia will consider that which we are doing in giving aid to those who will resist Russia, as a friendly act on our part if we pass this bill? Does the

gentlewoman honestly think Russia will consider that this is a friendly act on our part?

Mrs. DOUGLAS. I will come to that in the course of my remarks, because I do think that is a very important question.

Mr. Chairman, I wish for one moment that we could forget Russia. If there were no such thing as communism in the world and no such country as Russia, we still would be faced with the necessity of undertaking this program. Why? Because we have had the most terrible war that the world has ever seen; a war that left over half the world in ashes and millions upon millions of people facing starvation.

I do not see why, when the European recovery program has been so clearly enunciated as one to wipe out poverty and desperation and chaos, a program that is directed to the needs of men and women and children who went through years of war, and who are weary and worn out, we should not undertake that program because Russia does not want us to. You ask, why does Russia not want us to? Now we get into the area of imponderables. One man thinks one thing and another man thinks another. I do not know. Maybe it is because she is afraid, or perhaps because she would like chaos in Europe so that the governments of Europe would become communistic. Maybe she would like Europe to become communistic so she would have control of the trade of Europe—I do not know. But the fact remains that there is a need which, if not met, will destroy the United Nations. Unless we have a strong United Nations there is no hope of building a permanent and lasting peace. I think that all the efforts, all the thinking, all the imagination, all the genius of this Nation should be directed toward the end of obtaining peace. I do not think we ought to let fear of Russia or anybody else steal the peace away from us.

Mrs. O'HARA. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. O'HARA. The lady has not yet answered the question whether in her own mind she thinks that what we are doing in this bill is considered a friendly act by Russia, or whether it is not one of those acts which might inevitably lead us into war.

Mrs. DOUGLAS. No; I do not think so. I do not know what Russia thinks. From some speeches, Russia might well think that bombs are going to be dropped on her tomorrow night. We know we are not going to do any such thing—but she may not be sure of this.

I am perfectly sure that if we can bring back stability to Europe through building up trade, we will promote a steadiness that will make Russia think twice before undertaking another Czechoslovakia.

The CHAIRMAN. The time of the gentlewoman from California has again expired.

Mr. KEE. Mr. Chairman, I yield the gentlewoman two additional minutes.

Mr. OWENS. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. OWENS. If there is real charity in what we are doing, can you understand why we cut \$150,000,000, or attempted to do it a year ago, off of the \$350,000,000 gift to the war-devastated nations when they were then in much worse condition than they are now?

Mrs. DOUGLAS. Let those who voted for that cut answer the gentleman's question—I did not vote for it.

Let us not forget that western Europe accounted for nearly one-half of the world's trade before the war. They owned nearly two-thirds of the world's shipping. Their industrial production in terms of basic commodities of coal, steel, and chemicals was, before the war, slightly greater than that of the United States.

Six years of war left them devastated and bankrupt and physically exhausted.

It is not easy to repair the damage done during six long years of destruction. Homes, churches, schools, bridges, railroads, factories, and ships are gone. The weary, the maimed, and the orphaned must carry on, struggling with worn-out land, obsolete machines, rubble, and desperation.

We recognized this at the war's end and we came to their aid with the final shipments of lend-lease, UNRRA, the loan to Great Britain—the loans of the Export-Import Bank. We prevented starvation and pestilence, and started the wheels turning on a solid recovery program. We hoped and believed this would be enough.

The recovery of Europe has been miraculous. Without our help it would not have been possible. But it is not yet enough.

Things went very well after the war. Recovery in Europe was more rapid than after World War I. Then things went wrong. Hidden injuries began to slow up Europe's recovery. Bad crops and high prices in America finished her.

Mr. William Clayton, former Under Secretary of State, in describing Europe, said:

Europe was like a man who has been injured in the bombing of his home, and at first does not know how badly he is hurt. He runs about, pulling others out of the wreckage, binding up his outward wounds, reassuring the children, cleaning up the rubber. And then, a couple of hours later, he staggers toward collapse from delayed shock.

We could see and understand the physical injury, but, as Mr. Clayton points out, it was more difficult to realize the hidden wounds of the long conflict. Observers underestimated the damage to the nervous and circulatory system of the European economy. The war had stripped her of reserves.

In recent times, because of the density of her population, western Europe and Great Britain have not been self-sustaining in food and clothing. They have had to export manufactured goods in order to import what they need to live.

Europe and Great Britain were so close to the ragged edge, despite their recovery from the war, they could not sustain any further economic shock.

Bad crops resulting from the severity of last winter and the drought of last

summer, together with rising prices of food and raw materials in America, were too much.

The desperate attempt to balance the import of food and raw materials with manufacturers' goods was hopelessly lost.

Western Europe and Great Britain find themselves today unable to export and receive enough dollars to buy both the food and the raw materials they need to prevent economic, political, and social collapse.

We propose to come to their aid.

Ours is a historic decision. Can we afford it?

Yes; if we take the necessary steps to control speculation and inflation at home.

The quantity of exports contemplated is less than those of the last 15 months. The Harriman, Krug, and Nourse committees show that American capacity is up to the job.

Will the Marshall plan be successful? Yes; if we meet the four tests outlined by Secretary Marshall:

Our action must be prompt. It must be adequate in amount. It must be efficient and flexible in operation. It must be cooperative in relation to the other participating countries.

It will cost money—a lot of money. Yes, just about what we pay each year for interest on our war debt.

Four out of every five dollars in the fiscal budget for 1948-49 directly reflect the cost of the war, the effects of the war, or our efforts to prevent another war.

We cannot afford World War III. Civilization will not survive it. We will not fail if we have the understanding and the will.

This is the challenge to us today: To set Europe upon her feet, to keep the United Nations alive and thereby have a real chance of building peace in the world. Let us meet this challenge by putting our genius and our talents to work on programs that will lead us to peace.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, I pray that the debate now proceeding will resolve questions and doubts which have occupied my mind from the very beginning of the administration's present foreign policy.

We are sailing dangerous waters. Since the only harbor the President offers us is the Marshall plan; since the hopes of so many are fastened to this program, I would like to join the majority of my colleagues in its support. I will, if my conscience and judgment will allow it.

But it is foolish to overlook the risks, the cost, the failures of our previous aid; and I am not to be stampeded by the persistent propaganda of radio, scareheads, or administration axmen.

To repeat a thousand times that this program is our only security does not make it so. A careful study of the evidence of past attempts is discouraging. At best—as Marshall himself has said—it is a calculated risk; and if, at the end, I can vote "aye," it will be with the full knowledge that we are taking a risk, not an insurance policy; a risk that is highly hazardous, incredibly costly, and which offers doubtful success.

THE OLD BALANCE OF POWER IDEA

Mr. Chairman, the same good people who used to dream of one world are now the most vociferous backers of this plan, which is essentially a balance of power scheme—a scheme to strengthen western Europe against eastern Europe—to build up an American bloc to oppose a Russian bloc. It is not a new idea; balance of power idea is as old as nations. It has been conspicuously unsuccessful in maintaining world peace. Will it work this time? I pray that it will.

WILL DOLLARS DO IT?

Henry Hazlett asks, "Will dollars save the world?" Did more than \$300,000,000 of our money save Czechoslovakia from communism?

It has been repeated and repeated that communism cannot take over except where there is poverty and distress. It took over the stable and relatively prosperous Czechs.

Since July 1, 1945, the United States has given foreign countries assistance to the sum of \$20,000,000,000. More than one and one-half billions went to Russia and its satellites. Total civilian and military assistance specifically authorized by Congress has exceeded sixteen billions. Can we truthfully say that this lavish outpouring has advanced the cause of world peace?

Three years and \$20,000,000,000 after the war, Time—March 8, 1948—summarized the state of the world thus:

This was the situation last week on the various fronts of peace:

Czechoslovakia went under after a struggle much feebler than optimists had hoped for; it was plain that though the Czechs loved freedom, they had no confidence in its defenders.

The Finns, pressured, got ready to bow their once-stiff necks.

In Greece, the Communists, with military help from their Slav comrades across the borders, were winning. No matter how much purely economic aid the United States put in, the Reds could probably overrun Greece whenever they decided to try hard.

In Italy, Communists and friends had a good chance to win the April 18 elections. If they lost, they might start a civil war in the north, which would be harder for the West to win than the Greek war, and more essential.

In France, last year's decline of Communist strength had stopped.

In western Germany, the United States, Britain, and France were still thrashing about in a diplomatic and bureaucratic maze.

Britain's heart was stout, but her aim was confused and her economy holding on by the fingernails.

In the Arab world, trust of the United States had gone down from 108 percent to 8 percent as a result of the tragic fiasco of United States policy on the Palestine issue. Zionists were calling the United States traitor for not helping them more.

Turkey was still menaced by Russia, still unable to demobilize its army.

Persia was the same old political and economic morass—easy picking for Russia.

India was somewhere between chaos and nationhood (probably much nearer the former).

China—all China—might be lost in a year; the north in a few months, the rest at Communist pleasure.

Latin America, generally, was more friendly to the United States than it used to be, but it was economically shaky, and Communist influence had not been eradicated.

In the United States, Communist influence had declined; but it was strong enough to be an important factor (via Henry Wallace) in the Presidential campaign.

Peace, in short, was wonderful.

Can we still have confidence that we are on the right track?

Mr. Chairman, I have supported most of our efforts. I supported the billions for UNRRA, the International Bank, and most certainly every measure offered to establish, strengthen, and support the United Nations. But experience and common sense ultimately call halt. I halted at the British loan, by which three and three-quarter billions were dissipated in 20 months. I opposed the Greek-Turkey gift; four hundred million then, two hundred and seventy-five million more asked now. I have read every word of the President's quarterly reports on this program.

It has been an obvious and colossal failure.

THE TRUMAN DOCTRINE

The Truman doctrine, announced a little over a year ago, was frankly and briefly stated by the President. The President said:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I am bound to say that I regard this as a first step on the road to imperialism. I do not believe we have the moral right to mold all governments according to our liking, nor do I believe that we can possibly accomplish so vast a project. The problem is not only Greece, but worldwide, as I said in the House on May 7, 1947:

If the President thinks that the United States has the moral duty, or even the moral right, to interfere with all governments that are not democracies, we might have also mentioned most of the rest of the world; not just Iran, but Iraq, Egypt, India, Korea. He might have mentioned the communistic threat of Togliatti in Italy, of Thorez in France. He could have referred to the totalitarian Franco in Spain, and closer to home, Argentina and Chile are not conspicuous adherents to the form of government that we in America prefer.

Moreover, it is sheer nonsense to talk about the Greeks and Turks being free peoples. They are not democracies as we understand the term and it comes to this, that we are supporting with our money and ultimately with our armies, governments which we conceive to be at the moment friendly to us; which far from keeping the peace is a continued invitation to war.

It is a spectacle to see less than 20,000 guerrillas in Greece continue to harass a country with an army of 150,000, partly supported by us; and it is interesting to note that the guerrillas have increased and the troubles of Greece have increased since our ill-fated gift. A careful examination of the President's reports indicate the complete failure of the program. It is stupid and stubborn to keep pushing programs that have failed.

We need a new approach, a new conception.

IS EUROPE COLLAPSING?

The headlines indicate that Europe will die without an additional dollar transfusion. But what are the facts?

The countries participating in the program are Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxemburg, The Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom.

Let us look at these for just a moment. The United Kingdom, which has already had and spent a loan of nearly \$4,000,000,000, will probably get the lion's share out of this program. Their coal production is almost normal, and they are building 53 percent of the world's ships right now. They would do better if they would stop experimenting with a socialism so broad that it makes an approach to the very communistic system that we are fighting.

What claims or needs that Iceland, Ireland, and Luxemburg have upon us, I do not know.

Portugal, Switzerland, and Sweden were neutral during the war and undamaged.

Turkey was neutral until forced into a late declaration, participating in none of the fighting, and its economy is wholly sound.

Belgium's economy and industry is for the most part better than it was before the war.

It is true that Austria and Greece are in bad shape; Greece always has been. The remaining countries could undoubtedly use a practical measure of assistance, but, in my opinion, that should be done on a reciprocal basis. All have products and services that we could use in exchange for what we propose to send them. It just is not sound to keep repeating that all these countries are in a state of collapse, and will collapse, without our billions.

National income of the participating countries, as a group in 1947, reached 91 percent of the prewar level. I am not just saying this. This is from the official report of the Senate committee. Per capita national income was somewhat reduced, but will be very little increased even by this extensive recovery program. In eight of these countries, 1947 industrial production exceeded 1938 levels. The vital production of coal and steel—except in western Germany—can be said to equal or better production in 1938, and the output of hydroelectric power exceeded prewar output by nearly 40 percent. Britain's farmers are now producing more than one-half of their food requirements, as compared to one-third before the war. France has increased its bread-grain production and is expanding production in France-North Africa. It seems to me that if we take the trouble to read these things, we just cannot accept the continued and terrified cries of collapse.

HOW MUCH WILL THE EXPERIMENT COST?

Mr. Chairman, while this country is strong and rich above all others, it should be remembered that neither the Treasury, nor the assets of the United States is a bottomless barrel. After all, we owe \$260,000,000,000, and we are spending, peacetime, forty billions a

year, four times as much as we ever spent before. We have become insensible to the meaning of a billion dollars. The cost of this program, this year, is about equal to the total assessed value of the city of New York. Our foreign programs passed and contemplated probably will cost the average American family the equivalent of more than \$600, and it has been said that the 4-year cost of the program will be equal to the assessed value of all the farm land in America.

While American industry is crying for steel, we propose to send steel to countries whose production is excellent. When New England and the Middle West have been freezing from the lack of petroleum, we propose to send petroleum. When our farmers, who have been feeding the world, are short of fertilizer and agricultural machinery, we propose to send that. When the scarcity of lumber and building materials is a national scandal, we propose to export that. Twenty thousand freight cars are involved, although our economy is strongly affected by a present lack of freight cars.

This list is endless. The cost is enormous. It would be worth it all if it were a guaranty of peace, or the only guaranty of peace, but of course it guarantees nothing. It is a hope in which, of course, we all join.

Mr. Chairman, it is very simple to read a mere assertion or a headline, or to listen to a radio commentator tell us that the Marshall plan is the salvation of the world, but it is not so simple to exercise the responsibility of a vote on this plan after a painstaking study of the real facts. Despite its cost and hazards, the Marshall plan, conceived on this broad base, may be the answer. But our Foreign Affairs Committee has not made the problem simpler or more palatable by joining to it additional gifts for Greece and Turkey, and the new plan to save the 450,000,000 people of China, nor by inserting its shipping provision, which may ruin the American merchant marine.

I have merely tried to indicate that there is, as always, more than one side to this question. It is difficult beyond imagination to come to a correct conclusion. I pray that we may ultimately take the right course.

Mr. GWINN of New York. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield to the gentleman from New York.

Mr. GWINN of New York. I agree so wholeheartedly with what the gentleman states that I would like to introduce at this point a substitute bill for the Marshall plan which states very briefly, first, \$500,000,000 for relief, to be administered according to the original Hoover plan, of Hoover food instead of State Department food to socialize countries abroad; second, relieve industry in America from taxation so that we may have industrial rehabilitation, the only kind of rehabilitation that is possible; and, third, give the President of the United States a cold billion dollars for him to spend in national defense so he will have enough money in his pocket to meet Joe anywhere and meet him quickly. I thank the gentleman very much.

Mr. HAND. I will say to the gentleman that we may have to support this program, but I do think that the administration in offering only this program is devoid of a proper perspective of foreign affairs.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield to the gentleman from South Carolina.

Mr. DORN. Is the gentleman not rather reluctant to support a plan putting \$17,000,000,000 into the hands of men who have reversed themselves time and time again in the last few years?

Mr. HAND. I am very reluctant, I will say to the gentleman from South Carolina.

Mr. GWINN of New York. Mr. Chairman, when the so-called Marshall plan or European Recovery Act is read, I will propose a substitute act as follows:

SUBSTITUTE FOR THE MARSHALL PLAN OF THE EUROPEAN RECOVERY ACT

That this act may be cited as the "Foreign Assistance Act of 1948."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress—

(1) To recognize the intimate economic and other relationships between the United States and the nations of the world and that the disruption following in the wake of war is not contained by national frontiers.

(2) To recognize that the existing situation endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations.

(3) To assist, as is traditional in the American way of life, in relieving suffering and in maintaining the principles of individual liberty, free institutions, and genuine independence.

(4) To effectuate the protection of the general welfare of the United States and the establishment of a healthy economy, based upon self-help and mutual cooperation, in the countries of the world.

(5) To establish a recovery program which will provide: (a) relief to ill-fed and ill-clothed peoples of the world through the generous and unfailing charity of the American peoples; and (b) relief to the disrupted, and stagnant industries of the world through the collaboration and endeavor of American industry.

Title I

SEC. 101. This title may be cited as the "Foreign Relief Act of 1948."

SEC. 102. That there be, and is hereby, created a body corporate with the name "World Relief, Inc." (herein called the corporation). That the principal office of the corporation which shall be a nonprofit corporation, shall be located in the District of Columbia, but there may be established agencies or branch offices in any city of the United States or in any other country under rules and regulations prescribed by the board of directors.

SEC. 103. This corporation shall continue in existence until April 1, 1952, or to such earlier time as the Congress, by concurrent resolution, shall declare that the need for the continuance of said corporation no longer exists.

SEC. 104. That the initial funds necessary to inaugurate the organization and operation of this relief program shall be \$500,000,000, which sum is hereby authorized to be appropriated from any funds in the Treasury not otherwise appropriated as a revolving fund.

SEC. 105. That the funds necessary for the continuous operation of the program and for the reimbursement of the revolving fund shall be obtained from contributions of individuals.

SEC. 106. The corporation shall have power to sue and be sued in the courts of law and equity within the jurisdiction of the United States and in the courts of the countries wherein it is operating if so permitted by the laws of such countries; to adopt a seal; to adopt and establish bylaws and regulations not inconsistent with the laws of the United States; to solicit, on a world-wide basis, contributions for carrying out the purposes of the corporation.

SEC. 107. That the purposes of this corporation are and shall be—

To furnish directly food, clothing, and other urgently needed supplies to the needy individuals of the world. The corporation is hereby specifically prohibited from furnishing food, clothing, or other supplies to the governments of any cooperating country or any political subdivision thereof as distinguished from their individual citizens.

SEC. 108. That the governing body of the corporation shall consist of nine members, to be appointed by the President of the United States with the advice and consent of the Senate, one of whom shall be designated by the President to act as chairman.

SEC. 109. Vacancies in the governing body of the corporation shall be filled by the President in the manner herein above provided.

SEC. 110. Voting by proxy shall not be allowed at any meeting of the governing body.

SEC. 111. That World Relief, Inc., shall on the first day of January, April, July, and October of each year, make and transmit to the Secretary of the Treasury a complete and itemized report of receipts and expenditures of whatever kind.

SEC. 112. That Congress shall have the right to repeal, alter, or amend this title at any time.

Title II

SEC. 201. This title may be cited as the "Foreign Industrial Development Act of 1948."

SEC. 202. In order to coordinate the activities and functions of our governmental representatives abroad and to encourage them in undertaking liaison work between the industries of the world and the industries of the United States there is hereby created a National Industry Advisory Council (hereinafter referred to as the Council), consisting of the Secretary of State, as chairman, the Secretary of Commerce, and five members appointed by the President, with the advice and consent of the Senate, from the outstanding industrialists of the United States.

SEC. 203. That the Council, in addition to the duties contained in section 202, shall assist and encourage American industries in working out plans for increasing productivity abroad, raising the standard of living, and making the countries of the world self-sustaining and economically strong enough under a system of free enterprise, to resist the lure of communism.

Title III

SEC. 301. That all income subject to taxation within the United States earned from January 1, 1948, to January 1, 1952, of every kind of any individual, partnership, corporation, or association which shall be invested as capital or loans outside the continental limits of the United States for the purpose of rehabilitating industries in any other country of the world, shall be completely exempt from all taxes of the United States or of any State, Territory, or political subdivision thereof during this period.

SEC. 302. That all income earned between April 1, 1948, and April 1, 1958, by any individual, partnership, corporation, or association from investment made in other countries of the world as capital or loans for the purpose of rehabilitating productive agriculture or manufacturing industries in such countries, shall be completely exempt from all income and excess-profit taxes which may be levied by the United States or any State,

Territory or political subdivision thereof during this period.

SEC. 303. That it is hereby authorized to be appropriated the sum of \$1,000,000,000 for the purpose of national defense to be expended by the President outside the United States.

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. POWELL].

Mr. POWELL. Mr. Chairman, I will not use all of that time, because at this late hour I feel something like a friend of mine in France. He walked into a restaurant, and while he was waiting for his dinner the waiter came across the floor bearing on a platter a large turkey surrounded with gravy. The waiter slipped and fell; and my friend told me that the "Turkey" had fallen and the "Greece" had been dispersed, and "China" was split, and France was in confusion. After these 7 hours that we have been here, I think we all feel a little punch drunk from this discussion. However, I do want to say one or two words.

In the first place, I am against this bill as it is presently constituted because of the pretenses under which it is being presented to the American people. It has been presented as a bill to stop communism, as a measure which is to dispense charity, and as an expenditure which will be repaid. I disagree with all three of these pretenses.

In the first place we cannot stop communism anywhere unless we are willing to put our own house in order. Victor Hugo once said, "There is no army that can stop an idea when its time has come." There is no army that can stop communism. Only the strength of a real democracy can stop communism, or any ism. Here in America we are duplicating some of the very things that we are condemning Russia for. We are denying citizens the right to vote through terrorism; we are conducting purges; we are fomenting class prejudices; we have evolved a vast intricate network of secret police. Why, just this morning I got a letter from an organization called Audio Techniques, addressed to me, a Congressman, saying that they would be glad to sell me, for \$500, an instrument which I could attach to my telephone so I would know whenever my wire was being tapped. Maybe some of you gentlemen are interested. The address is here at the table when I finish.

Look at what has happened in Greece in 1 year of the Truman doctrine, and we will see there how we "stopped" communism. During the summer months a Greek Army of 120,000, the same kind of Greeks who routed Mussolini's mechanized legions in 1940, battled 20,000 guerrillas. What happened? The net result, according to our State Department and the United States military men on the spot, was an increase in the number of guerrillas and an extension of their holdings until now the guerrillas dominate roughly 80 percent of the land area of Greece; not just the frontier that our newspapers would lead us to believe.

We talk about this bill being charity. We know it is not bread; it is bullets. A few church organizations have written me because I am a clergyman telling me they are in favor of the Marshall plan. They believe it is charity. It is not

charity and you know it. This is military aid. Why, the countries receiving our \$5,000,000,000 do not have to buy one slice of bread. They can spend it all on bullets. In Greece that is what is being done.

Put this money in the hands of a citizens' committee, stripped of military men, a commission on the style of the one Herbert Hoover headed after World War I, and then you will dispense charity, and I will be in favor of it. In fact, I intend to offer amendments to strike out all military aid, and amendments guaranteeing that all the administration of this plan shall be in the hands of civilians only. They will be defeated because you are not interested one bit in feeding Europe.

I believe that as it is presently constituted, the Marshall plan is merely a cover-up of the collapse of our American plan. I believe that we can make the American plan work, and if we can make it work that it will be the strongest thing throughout the world to stop any kind of "ism." The trouble with the United States of America is that you cannot have a bipartisan foreign policy backed up by a bipartisan Jim Crow policy on the home front and succeed.

I was very interested to read in the bill on page 89, section 115, subparagraph (9), that we are going into the business of colonialism. It is unbelievable that in this day and hour, when imperialistic nations like Great Britain have recognized the futility of colonialism, we, the American people, the first great Nation to strike the bonds of colonialism from off our wrists and hearts and minds, are going into colonialism, but there it is, read it in the bill. In that paragraph we say that "recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, and providing for a future schedule of availabilities to the United States for future purchase and delivery of a fair share of strategic materials at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the territories and possessions of the participating countries."

In other words, we are going into the business of colonialism. Do you know what that means? It means we are going into a business that is bankrupt. Do you think we are going to be able to keep the native people of the Sudan, the Congo, Nigeria, the Gold Coast, and all around Africa, working for us as serfs and slaves in this hour when freedom is something that every human being is breathing? Are you going to be willing to back up with American men and guns this plan and strike down the native rebellions that are taking place now? Nigeria is passing through one right now. It is just a question of a few months and Nigeria will join Burma and other nations on the freedom train.

This is part of the duplicity that we have practiced in Palestine. We have already stained the hands of Uncle Sam with the blood of a pogrom in the Holy Land, and now we want to stain those

hands again with the slaughter of natives in Africa who are fighting now for freedom, and who are going to get it with or without us, because freedom is God-given, not man-given.

I believe that this bill, as presently constituted, cannot make a sound appeal to any human being, Republican or Democrat, who will look at it with the eyes of faith, with the eyes of a religious individual, whether Christian or Jew. It is unsound, it is militaristic, it is sowing the seeds of war. Unless we can strip it of every bit of militarism, pretense, and hypocrisy we are going to see not our sons but our brothers in this, our lifetime fight, not to make a world safe for democracy but to make a world safe for American imperialism. And that is a preordained lost cause.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. DURHAM].

Mr. DURHAM. Mr. Chairman, I first want to congratulate the committee for bringing out this legislation and expediting the consideration of it in the last few days. I would also like to pay my respects to the chairman of the Committee on Foreign Affairs, the gentleman from New Jersey [Mr. EATON]. Humanity will appreciate the part that he has played in this legislation.

Tyranny, today, is on the march and the free outside world needs to do something more about this than just express its indignation. As has been said on the floor of this House by many others, what is happening today differs very little from Hitler's methods. The only difference today is that we have a new person who has adopted this same method. He is attempting to round out under this process a vast empire of political, economic, and military satellites.

It has come about today that freedom is imperiled and liberty is fighting for its life in a modern world. Here in our own country of America the light of freedom has burned more brightly than in any other part of the world. Only our own people and a few others have lived under that blessed philosophy of freedom where the soul of man is sacred. The vast majority of humanity have lived as pawns of the state and sadly the light of freedom has been growing dim where it had been established and in some places it has gone out entirely. The form of police state menaces human freedom. Free men standing alone unshackled is becoming a rarity in some parts of the world today.

Totalitarianism, more ruthless perhaps than any that has preceded it, threatens to overcome us and autocracy today takes the form of dominance of men as Hitler did and has allocated to himself and a small group of men life and death over his subjects. This police state moreover does not limit its political activities to its own national borders but in other nations is boring in in an attempt to destroy free society. Here in America in a century and a half out of fertile soil of freedom we have produced more human happiness than ever achieved by mankind. We are today a Nation that has become the trustee for civilization. As never before we should

feel urgently impelled to achieve as much union as possible with those people who desire to keep their freedom.

We should adopt this legislation before us today promptly and we should also add to it military readiness in line with the dangers of the hour. This Red tide can and must be checked.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. HALE].

Mr. HALE. Mr. Chairman, I have asked for time today because I think that the measure before us, S. 2202, is one which involves fundamental moral issues. Under these circumstances I do not like to remain silent though I am confident that this House needs no urging of mine to give passage to this measure. I wish that the vote for the passage of the bill might be as overwhelming as that for the adoption of the rule. Yesterday I sat here and heard the gentleman from New York [Mr. MARCANTONIO] say that we were not in danger of attack, that we were trying to stop "the forward march of the people of Europe toward the nationalizing and public ownership of their basic industries and toward the breaking up of big landed estates," that this was a measure to establish monopoly capitalism in Europe which does not want monopoly capitalism.

I for one do not know whether or not the people of Czechoslovakia want what the gentleman from New York calls monopoly capitalism. Is there anybody on this floor today who will say that the people of Czechoslovakia can have any kind of capitalism no matter how much they want it. Can they have a labor government on British lines? Can they have anything that the Politburo does not tell them to have? Can they possibly do anything except on sufferance of the Russian armies? Why did Jan Masaryk die? Was it because he wanted capitalism or did not want it. Everyone knows he died because his country was slaughtered. Is there anybody on this floor who seriously thinks that allowing Soviet Russia to overrun Europe is going to mean land for the peasants? On the contrary every peasant with a hectare of land in Europe is going to lose it the day that the Communists arrive. He knows it perfectly well. Everybody on this floor knows it.

Everybody knows that the countries colored pink on the map which was here yesterday would not in a free election cast their votes for a Communist regime. They are governed by Communists because the Communists' bayonets tell them to submit, just as a decade ago Hitler's bayonets told them to submit. Who is there on this floor who will get up and tell the House that there is any difference between the nature and quality of Hitler's aggressions and the nature and quality of Stalin's aggressions?

If anything, Stalin is subtler, smoother, and more effective. We have not today the ranting which used to rend the air at Nuremberg, but the speech of the gentleman from New York yesterday on Wall Street imperialism and Wall Street monopoly capitalism sounds as much like Hitler as it sounds like Moscow. It sounds for that matter

like the old Communist Mussolini whose favorite epithet for us was "plutodemocracy." In fact practically all of Hitler's and Mussolini's speeches can be raked up and used against this bill. Hitler's favorite theme was that our Nation was not in danger of attack. And of course it was not until everyone else had been gobbled up by Hitler's armies.

As it happens I went in 1919 on a mission sent by the American Commission to Negotiate Peace to Finland, Estonia, Latvia, and Lithuania. I know those countries and I know the struggle which they made for freedom after the First World War. Our mission reported then that these countries would probably find survival impossible, squeezed as they were between the German drang nach Osten on the west and Bolshevik westward pressure on the east. Nevertheless they did establish their own governments and maintained their freedom for more than a score of years. Those countries made a contribution to European society which more than justified their survival.

We were successful in 1919 in establishing and maintaining a sanitary cordon against Communist aggression. Today the task is infinitely more difficult because Europe is devastated, demoralized, and impoverished, as no one ever dreamed of even in 1919.

I hear people say that conditions in Greece are worse today than they were a year ago. I have not been in Greece and will not say whether conditions there in the last year have changed for the better or for the worse; but I will say that, but for our aid of a year ago, Greece would be a Russian province today, and there is no one on this floor who does not know it.

I hear people say that this relief and rehabilitation job is one which the United Nations should perform. No one can say that without his tongue in his cheek. They all know that the United Nations cannot do this job. It has got to be done with American resources and American materials. The United Nations Organization must be strengthened and I am one of the group which has introduced resolutions to strengthen it, but until the United Nations has a workable police force and an organization capable of resisting tyranny it cannot perform these great tasks. The only hope of saving the United Nations at all is to save the nations which believe in individual liberty. The gentlemen whose hearts bleed for the United Nations are really wailing because the course of Communist aggression may be obstructed.

I am glad myself that China is in this bill. It is nonsense to suppose that we can ignore Communist aggression in Asia or appease Communist aggression in Asia while we resist it in Europe. In this part of the bill I am content to follow the leadership of my friend from Minnesota whose logic is as icy as his heart is warm. If Euclid and John Wesley were met in one man, I think he would much resemble WALTER JUDG.

Mr. Chairman, Our cause is just. Our Union is perfect. Our internal resources are great. Shall we falter in taking a risk of war when the alternative is so much more hazardous. Some of you may

fear operation rat hole, but I am in terror of operation Munich which will lead as it did before to degradation and disaster.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I do not know that I need inform you that this matter has disturbed me as it has everyone else. The question whether we can by the show of might and military preparations overcome whatever there may be in the world of communism even in our own country where there are perhaps a hundred thousand people who are foolish enough to join an ideology of that kind, is doubtful. It seems, however, that we have fallen, and I think I use that word advisedly, we have fallen to the point where it becomes a greater task for one to question the present advisability of proceeding with what we call the Marshall plan or the European recovery plan. I call your attention to the fact that on yesterday the United Nations conference convened in Geneva and I read you the appeal of Mr. Benjamin Cohen, Assistant Secretary General of the United Nations, who said that—

False emphasis in the world press on spectacular clashes between the United States and Russia is partly to blame for world uncertainty and pessimism.

Cohen, a Chilean, who heads the UN Department of Public Information complained "practically no information is given to people about the constructive work which the United Nations and its organizations have been able to achieve."

"Thus, to a large number of people, the United Nations is nothing but a forum where two great nations speak about their differences and conflicts."

And he might have added: "Indulged in unkind, harsh, and vituperative words one against the other"—something that I must acknowledge even as an American citizen.

It is untrue to say that the world has no other thought but that of war. All the peoples of the world want peace.

"There is no reason why different political philosophies cannot coexist just as different religions and races exist."

The International Conference on Freedom will open at 11 a. m. tomorrow in the League of Nations assembly hall. Nearly 600 representatives from 55 to 60 nations will be present.

What I am trying to suggest to those who are present and any who may chance to read the remarks I make, is that we do not put entirely the matter of force and preparation to compel one way of life and make that a paramount consideration in our thinking, leaving out the possibilities of the accomplishments of the United Nations and their work that may be done.

I have been fearful that Russia has been afraid that we had announced a policy of reconstructing Germany to its status of 1936 and that they felt if that were to be done, Russia had no more chance to exist and there could be nothing except to undertake to gather about her all the nations that she could which we would call satellite nations.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. RAYBURN. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. FOLGER. Mr. Chairman, I want to read a little bit from the words of Mr. Justice Douglas, who said a few days ago, according to the report I have, in a speech at Gainesville, Fla.:

DOUGLAS GIVES PLAN FOR UNITED STATES—
JURIST SAYS MARXIST METHODS INCORRECT

GAINESVILLE, Fla., March 22.—Supreme Court Justice William O. Douglas said tonight that communism cannot be defeated by military might alone.

And this country will "fail miserably," he said, if it fashions its policies "merely in terms of anticommunism."

Asserting that "the prospects for peace appear gloomy," Douglas called, in a speech prepared for delivery at the University of Florida, for "dynamic and vital" democratic leadership.

The jurist mentioned as a possible Democratic candidate for vice president, said we must foster "human rights" at home.

He said a political program like communism "is not destroyed by military might unless the victor, like the Communists, is willing to install a police state."

"If we want hundreds of millions of the peoples of the world in the democratic ranks," Douglas said, "we must show them the way with practical programs of social reconstruction."

The real victory over communism, he said, "will be won in the rice fields rather than on the battlefields."

"At home," Douglas said, "we must put an end to the shameful practice of branding everyone a Communist who espouses a liberal reform or promotes a program for the underprivileged."

Estimating the number of American Communists at 100,000, Douglas said we "need not ape the Communists" in methods of removing them from important posts. The "lawful procedure of our democracy" is enough, he said.

I am extremely fearful that we have been and are lending support and aid to undemocratic and Fascists nations, or governments, while we profess a fight against communism. I have in mind Greece, whose Government is not representative, is undemocratic and tyrannical. I much fear the military supplies and personnel assistance going from us to Greece is used, not against Communists but against patriotic Grecians fighting for liberty.

Mr. Chairman, I am not speaking particularly for or against the enactment of the pending bill as it is now drawn. I am saying that we are probably leaving out of consideration that which is most important in our attempt to establish democratic principles in the world. We must do a little teaching and live like the principles of democracy ourselves.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the distinguished chairman of the Interstate and Foreign Commerce Committee, who was a member of the Select Committee on Foreign Aid which toured Europe this past summer and was chairman of one of the important subcommittees, the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, today the nations of the world stand at the crossroads. One road leads to total—

itarianism with loss of individual freedom—the other leads to democracy with assurance of individual freedom. Russia is the advocate of totalitarianism, America is the leader in the cause of democracy. This is the issue today. The lines are drawn. I glory in the knowledge that America stands on the side of liberty, justice, and equality for all men. The bill now before us seeks to give strength to nations who have the desire to follow the way of democracy. The strength of America could not be used in a more worthy cause. Failure to do so would mean that we had deserted the cause of democracy. Without this action at this time, our words for democracy become as “sounding brass and tinkling cymbals.” We would forfeit our leadership in the cause of democracy. We would be unfaithful to the cause for which our loyal sons have died. This cannot and must not be. The honor of America is at stake. We must not shirk our responsibility. We must meet the obligation that is ours.

The present bill before the House is a fulfillment of what was merely a suggestion made by Secretary of State Marshall in a speech he made at Harvard University on June 5, 1947. At that time he said that the United States would consider assistance to those nations of Europe which would cooperate individually and collectively in a program to restore European economy.

The suggestion made to the nations of Europe by Secretary of State Marshall resulted from the critical condition in Europe caused by the slow progress of general recovery since the end of the war.

The factors arising directly from the recent war that have held back European recovery are many and varied. They may be generally described as follows: Physical exhaustion and loss of morale of the people, resulting in feelings of uncertainty and insecurity as to the future; widespread destruction and damage to industrial plants and equipment; loss of financial resources, particularly in foreign exchange; serious social and economic dislocation in the several nations, and a general disruption of economic intercourse between the nations of Europe. Innumerable towns and cities destroyed leaving thousands of people without a home or even a roof over their heads, factories and mines destroyed, transportation disrupted, agriculture sharply reduced, and food supplies at a minimum. Thus, Europe was left without resources to rehabilitate itself and with its people discouraged and depressed. This condition presents a most critical situation. Further deterioration could easily result in absolute chaos. If that should occur, then communism could easily take over and the democratic nations of western Europe would cease to exist as governments of free people and become the slaves of a hard and cruel totalitarian state. This would undo the work of centuries. Freedom would become a lost word. Liberty unknown, and equality of man destroyed.

In such a situation as this, the duty, the obligation, and the responsibility of America becomes clear. Our own se-

curity, yes, our own selfish interest, if you wish to so describe it, requires that this Nation above all others shall step into the breach and bring its resources and wealth to the assistance of these distressed nations and peoples, and thereby save the cause of democracy. To do otherwise is to permit a situation to become continually worse to the end that we ourselves might become engulfed in a war to maintain our own freedom against the onslaught of communism, made stronger by its successes in taking over the nations of western Europe. If the nations of western Europe should fall, and come under the domination of a Communist regime, the peace of America and of the world would be endangered and we would face another world war.

The assistance provided for in this bill may or may not stop the onrush of communism in Europe. I pray God that it will. It is our first step in an effort to do so. It is an effort to stop communism by means other than war. Of course it will mean some sacrifice upon our part. But, is it not better to make sacrifice of wealth and material rather than the lives of precious American boys? There is only one answer to such a question. This bill makes that answer. If we can encourage and strengthen the democratic nations of Europe by the assistance that this bill provides we have taken a long step toward the maintenance of peace and world security. Without it the future becomes darker and more uncertain.

Whatever may have been the thought of some of us a year or more ago as to advisability or necessity of a program of this character, it is now crystal clear that as a result of the aggressive action of Russia in the last month or so, there is no alternative if we wish to save what remains of democracy in western Europe. The opposition upon the part of Russia to this recovery program is unmistakable evidence that it recognizes the value of such a program as this in thwarting the onward march of communism. Consequently, it is against it and will do everything in its power to prevent it from being a success. We must be realistic and take note of conditions as they now exist and act accordingly.

Already 16 nations of Europe have entered wholeheartedly into the spirit and purpose of the bill. They have individually and collectively expressed the desire and intention of setting their own houses in order, and, utilizing to the fullest extent such resources as they do have in the joint effort with our own country. Many of the necessary programs, such as improved fiscal policies, custom unions, elimination of trade barriers between themselves, exchange of goods and facilities to increase production and other equally important matters have been adopted and are now in effect preliminary to help that is expected from this country. These nations have already shown their good faith. It is our duty now to match our good faith with theirs.

In conclusion, let me say with all the sincerity I possess that I am firmly of the opinion that the economic recovery

of Europe is one of the fundamental elements that is necessary in resisting the progress of communism, and, thereby making more certain and sure the maintenance of democracy and the peace and security of the world.

(Mr. FOLGER asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to include in his remarks made in the Committee of the Whole an article by General Chennault.

Mr. MacKINNON and Mr. ANDERSON of California (at the request of Mr. SMITH of Wisconsin) were given permission to extend their remarks in the RECORD.

Mr. JONES of Washington (at the request of Mr. SMITH of Wisconsin) was given permission to extend his remarks in the RECORD in two instances.

Mr. McCOWEN asked and was given permission to extend his remarks in the RECORD.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. GWINN] be permitted to extend his remarks in the RECORD following the remarks of the gentleman from New Jersey [Mr. HAND], whom he interrogated during the debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article appearing in the Herald Tribune this week, although the cost is more than the usual amount.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by Archbishop Cushing, of Boston. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$159.75, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. DONOHUE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

TAX REDUCTION LEGISLATION

Mr. DONOHUE. Mr. Speaker, I do not rise to engage in any long-extended discussion of the present tax-reduction legislation. I well realize that we are pressed for time in our continued consideration of matters and proposals of tremendous significance on the international and domestic scene. However, there is, perhaps, nothing of more import to the maintenance of the spirit and will of the American people to support the position of world leadership that divine providence has seen fit to place upon us, than the fundamental idea imbedded in this measure, of not neglecting to afford some relief to our own heavily burdened taxpayers.

I should like to make it plain that I do not believe, by any means, that this bill goes far enough in removing the gross inequities of our tax system. A tax system should never be confiscatory, for such a system would destroy the incentive to work, to save, and to progressively invest incomes. It is my opinion that the present bill does not insure these incentives to any individual and businessmen to the extent that it should, and I wish to emphasize my conviction that, at the earliest possible moment in fairness to every American—be he the individual wage earner or the businessman—the Congress should eliminate the inequities still existing, in order to keep the American standard of living on a sound basis.

I am going to go along with this tax-relief measure today because I feel that it is at least a step in the right direction, and it is the only proposal now available to give a little measure of relief to the people in the low-income brackets.

The report of the committee shows that over 6,000,000 citizens who are now paying minor amounts of income taxes will be taken off of the income-tax roll by this bill. A further increase in the exemption eliminating several million additional low-income taxpayers from the rolls, who earn less than subsistence incomes, would be more desirable. The bill also includes provision by which the incomes of married couples are split for income-tax purposes, which gives to the married citizens of 36 States equal treatment with those of the 12 States in which the community-property law prevails. The special additional exemption of \$600 for the aged and the blind are commendable inclusions.

I do not desire to consume any further time, and I am, without any great enthusiasm, going to support this legislation because, although it fails in most

respects to give tax relief where tax relief is most needed, it is at least a gesture of relief, holding out to the citizens of limited means the hope that they will not be entirely forsaken, and that the time-honored principle of allowing personal exemptions to protect the living standards of American homes will not be completely abandoned. It will also, I trust, serve as a reminder to this body that the American people must soon have a tax bill which will be fair to all our people as a whole.

(Mr. DONOHUE asked and was given permission to revise and extend his remarks.)

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. ANGELL (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD at the point where debate on the tax bill rule was concluded.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

CORRECTION OF ROLL CALL

Mr. HALLECK. Mr. Speaker, on the call of the roll today on the tax bill, the gentleman from Kentucky [Mr. MORTON] was present and voted "no." On the second call, the Clerk again called his name, but at that time Mr. MORTON had left the Chamber. As I understand, the roll call shows that the gentleman from Kentucky [Mr. MORTON] did not vote. The fact of the matter is that I was present and heard him vote "no" against the bill. I ask unanimous consent that the roll call be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a conference report on the bill S. 2182, the so-called rent-control bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CARSON (at the request of Mr. RAMEY), on account of illness.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. LANE] is recognized for 10 minutes.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

FOREIGN-AID PROGRAM: A ROAD BLOCK TO STOP REDS

Mr. LANE. Mr. Speaker, not so long ago the European recovery plan was a question of "How much?" and "How administered?"

Now the central issue is, "How soon?"

In the beginning, the Marshall plan was designed to help 16 nations of western Europe to get back on their feet again. As amended, to provide economic assistance to Greece and Turkey and China, the pattern is as clear as a line drawn on a map.

When the plan was first announced, some people considered it from a humanitarian viewpoint. It was necessary to save the prostrate nations of Europe from want. But then the accent shifted. We began to hear more and more about the need for promoting stability and trade in order to save the peace.

Most of us closed our minds to the ominous suggestion that lingered behind these words.

In this House, in the press, and in the forum of public opinion, we heard various criticisms of the plan. The appropriation requested was too much. The American people were not willing to shoulder this extra burden. We were suspicious that our money would be used to finance socialistic experiments. There was lack of faith in the ability of the State Department to supervise the expenditures in a business-like manner. There was cautious talk of calculated risk and warnings that any sum appropriated would be lost down a rat hole. Then the point was raised that this Congress did not have the right or the power to obligate its successors.

While we debated, the shadow of coming events reached us, but it was only a shadow that would soon pass.

The fall of our sister-democracy Czechoslovakia, brought us face-to-face with an accomplished fact. No small nation, unaided, could resist the pressure and the intrigues of communism. One by one, they were being absorbed, and for everyone that was being gathered into the Communist orbit, we were losing a potential ally.

If this continued, encouraged by our Hamlet-like indecision, we would inevitably find ourselves alone in a Communist-dominated and hostile world. Challenged by its superior power and resources, we would be forced to capitulate, or resist by going totalitarian ourselves. In either case, our precious freedoms would be lost beyond recovery.

The recent war, if it taught us anything, showed the folly of complacency and appeasement.

But, incurably optimistic, we did appease Stalin in the hope that he would finally learn to cooperate in establishing the peace. If we made the first concessions, we felt that he would meet us half way.

Instead, he has taken advantage of every conciliatory move that we have made. He does not want to share, but to dictate. Inescapably we are forced to the conclusion that the only language he will understand is that which he employs. We have got to show him that we mean business.

And so, the base of our foreign policy is the Marshall plan, which is a wide-awake program to aid the faltering democracies with that material help which will encourage them to resist the encroachments of communism. It is a realistic step to check Russian expansionism before it is too late. Other steps will be needed, but this is the first one, and it must be translated into action without delay.

April 1 has been set as the "deadline" for its enactment. The need is urgent. On April the 18, all of Italy will go to the polls and there is grave concern that the Communists will gain control of the government, or failing in that, seize control. This would close the Mediterranean and put pressure on France. It might well tip the scales and result in a swift Communist envelopment of all Europe.

We cannot permit that to happen.

There are a few Members of this House who have honest reservations concerning the foreign-aid program. But the precious time during which we might have closely examined all particulars, is running out.

The Communist objective is to liquidate the remaining free nations of this world. Recognizing this, it is imperative that we halt its advance on all fronts. The immediate threat is in Europe. While it is necessary to strengthen this bastion at once, economic supports are also needed elsewhere. By force or stealth, communism is spreading in many different directions, and our chain of security is only as strong as its weakest link. If we concentrate our material help on western Europe alone, Greece, Turkey, Iran, and China may be neglected. It is through these doors that communism may steal and, in the global sense, outflank us.

There is no bargain-basement answer to this threat.

It is clear at last that communism is using every weapon of force, blackmail and cynical propaganda, with the single-minded purpose of ruling the world.

While giving lip-service to the United Nations, she has used the instrument of the veto to prevent the UN from interfering with her aggressive moves.

By setting up the European recovery plan, extended to bolster up other nations as well, we are serving notice on communism that we see through the mask of her deceptions, and are determined, in concert with other free nations, to curb her voracious appetite.

It is a realistic effort to save the world from war.

If such a measure will help to save us from a blood-bath, the price is cheap.

The attention of the world is centered on the deliberations of this Congress, anxiously wondering if we are capable of decisive action.

The ERP will pass. As proof of our unity in this crisis, it must pass immediately and by an overwhelming majority, to give help and hope to the imperiled nations who stand between us and the communist terror.

If they fall, we stand alone.

RENT CONTROL—CONFERENCE REPORT AND STATEMENT

Mr. WOLCOTT submitted the following conference report and statement on S. 2182:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2182) to extend certain provisions of the Housing and Rent Act of 1947, to provide for the termination of controls on maximum rents in areas and on housing accommodations where conditions justifying such controls no longer exist, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Housing and Rent Act of 1948'."

"TITLE I—AMENDMENTS TO TITLE I OF HOUSING AND RENT ACT OF 1947"

"SEC. 2. Section 1 (b) of the Housing and Rent Act of 1947, as amended, is hereby repealed.

"SEC. 3. Section 4 of such Act, as amended, is amended by striking out 'April 1, 1948' wherever such date appears therein and inserting in lieu thereof 'April 1, 1949.'"

"TITLE II—MAXIMUM RENTS"

"SEC. 201. Section 202 (c) of such Act, as amended, is amended by striking out paragraphs (2) and (3) thereof and inserting in lieu of such paragraphs the following:

"(2) any motor court, or any part thereof; any trailer or trailer space, or any part thereof; or any tourist home serving transient guests exclusively, or any part thereof; or

"(3) any housing accommodations (A) the construction of which was completed on or after February 1, 1947, or which are additional housing accommodations created by conversion on or after February 1, 1947, except that contracts for the rental of housing accommodations to veterans of World War II and their immediate families, the construction of which was assisted by allocations or priorities under Public Law 388, Seventy-ninth Congress, approved May 22, 1946, shall remain in full force and effect; or (B) which for any successive twenty-four month period during the period February 1, 1945, to the date of enactment of the Housing and Rent Act of 1948, both dates inclusive, were not rented (other than to members of the immediate family of the landlord) as housing accommodations; or (C) the construction of which was completed on or after February 1, 1945, and prior to February 1, 1947, and which between the date of completion and June 30, 1947, both dates inclusive, at no time were rented (other than to members of the immediate family of the landlord) as housing accommodations; or

"(4) nonhousekeeping, furnished housing accommodations, located within a single dwelling unit not used as a rooming or boarding house, but only if (A) no more than two paying tenants, not members of the landlord's immediate family, live in such dwelling unit, and (B) the remaining portion of such dwelling unit is occupied by the landlord or his immediate family."

"SEC. 202. (a) Section 204 (a) of such Act, as amended, is amended by striking out 'March 31, 1948' and inserting in lieu thereof 'March 31, 1949'.

"(b) Section 204 (b) of such Act, as amended, is amended to read as follows:

"(b) (1) Subject to the provisions of paragraphs (2) and (3) of this subsection, during the period beginning on the effective date of this title and ending on the date this title ceases to be in effect, no person shall demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations greater than the maximum rent established under the authority of the Emergency Price Control Act of 1942, as amended, and in effect with respect thereto on June 30, 1947: *Provided, however,* That the Housing Expediter shall, by regulation or order, make such individual and general adjustments in such maximum rents in any defense-rental area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title. In the making of adjustments to remove hardships due weight shall be given to the question as to whether or not the landlord is suffering a loss in the operation of the housing accommodations.

"(2) In any case in which a landlord and tenant, on or before December 31, 1947, in accordance with the provisions of this subsection as then in effect, voluntarily entered into a valid written lease in good faith with respect to any housing accommodations, such housing accommodations shall not be subject to any maximum rent established or maintained under the provisions of this title unless such lease is hereafter terminated or expires before March 31, 1949, in which case the maximum rent for such housing accommodations shall, through March 31, 1949, be not in excess of 15 per centum over the maximum rent which in the absence of a lease would be in effect with respect thereto on the date of enactment of the Housing and Rent Act of 1948: *Provided,* That the landlord and a tenant (including any new tenant) may enter into a new voluntary lease subject to the conditions, specified in paragraph (3) of this subsection, applicable with respect to landlords and tenants who have not heretofore entered into voluntary leases, except that no maximum rent need be in effect on the date of execution of such new lease.

"(3) In any case in which a landlord and tenant (including any new tenant) on or before December 31, 1948, voluntarily enter into a valid written lease in good faith (at any rental agreed upon in the lease, but not in excess of 15 per centum over the maximum rent which in the absence of a lease would be in effect with respect thereto on the date of enactment of the Housing and Rent Act of 1948) with respect to any housing accommodations for which a maximum rent is in effect under this section, and such lease takes effect on or after the effective date of the Housing and Rent Act of 1948 and expires on or after December 31, 1949, and if a true and duly executed copy of such lease is filed, within fifteen days after the date of execution of such lease, with the Housing Expediter, such housing accommodations shall not thereafter be subject to any maximum rent established or maintained under the provisions of this title unless such lease is terminated before March 31, 1949. If any such lease is so terminated the maximum rent (unless a subsequent lease entered into under the provisions of this paragraph is in force) shall be not in excess of 15 per centum over the maximum rent which in the absence of a lease would be in effect with respect thereto on the date of enactment of the Housing and Rent Act of 1948.

"(4) A landlord shall file a report with the Housing Expediter of any termination of a lease entered into under this subsection prior to the expiration date of the lease, in-

cluding leases entered into under this subsection prior to the date of enactment of the Housing and Rent Act of 1948. Such report shall be filed within fifteen days after such termination or fifteen days after the effective date of such Act, whichever is the later date.

"(c) Section 204 (c) of such Act, as amended, is amended to read as follows:

"(c) The Housing Expediter is hereby authorized and directed to remove any or all maximum rents before this title ceases to be in effect, in any defense-rental area or portion thereof or with respect to any class of housing accommodations in any such area or portion thereof, if in his judgment the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exists, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met. The Housing Expediter shall from time to time make surveys with a view to carrying out the purpose of this subsection to decontrol housing accommodations at the earliest practicable time."

"(d) Section 204 (e) of such Act, as amended, is amended to read as follows:

"(e) (1) The Housing Expediter is authorized and directed to create in each defense-rental area, or such portion thereof as he may designate, a local advisory board, each such board to consist of not less than five members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area, to be appointed by the Housing Expediter, from recommendations made by the respective Governors: *Provided*, That in any case where the Governor has made no recommendations for original appointments to local boards or appointments to fill vacancies, within thirty days after request therefor (subsequent to the date of enactment of the Housing and Rent Act of 1948) from the Housing Expediter, the Housing Expediter shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provision shall require the reappointment of present members of local advisory boards, but any change in the membership of any local advisory board necessitated by this provision shall be effectuated as promptly as may be practicable. Each such board shall have sufficient members to enable it promptly to consider individual adjustment cases coming before it on which the board shall make recommendations to the officials administering this title within its area; and before recommending any such adjustment the board shall give notice to the parties and shall hold a hearing at the request of either party. Any local board may make such recommendations to the Housing Expediter as it deems advisable with respect to the following matters:

"(A) Removal of any or all maximum rents in the area, or any portion thereof, over which the local board has jurisdiction, or with respect to any class of housing accommodations within such area or any portion thereof, if in the judgment of the local board the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exists, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met; and

"(B) Adjustments, other than individual adjustments, in maximum rents in such area or any portion thereof or with respect to any class of housing accommodations within such area or any portion thereof, deemed by the local board to be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title; and

"(C) Operations generally of the local rent office with particular reference to hardship cases.

"(2) The Housing Expediter shall furnish the local boards suitable office space and stenographic assistance and shall make available to such boards any records and other information in the possession of the Housing Expediter with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective defense-rental areas which may be requested by such boards.

"(3) Upon receipt of any recommendation from a local board, the Housing Expediter shall promptly notify the local board, in writing, of the date of his receipt of such recommendation. Except as provided hereinafter in this subsection, within thirty days after receipt of any recommendation of a local board such recommendation shall be approved or disapproved or the local board shall be notified in writing of the reasons why final action cannot be taken in thirty days. Any recommendation of a local board appropriately substantiated and in accordance with applicable law and regulations shall be approved and appropriate action shall promptly be taken to carry such recommendation into effect.

"(4) For the purposes of paragraph (3) any recommendation of a local board as to a matter referred to in paragraph (1) (A) or (B) shall be deemed to be appropriately substantiated and in accordance with applicable law and regulations, and shall be carried into effect as hereinafter provided—

"(A) if the local board held a public hearing on such matter, at which interested persons (including representatives of the State and of political subdivisions thereof) were given a reasonable opportunity to be heard, by interpleader or otherwise, with right to be represented by counsel;

"(B) if notice of the date, time, place, and purpose of such hearing was given (i) in writing to the Governor of the State not less than fifteen days prior to such date, and (ii) by publication in a newspaper of general circulation in the area over which the local board has jurisdiction at least fifteen days prior to such date, and a second notice was given by publication in such a newspaper at least five days prior to such date;

"(C) if a copy of the local board's recommendation was filed with the Governor of the State within five days after such recommendation was mailed to the Housing Expediter;

"(D) if a record is made of the evidence adduced at the public hearing held by the local board, and the local board certifies and transmits to the Housing Expediter, with such recommendation, a transcript of such record, or of those parts of such record, upon which its recommendation is based and a written statement of its findings made upon the basis of such record; and

"(E) if the record so certified and transmitted to the Housing Expediter contains adequate and substantial evidence to support the findings and recommendation of the local board.

If the Housing Expediter does not approve such recommendation within 30 days after the date of its receipt by him, he shall, within 5 days after the expiration of such 30 day period, file such recommendation in the Emergency Court of Appeals, together with the record and statement of findings of the local board and such statement as the Housing Expediter may desire to make as to his views on the matter. The statement of the Housing Expediter may be accompanied by such supporting information as the Housing Expediter deems appropriate. Thereupon the Emergency Court of Appeals shall have jurisdiction to enter, within 30 days after the date of its receipt of such recom-

mendation from the Housing Expediter (or within such additional period of not more than 30 days as the court may find necessary in exceptional cases), an order approving or disapproving the recommendation of the local board. The recommendation, record, and statement of findings of the local board, together with the statement and supporting information filed by the Housing Expediter, shall constitute the record before the court. If the court determines that the recommendation is not in accordance with law, or that the evidence in the record before the court, including such additional evidence as may be adduced before the court, is not of sufficient weight to justify such recommendation, the court shall enter an order disapproving such recommendation; otherwise it shall enter an order approving such recommendation. The judgment and decree of the court shall be final. The powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercise of the jurisdiction granted by this subsection. The court shall prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this paragraph. The Housing Expediter, the local board, and representatives of the State or States involved, shall be granted, to the extent determined by the court, an opportunity to be heard, by interpleader or otherwise, with right to be represented by counsel.

"(5) Any recommendation to which paragraph (4) applies, if an order of disapproval thereof has not been entered by the Emergency Court of Appeals within the time prescribed in such paragraph, shall be carried out by the Housing Expediter—

"(A) if it is with respect to a matter referred to in paragraph (1) (A), so that the decontrol is effected, retroactively if necessary, on the date recommended by the local board, but not before sixty days after the date of the receipt of such recommendation by the Housing Expediter: *Provided*, That during the period of ninety days beginning with the date on which such decontrol is effected, the provisions of section 209 of this title shall be in effect as though such decontrol had not been effected; and

"(B) if it is with respect to a matter referred to in paragraph (1) (B), so that the adjustment in maximum rents is effected, retroactively if necessary, on the date recommended by the local board, but not before thirty days after the receipt of the recommendation by the Housing Expediter.

"(6) In addition to employees furnished under paragraph (2), local boards are hereby authorized to employ such attorneys as may be necessary for purposes of hearings and court proceedings under this subsection; and may pay the necessary costs of reporting hearings, but the cost of stenographic services in reporting such hearings shall not be in excess of twenty-five cents per hundred words, with one additional copy at a cost of not exceeding five cents per hundred words. Attorneys shall be paid not to exceed \$25 per day when actually employed, and shall be allowed necessary traveling and subsistence expenses.

"(7) Immediately upon the enactment of the Housing and Rent Act of 1948 the Housing Expediter shall communicate with the Governors of the several States advising them of the provisions of this subsection as amended and of the number and location of defense-rental areas in their respective States and the areas or portions thereof in which boards are to be appointed therein, and requesting the cooperation of the Governors of the several States in carrying out such provisions."

"(e) Section 204 (f) of such Act, as amended, is amended to read as follows:

"(f) The provisions of this title shall cease to be in effect at the close of March 31, 1949."

80TH CONGRESS
2D SESSION

S. 2358

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1948

Referred to the Committee on Foreign Affairs

AN ACT

To amend the Act approved May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That in addition to the amounts authorized to be appropriated
4 under subsection (b) of section 4 of the Act of May 22,
5 1947 (61 Stat. 103), there are hereby authorized to be
6 appropriated not to exceed \$275,000,000 to carry out the
7 provisions of such Act, as amended.

8 SEC. 2. (a) Subsection (a) of section 4 of such Act of
9 May 22, 1947, is hereby amended by adding at the end
10 thereof the following: "The Reconstruction Finance Cor-
11 poration is authorized and directed to make additional ad-

1 vances, not to exceed in the aggregate \$50,000,000, to carry
2 out the provisions of this Act, as amended, in such manner
3 and in such amounts as the President shall determine. No
4 interest shall be charged on advances made by the Treasury
5 to the Reconstruction Finance Corporation for this purpose.”

6 (b) Subsection (b) of section 4 of the said Act is hereby
7 amended by inserting after the word “repaid” the following:
8 “without interest”.

9 SEC. 3. Subsections (2) and (3) of section 1 of such
10 Act of May 22, 1947, are hereby amended to permit de-
11 tailing of persons referred to in such subsections to the
12 United States Missions to Greece and Turkey as well as to
13 the governments of those countries. Section 302 of the Act
14 of January 27, 1948 (Public Law 402, Eightieth Con-
15 gress), and section 10 (c) of the Economic Cooperation
16 Act of 1948 (relating to investigations of personnel by the
17 Federal Bureau of Investigation) shall be applicable to any
18 person so detailed pursuant to such subsection (2) of such
19 Act of 1947: *Provided*, That any military or civilian per-
20 sonnel detailed under section 1 of such Act of 1947 may re-
21 ceive such station allowances or additional allowances as the

- 1 President may prescribe (and payments of such allowances
- 2 heretofore made are hereby validated) .

Passed the Senate March 23 (legislative day, March 15), 1948.

Attest:

CARL A. LOEFFLER,

Secretary.

AN ACT

To amend the Act approved May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey".

MARCH 24, 1948

Referred to the Committee on Foreign Affairs

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 26, 1948
For actions of March 25, 1948
80th-2nd, No. 57

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HIGHLIGHTS: Senate committees reported bills authorizing aid to China and making additional interim foreign-aid appropriations. House completed general debate on foreign-aid bill.

SENATE

1. CCC CHAPTER. In reporting S. 1322 (see Digest 56), the Agriculture and Forestry Committee included in its report the following explanation of the committee amendments:

"The general welfare clause in section 2 is deleted as it is not considered necessary to the bill although similar language is contained in other Federal charters of Government corporations.

"The amendment of the bill to require that contractual obligations of the Corporation to purchase loans made by its lending agencies under its programs should be subject to the limitation on its borrowing authority carries out the present policy of the Corporation in that respect.

"The requirement that any research finance by the Corporation be restricted to commodities owned or controlled by it and be conducted in collaboration with the Department's research agencies is designed to centralize research functions in the interest of economy and coordination.

"The deletion of paragraph (g) of section 5 is a perfecting amendment in that the language is no longer applicable since the Emergency Price Control Act of 1942 is not in force.

"The bill is amended to require the Corporation to pay interest on its capital stock and on amounts borrowed by it from the Treasury at rates prescribed by the Secretary of the Treasury in view of the terms for which such amounts are made available. The Corporation does not now pay interest on its capital stock, but otherwise this would not change the present policy of the Corporation.

"An effective date is inserted in the bill which would make the bill effective on July 1, 1948. The authority of the Delaware corporation to act as

agency of the United States expires on June 30, 1948, so this provision would provide for continuity of operation and provide that the transfer occur at the end of the fiscal year."

2. FOREIGN AID. The Appropriations Committee reported without amendment H. J. Res. 355, appropriating \$55 million additional for interim foreign aid pending enactment of ERP (S. Rept. 1025)(p. 3559).

The Foreign Relations Committee reported S. 2393, providing for aid to China (S. Rept. 1026)(p. 3559).

3. EDUCATION. Continued debate on S. 472, the Federal-aid-to-education bill (pp. 3561-3, 3570-4, 3578).

4. DECENTRALIZATION. Sen. Wiley, Wis., spoke in favor of decentralization of the Government as a national-defense measure (p. 3556).

5. ORGANIZATION. Sen. Lodge, Mass., inserted a statement by Herbert Hoover on the progress of the Commission on Organization of the Executive Branch (pp. 3557-8).

6. RENT CONTROL. Both Houses agreed to the conference report on S. 2182, to continue rent control (pp. 3563-9, 3598-604). This bill will now be sent to the President.

7. INDEPENDENT OFFICES APPROPRIATION BILL. Sens. Brooks and McKellar were appointed additional conferees on this bill, H. R. 5214 (p. 3569).

8. HOUSING. Passed S. 2361, to continue the mortgage-insurance provisions of the National Housing Act, with amendments by Sen. Tobey to extend the law until Apr. 30, 1948, instead of May 31, 1948, and increasing the mortgage-insurance authority by \$400 million instead of \$600 million (p. 3569).

9. ADJOURNED until Mon., Mar. 29, when it is expected that the calendar will be called and debate will continue on the education bill (p. 3594).

HOUSE

10. FOREIGN AID. Concluded general debate on S. 2202, the foreign-aid bill, and began reading the bill for amendments (pp. 3611-67).

11. OLCEOMARGARINE. Rep. McGarvey, Pa., spoke in favor of repealing olceomargarine taxes and urged Members to sign the discharge petition to bring a bill providing for such repeal to the floor (pp. 3595-6).

12. LEGISLATIVE PROGRAM. Majority Leader Halleck announced that S. 2202, the foreign-aid bill is to be read for amendments Mon., Mar. 29, and will remain the order of business until disposed of. He stated also that following the foreign aid bill a deficiency appropriation bill is to be considered and he hopes H.R. 5098, to provide for research on foot-and-mouth disease, will be taken up next week (p. 3604).

13. APPROPRIATIONS. Received from the President (Mar. 24) a revised 1949 appropriation estimate of \$11,342,500 for various Bureau of Reclamation projects, including Riverton project, Wyo., \$1,261,500; Davis Dam project, Ariz.-Nev., \$1,427,000; Central Valley project, Calif. \$5,686,000; and Columbia Basin project, \$2,000,000 (H. Doc. 579).

Received from the President (Mar. 24) a revised 1949 appropriation estimate of \$1,504,799 for the State Department for U.S. participation in various international organizations (S. Doc. 128).

Tuscola, Ill., praying for the enactment of Senate bill 265, to prohibit the transportation of alcoholic-beverage advertisements in interstate commerce, introduced by me.

The PRESIDENT pro tempore. Without objection, the petition will be received and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BRIDGES, from the Committee on Appropriations:

H. J. Res. 355. Joint resolution making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections; without amendment (Rept. No. 1025).

By Mr. MILLIKIN, from the Committee on Finance:

H. R. 4478. A bill to provide basic authority for certain administrative expenditures for the Veterans' Administration, and for other purposes; without amendment (Rept. No. 1027); and

H. R. 4943. A bill to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the territory of the Republic of the Philippines; without amendment (Rept. No. 1028).

AID TO CHINA—PERMISSION TO FILE REPORT

The PRESIDENT pro tempore. The Chair would like to announce that, without objection, the Senate Committee on Foreign Relations will be permitted to file a report on the China-relief bill during the ensuing recess.

Subsequently,

Mr. VANDENBERG, from the Committee on Foreign Relations, reported an original bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China, and submitted a report (No. 1026) thereon, which bill was read twice by its title and ordered to be placed on the calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Utah:

S. 2382. A bill for the relief of Claris U. Yeaton; to the Committee on the Judiciary. (Mr. GREEN introduced Senate bill 2383, to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of fiber content in spun, woven, knitted, felted, or other manufactured fiber products, and for other purposes, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

By Mr. McMAHON:

S. 2384. A bill to extend the educational and training benefits of the Servicemen's Readjustment Act of 1944, as amended, to certain widows and children of deceased veterans, and to extend the loan benefits of such act to certain widows of deceased veterans; to the Committee on Labor and Public Welfare.

By Mr. SMITH (for himself, Mr. CORDON, Mr. REVERCOMB, Mr. SALTONSTALL, Mr. THOMAS of Utah, Mr. KILGORE, Mr. MAGNUSON, and Mr. FULBRIGHT):

S. 2385. A bill to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the na-

tional defense; and for other purposes; to the Committee on Labor and Public Welfare.

(Mr. BALL introduced Senate bill 2386, to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

By Mr. MAYBANK:

S. 2387. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Elizabeth R. Pendleton, and for other purposes; to the Committee on the Judiciary.

By Mr. WHERRY:

S. 2388. A bill to transfer the functions of the Atomic Energy Commission to the Department of the Army; to the Joint Committee on Atomic Energy.

By Mr. BALDWIN (for himself, Mr. HILL, and Mr. HOLLAND):

S. 2389. A bill to authorize the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force to donate excess and surplus property for educational purposes; to the Committee on Armed Services.

By Mr. RUSSELL (for himself and Mr. GEORGE):

S. 2390. A bill to amend section 77 of the Judicial Code, as amended, to create a Swainsboro division in the southern district of Georgia, with terms of court to be held at Swainsboro; to the Committee on the Judiciary.

By Mr. KNOWLAND:

S. 2391. A bill for the relief of Anna Netty Gordzialkowska Konopka and her daughter, Bernadette Marie Konopka; to the Committee on the Judiciary.

By Mr. McFARLAND (for himself and Mr. HAYDEN):

S. 2392. A bill to authorize the furnishing of water to the Yuma auxiliary project, Arizona, through the works of the Gila project, Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

(Mr. VANDENBERG, from the Committee on Foreign Relations, reported an original bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China, which was ordered to be placed on the calendar, and appears under a separate heading.)

By Mr. O'MAHONEY:

S. 2394. A bill to make the Government-owned plant at Laramie, Wyo., available as a demonstration plant for the production of alumina from clay, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TAYLOR:

S. 2395. A bill for the relief of Guillermo Chacartegui; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 2396. A bill for the relief of S. M. Price; to the Committee on the Judiciary.

By Mr. LODGE:

S. J. Res. 200. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; to the Committee on the Judiciary.

LABELING OF MANUFACTURED FIBER PRODUCTS

Mr. GREEN. Mr. President, I ask unanimous consent to introduce a bill to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of fiber content in spun, woven, knitted, felted, or other manufactured fiber products, and for other purposes.

The reason why such a bill should be enacted into law is this: The consumption of manufactured fibers in the United

States has grown enormously in recent years. Last year, 1947, it exceeded 1,000,000,000 pounds. This may be compared with the consumption of wool fibers which amounted to 700,000,000 pounds—scoured weight—and with the consumption of cotton fibers which amounted to 4,600,000,000 pounds. So we see that the consumption of manufactured fibers is a little less than one-fifth of the total of natural fibers.

These manufactured fibers commonly known as rayon, nylon, vinyon, fiberglass, and so on, are used largely in apparel. Thus they come into competition with natural fibers such as cotton and wool, making it necessary for the consumer to select between the different sorts of fibers. There is, however, frequently a close resemblance between the end products of the manufactured fibers on the one hand and the natural fibers on the other. It is desirable for the consumer that the fiber content be identified so that it can easily be distinguished. This is really important because the manufactured fibers have different characteristics from the natural fibers with respect to ironing, dyeing, laundering, and so forth. The present failure to identify the manufactured fiber content creates the possibility not only of mistake by, but also of misrepresentation to the purchaser. It also constitutes unfair competition with those establishments which do identify fiber content, thus imposing a burden on interstate commerce.

There is already precedent for action by the Government thus to protect the purchaser. The presence of wool in textile products is now identified in accordance with the Wool Labeling Act of 1939. As I stated, there is a larger amount of manufactured fibers now used than wool fibers. So there is a greater need for their correct labeling. With one very limited exception, manufactured fibers are not subject to similar requirements. This bill is calculated to make them so. It is designed to protect the manufacturers, the trade itself, and the general purchasing public.

I request that the bill be referred to the Committee on Interstate and Foreign Commerce.

The PRESIDENT pro tempore. Without objection, the bill will be received and referred, as requested by the Senator from Rhode Island.

There being no objection, the bill (S. 2383) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of fiber content in spun, woven, knitted, felted, or other manufactured fiber products, and for other purposes, introduced by Mr. GREEN, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

AMENDMENT OF FAIR LABOR STANDARDS ACT OF 1938

Mr. BALL. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to amend the Fair Labor Standards Act of 1938, and I request that a statement explaining the main provisions of the bill may be printed in the Record.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and without objection, the statement presented by the Senator from Minnesota will be printed in the RECORD.

There being no objection, the bill (S. 2386) to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes, introduced by Mr. BALL, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement presented by Mr. BALL was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BALL EXPLAINING THE CHANGES IN THE FAIR LABOR STANDARDS ACT

MINIMUM WAGE

The bill would raise the minimum wage from 40 to 60 cents an hour. It also makes provision for the reestablishment of industry committees similar to those appointed under the original act, which are given power to alter the rate according to standards prescribed in the act upward to 70 cents an hour or downward to 50 cents an hour. The standards require an industry committee to consider, in fixing a national minimum wage for a particular industry, "regional economic factors," and permit regional classifications within industries if the industry committee finds "that as a result of regional economic differences the establishment of uniform minimum wage rate would create substantial competitive inequalities among different branches of an industry."

In order to encourage the employment of learners, the act would be amended to provide that during the first 160 hours of employment a new employee could be paid a minimum of 50 cents an hour.

OVERTIME

The bill clarifies the act to meet the problem of "overtime on overtime." It defines regular rate of pay in such a way as to prevent the pyramiding of true overtime payments, but requires production bonuses, shift differentials, and similar premiums to be included in the regular rate of pay unless otherwise provided by a collective-bargaining agreement. The bill gives management and labor unions wider power to define the "regular rate of pay" by collective bargaining. In addition, the definition of regular rate of pay removes complications in setting up profit-sharing plans, thereby encouraging their establishment.

Another change in the overtime provisions gives greater flexibility to the exemption for employees who receive a guaranteed annual wage, thereby encouraging the spread of such plans.

COVERAGE

The bill clarifies the scope of the act in two respects. It draws a line beyond which coverage may not be extended on the theory that the work of the employee is "necessary to the production of goods for commerce." It would also prevent the application of the act to a very small number of employees in an establishment in which the very great majority are not covered or are exempt.

EXEMPTIONS

The bill does not change the agricultural and agricultural processing exemptions, except to make it plain that they apply to all the employees employed in an establishment in which their employer is engaged in the exempt operations. The bill also enlarges the exemption of employees in retail establishments by providing that the exemption shall not be lost as a result of wholesale sales unless the latter sales amount to more than 40 percent of the total sales of such establishment.

A new exemption is made for employees who receive salaries amounting to more than \$100 a week. This amendment would not change the exemption now applicable to executive, administrative, and professional employees but would make it unnecessary to consider the close questions often arising under the latter exemptions by providing a fixed standard for high-salaried workers.

POWERS OF THE ADMINISTRATOR

The bill gives the Administrator power to issue interpretative regulations defining the terms used in the act. The amendment will make for greater certainty in the application of the act and will supplement the Portal-to-Portal Act in protecting employers against the threat of unexpected retroactive liabilities. In issuing interpretations, the Administrator is required "to avoid competitive inequalities and take into account the customs, practices, and collective-bargaining arrangements prevailing in the industries affected." In order to insure that the act will be given a more practical interpretation, all attorneys engaged in advising the Administrator concerning its interpretation or in the issuance of regulations are put under the Administrator's exclusive direction and control.

AMENDMENT OF THE WALSH-HEALEY ACT

The bill amends the Walsh-Healey Act to bring its child-labor provisions into conformity with the Fair Labor Standards Act and requires the regular rate of pay to be computed in accordance with the definition of that term in the Fair Labor Standards Act, as amended. A statute of limitations is provided, barring the Administrator from instituting proceedings to recover unpaid minimum wages and overtime under a Government contract completed more than 2 years before the institution of collection proceedings.

PORTAL-TO-PORTAL ACT

Nothing in the bill would in any respect alter or amend any provision of the Portal-to-Portal Act.

Mr. BALL. I make the announcement, Mr. President, that the Labor Subcommittee of the Committee on Labor and Public Welfare plans to start hearings on the bill, and other bills amending the Fair Labor Standards Act, on April 19.

CRITICAL SHORTAGE OF IRON AND STEEL SCRAP—CHANGE OF REFERENCE

Mr. TOBEY. Mr. President, I ask unanimous consent that the Committee on Banking and Currency be discharged from further consideration of Senate bill (S. 2109) to relieve the critical shortage of iron and steel scrap, and for other purposes, and that it be referred to the Committee on Expenditures in the Executive Departments. I should like to mention that this request is made with the concurrence of the chairman of the Committee on Expenditures in the Executive Departments, the distinguished Senator from Vermont [Mr. AIKEN].

The PRESIDENT pro tempore. Without objection, the change of reference will be made.

HEARINGS BEFORE COMMITTEE ON FOREIGN RELATIONS—INCREASE IN LIMIT OF EXPENDITURES

Mr. VANDENBERG submitted the following resolution (S. Res. 215), which was referred to the Committee on Rules and Administration:

Resolved, That the Committee on Foreign Relations hereby is authorized to expend from the contingent fund of the Senate,

during the Eightieth Congress, \$10,000 in addition to the amount, and for the same purpose, specified in Sec. 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

SUBCOMMITTEE OF COMMITTEE ON ARMED SERVICES

Mr. BYRD submitted the following resolution (S. Res. 216), which was referred to the Committee on Armed Services:

Resolved, That in accordance with section 136 of the Legislative Reorganization Act of 1946, Public Law 601, Seventy-ninth Congress, (1) there is hereby established a subcommittee of the Senate Armed Services Committee to be composed of five members to be appointed by the chairman,

(2) It shall be the function of the subcommittee to conform with section 136 of Public Law 601, Seventy-ninth Congress, by exercising a continuous watchfulness over matters within the jurisdiction of the Armed Services Committee through a continuous study of all policies, programs, activities, facilities, requirements, and practices of the armed services and agencies exercising functions related to them, and the administration thereof in all respects.

(3) The purposes of such watchfulness and study shall include the determination of whether such policies, programs, activities, facilities, requirements, and practices are the most effective possible in the interest of national defense, and the determination of whether the administration of such policies, programs, activities, facilities, requirements and practices is characterized by maximum efficiency.

(4) The subcommittee shall report to the full committee from time to time but at least once each 30 days the results of its watchfulness and study together with such recommendations as it may deem desirable.

AID TO CHINA—AMENDMENT

Mr. BRIDGES submitted an amendment intended to be proposed by him to the bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China, which was ordered to lie on the table and to be printed.

FEDERAL AID TO EDUCATION—AMENDMENTS

Mr. DONNELL submitted amendments intended to be proposed by him to the bill (S. 472) to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes, which were ordered to lie on the table and to be printed.

AUTHORIZATION FOR COMMITTEE ON FINANCE TO REPORT BILLS

Mr. WHERRY. Mr. President, on behalf of the junior Senator from Colorado [Mr. MILLIKIN] I ask unanimous consent that he may report four bills, H. R. 3229, H. R. 4938, H. R. 4739, and H. R. 5328 from the Committee on Finance, with accompanying reports, during the recess of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the order is entered.

out of this farm machinery and the oil that is required to operate it.

Last night, in the city of Washington, I had to go to three filling stations before I could get gasoline for my car.

Of course, I can lay up my car and walk, but if we cannot get gasoline in this country, in the city of Washington, I am wondering what is going to happen after this program; whether the American people are going to like a return to rationing, a return to controls. We had to vote this morning to extend a program that most of us do not approve of, yet we were compelled to do it by reason of the circumstances. What is going to happen as a result of the passage of this measure?

Mr. HOFFMAN. Let me answer you. I will tell you what is going to happen. The gentleman from Virginia [Mr. SMITH], one time gave a clue what was on its way. He was talking about aid to Europe, I think in answer to my question—I asked him, if we give all this aid to Europe will we ultimately have price fixing and rationing and all of that. I think his answer was to the effect that if we continued to give that aid, we would have price fixing and rationing. What we are doing is that we are trying to give democracy to nations abroad who apparently do not want it, and we are getting as a result of that giving, regimentation and dictatorship and a scarcity and higher prices.

Mr. TWYMAN. I would like to make one more observation, that if this were a secret vote this would not be passed.

Mr. HOFFMAN. Oh, everybody knows that.

Mr. BUFFETT. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. BUFFETT. A few minutes ago the name of Justice Roberts was mentioned, as a speaker in behalf of universal military training. Is this not the same Justice Roberts who carried the first bucket of whitewash on the Pearl Harbor investigation?

Mr. HOFFMAN. Well, I do not know about the bucket or the whitewash, but I know that this is the same gentleman who signed that petition which came to Congress just before the President's birthday—I think it was in December of 1941—it is in the RECORD—asking for a birthday gift to the then President of \$100,000,000 to set up a world council. That, what is now this United Nations. By the way, talk about swallowing goldfish, we just voted to appropriate \$65,000,000 to build a palace for this dead UN organization. I do not know why we did not erect a mausoleum in some cemetery instead of a palace in which to house the existence of that great adventure. That \$65,000,000 would build a lot of homes for veterans. But some folks think it more important that the officials of UN and their servants have a palace in which to parade with their striped pants and party clothes. Oh well, every one to his taste—after all, \$65,000,000 is only a small part of \$20,000,000,000.

My time is running out. So let me go back to the beginning.

You who believe we should first think of America and her future, of the interests of her people, do not be frightened by the smear brigade; by the clamor of the Washington and New York press. Just remember that our constituents love this country of ours; that they have confidence in the courage, the endurance, the ingenuity, of our people. Remember that they are close to Mother Earth and not easily fooled. Nor are they easily frightened.

They know of the miserable failures which have come as the result of the New Deal bipartisan foreign policy. They know that the picture now painted by the smearers in their efforts to frighten us is but an attempt to intimidate and coerce us into following their policies. They know that lend-lease, UNRRA, the World Bank, and all the billions which we have given or loaned to other nations have failed to give democracy to other peoples; have failed to stop communism here in America.

Today, our home folks are judging the foreign policy of the last 10 or 15 years by conditions as they today exist. We know now that those whose mistakes have gotten us into the situation which now confronts us are offering universal military training, conscription of our young men and a continuation of taxing the American citizen in order to continue giving billions upon billions to other governments—not the people of those governments—in an effort to purchase their friendship and support.

If you want your young men conscripted for universal military training; for those a little older to be conscripted to fight abroad and if you want increased taxation and less of everything to which you have been accustomed, then you will go along with the administration's foreign policy. If you do not like and do not want those things, it is time to make your wishes known.

What this country needs is a President who will at all times put the interests of our country ever first.

(Mr. HOFFMAN asked and was granted permission to extend his remarks and include certain excerpts and papers.)

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2202, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

Mr. VORYS. Mr. Chairman, I yield 20 minutes to my colleague, the gentle-

woman from Ohio [Mrs. BOLTON], a member of the Foreign Affairs Committee, and chairman of the Subcommittee on International Movements, the report of which subcommittee on communism has caused Nation-wide interest recently.

Mrs. BOLTON. Mr. Chairman, we are here to consider S. 2202, as amended, an act to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Members of the Committee on Foreign Affairs who have already spoken have told you that your committee started its work in January by passing a resolution which took no little courage. It faced up quite simply to the inescapable fact that whether we like it or not we can no longer blind ourselves to our world responsibilities.

MOTION ADOPTED BY THE COMMITTEE ON FOREIGN AFFAIRS, JANUARY 8, 1948

That the committee proceed with hearings on United States foreign policy for a post-war recovery program, and that the first step be consideration of proposals for a European recovery program, including H. R. 4840 and H. R. 4579 and similar measures.

Acting upon that resolution your committee gave itself to exhaustive studies of world conditions as they are—rather than dreaming about the might-have-been or the hoped-for. I have been as deeply tempted as the next one to long for the days when our riches, our prosperity, our strength was free from responsibility. I grew up in the days when the world was a friendly place where the exciting adventure of travel was a simple matter of course. With many others, I arrived at the point where I resented the intrusion of the changes I felt taking place around me and for a time I fought them. But as little by little I began to assume responsibility here in this great body I could no longer refuse to look out into the world as it had grown to be. I could no longer refuse to accept a share of the responsibility for the waging of war and for the building of peace. I had to take upon myself the knowledge that all men are brothers, that the shrinking world is no longer outside the responsibilities that this, my country, can refuse to accept. And always there rings in my ears this sentence: He who loveth his life overmuch shall lose it.

It happens that I am a woman, with a woman's certainty that war never settled anything, with a mother's conviction that the giving of life is the supreme glory and the preservation of life the supreme responsibility, and that an end must be made to blood and tears. As a woman I do not accept war as a solution, nor am I at all convinced that war is necessary now. I am quite certain that the tragic women of the overrun satellite countries want no more war. I am equally convinced that the women of Russia and of all the States of the Soviet Union do not want more war.

Just as a woman I find myself shocked immeasurably by those who have risen in this House and said: "Let's fight them now! Let's fight! Let's fight! Let's destroy." To what end—more hate, more bitterness, more agony, and almost total destruction of what is now left? And where? On what terrain, with what weapons? Do we want to turn loose the horrors of biologic warfare upon an already anguished world? Do these who cry aloud for more and more destruction know what they are saying? Do they really believe more horror will bring peace?

Perhaps they still resent the inescapable fact that whether we like it or not we have responsibility in the world for we are the greatest potential for peace the world has ever seen, and the moment has come for us to live for it and set an example for everyone rather than to send our young men and young women out to die. Death in battle, death as a result of war, settles nothing. Only living can change mankind, and how infinitely much more difficult that is.

Mr. Chairman, basically it is this realization that has prompted your committee in its efforts to bring to the floor a bill that in effect says that the United States accepts her responsibility, her destiny to be the hope and the light of the world. She knows that within her there is the strength, the courage, the faith and the determination to hold back the forces of destruction. Like all true mothers she knows that a child has to go through a period when the only thing he understands is force. To control him, to teach him she must use force, if necessary. Certainly she must possess it. But she also knows that the child can be shown that force is not the only way, indeed that it is not any way at all. Therefore we must be strong with the will to restraint and the courage to protect peace.

So, Mr. Chairman, there is a bill before the House that accepts responsibility. It says that the people of this country have had enough words and propose to do. Above all, it says that we have to have faith in our own way of life and believe in its possibilities. To us the individual is important as an individual because he is an infinitesimal part of the divine and must be preserved. We believe all men are important to Him within whose essence all live and move and have being. That belief places upon us in these days of ultimate decision a responsibility we as individuals and we as a Nation have not before had to face.

It has been said on this floor that the threat of Communist world control is just a bugaboo used to pressure the United States into more and more unintelligent giving. Is it?

It happens that I have the honor to be chairman of a subcommittee of the Committee on Foreign Affairs which has as its responsibility the gathering of knowledge of the great national and international movements abroad in the world today. We have recently released a report. The main report is called *The Strategy and Tactics of World*

Communism. There are two supplemental reports already printed and one more is about to go to press.

The report is a history of 100 years of communism. The first 800 copies of this report and these supplements brought such heavy demands upon us from libraries, churches, publications, Government departments, and even from across the water that we are going to need a great many more. Our first real effort to give facts to our people has brought such a demand that at this moment we should be dispersing over two million. In this report you will find the purposes and the goal of communism, and you will find an interesting amount of documentation.

Faced with these facts, faced with the demonstrations being given daily that the Kremlin intends to carry out the Marxist theory, it is so stupid for us even for one moment to suggest that we may bury our heads in the sands of selfishness and fail to recognize events for what they are.

Faced with these facts there can be no question that it is far more difficult to find wisdom, awareness, and intelligence to fight this ruthless cold war through to victory than it would be to reproduce the old pattern and put our war production lines back into action again.

It is like surgery, except in certain phases of physical difficulties surgery is the demonstration of the failure of the curative processes. Do we want to subscribe to failure or are we strong in our determination to use preventive methods successfully?

Communism has set up the state as God—and its followers are fanatically ready to sacrifice their all to set up a world state. We who carry upon our shield the legend, "In God We Trust," show no such zeal. Why not? Have we no longer faith in our own ideals? Are we unwilling to sacrifice that the rights of the individual may prevail, that only the infinite shall reign in the hearts of men?

We are asked, we of the committee: will you guarantee that this program will stop communism? Can you guarantee that, because the cholera epidemic was checked in Egypt last fall by countries that had serum and stripped themselves of their supply and flew it to Cairo, there will be no more cholera? The germ still exists and given the right conditions and climate it may break out again. Conditions and climate are important.

Communism, like cholera, needs a certain climate and certain conditions to prosper. Wherever there is hunger, cold, poverty, dissatisfaction, despair and chaos communism thrives. Changing these conditions is, therefore, of the most vital importance if communism is to be checked and turned back. More food, fuel, clothing, jobs, order will prove to be a deterrent factor in the spread of what is in truth a mental, moral and spiritual disease. The Kremlin through its agents has ordered the creation of chaos in the adjacent countries. Secretary Mar-

shall's suggestion last summer that the United States would consider helping such countries as helped themselves threw the Kremlin into dither out of which emerged the cominform and the open declaration of cold war. Anyone who has watched the succession of events with awareness, with a seeing eye, knows well that the Kremlin has recognized the tolling of a bell and that it has speeded up its program knowing that if western Europe pulls itself together and put its house in order communism will be unable to take over.

Your Committee on Foreign Affairs has faced the whole world situation realistically, refusing sentimentality. Certain that to give only food would merely prolong an intolerable agony, it brings to you a program which proposes help to make it possible once again for these countries to do their own planting and harvesting, to work in their own industries and to live without fear. This is their desire, their intent and their hope; ours is but temporary help.

For myself I have no illusions as to the difficulties involved in such a program. I saw war with my own eyes. I saw the aftermath of war at its close and I have seen the effects of 2 years of the stopping off of every constructive program presented to the world. I have listened to the women of many lands, as well as to the men, and I know their thinking. As I have seen and felt war and its aftermath I have learned that this war—the second that we have fought within a lifetime—has not ended. We are in an armed truce and within that armed truce one nation has strangled one country after another not just because in its ignorance and its folly it believes force and armed power the only way to secure itself, but because those in power are carrying out with grim determination and complete ruthlessness a program of world domination which when it was conceived announced that it would be accomplished even though 75 percent of the people of the earth might have to die.

To those who cry aloud, "Let us fight. Let us kill. Let us consume. Let us destroy," I say, "What will you accomplish? Yes, we must be strong, very strong, then we shall not have to fight." That is wisdom.

What did the First World War accomplish? Only the birth of a Second World War after years of what was really not peace because peace is a quality of heart and mind and soul. And what of the Second World War—this was that swept across the world leaving destruction and agony and devastation in its wake? What has it accomplished? Is it not true that communism has increased its strength as a result of the chaos that has been projected? Communism is the ruthless, policed state government not of the people of themselves but of a small group marvellously organized and subtly intruded into the life of the nation. Do you think for one moment that there is no communism in this country of ours? Do you imagine that there are no cells in our factories and in our institutions—

even in our Government? The method is very simple in one way: 8 or 10 men in a factory—but those 8 or 10 armed. A very few in a group that presents a smiling face to the world but is in reality a front organization. Individuals placed in important positions in local, State and national governments stirring up trouble and facing the intrusion of Communist doctrine into our school books, into our colleges and all our institutions. This has been going on all over the world for many years and the war has increased its effectiveness because wherever there is grumbling there the cell finds food for expansion and there is no more profitable cause of grumbling than is war and the aftermath of war. So what do we gain by it but more war and hideous chaos? Dare you gamble with such a situation? Dare you say that this great country that possesses so much and that more than all else knows what freedom is—dare you say that the only answer to present agony is more of the same? Or dare you say that America will draw in her hands and close her heart at this moment in the history of our civilization and of mankind? A third world war will destroy the little that is left and will expose the survivors to a condition too terrible to consider and yet a condition that we must face squarely as the possible alternative if we refuse to give assistance to those countries of the world who know the dangers and who are trying to keep free of the ruthless domination that draws closer with every dawn.

This bill presents a possible alternative. I am quite certain that in its wisdom this House will take effective action.

No; no one can guarantee that such help as is represented by this bill will, of itself, stop the so far successful spread of communism. But the reestablishment of hope, courage, and capacity in all these countries with the unions the European countries are establishing may.

We hold in our hands the hope of peace. Dare we gamble with it another time? Dare we withhold help at this point when the Kremlin is speeding up its program in an effort to take over in western Europe before we can get help to these people, before we can inspire them with a new hope? Let us rouse ourselves, and assume the stature that is our spiritual reality and reinvigorate the believing masses of the world to resist the cold, dark power of those who deny the very existence of God. Let us pass this bill, and speedily.

Mr. JACKSON of California. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from California.

Mr. JACKSON of California. With respect to the requests for copies of the report, upon which accomplishment I congratulate the gentlewoman, may I ask if the committee has many requests for copies?

Mrs. BOLTON. Yes; we have requests from schools and colleges alone for well

over 2,000,000 copies of the report and half a million of each supplement.

Mr. JACKSON of California. I thank the gentlewoman very much.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to my colleague the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Chairman, what is the Marshall plan that is today before us for consideration? Is it a plan to feed the hungry or to create a new balance of power against Russia, and thus stop the spread of communism, or is it for other purposes?

If it is to feed the hungry, why not give our supplies directly to the hungry free of charge? But it is not done that way, nor will it be done that way with the enactment of the Marshall plan as written. The records show that our relief goods have been shipped to foreign governments, who then sell them and keep the proceeds. What happens to those poor, hungry individuals without money? Those are the individuals we want to help get back on their feet.

Mr. Chairman, I have had many inquiries from my people relative to the amount being allocated to England. The Marshall plan will give to England approximately one-third of the entire amount as set forth in the present bill, or approximately \$5,348,000,000, which will be in addition to the \$3,750,000,000 which we gave to England for relief in 1946. I am told by reliable sources that England will ask for an additional \$2,000,000,000 over and above what is granted her under the Marshall plan.

If the Marshall plan is to stop communism, why are we continuing to help communism by shipping materials and giving money to Russia and her satellite nations? Let us look at the record. For the last half of 1945 there was exported to Russia \$563,000,000 worth of goods, of which only \$26,000,000 was paid for, the remainder of \$537,000,000 being gifts. In the year 1946 there was exported to Russia \$400,000,000 worth of goods and heavy machinery, of which \$64,000,000 was commercial and the remainder of \$336,000,000 being gifts. And from January 1947 through September 1947, there was exported to Russia from the United States \$114,000,000 worth of goods and machinery, of which \$66,000,000 was commercial and the remainder of \$48,000,000 being gifts. During January of this year, 1948, there was a total of 25,724,565 pounds of aviation lubricating oils, mining machinery, parts, construction machinery, and aluminum sulfate shipped to Russia. During February 1948, just last month, there were 10,273,637 pounds of construction machinery, mining material, and industrial machinery shipped to Russia.

On this very date ships from America, Russia, and other nations are being loaded on our eastern shores with heavy industrial machinery, tractors, automotive and farm equipment, which certainly are implements of war and industrial pro-

duction. These ships are headed for Russia, the base of communism.

At this point, Mr. Chairman, I would like to insert a news release by the International News Service, which has not been refuted by the administration or the State Department:

NINETEEN VESSELS LOAD GOODS FOR RUSSIA

NEW YORK, March 24.—The New York Journal-American said today that 19 ships—11 of them flying the American flag—are due to sail from New York within the next week with supplies for Russia or her satellites.

The newspaper article continued: "United States customs records show that since March 1, when the embargo was supposed to have gone into effect, 14 ships have cleared the port for destinations in Russia."

VESSELS LISTED

"These included five American vessels, two owned by satellite countries, five by other European powers and two vessels of actual Russian registry.

"Public indignation, which was reflected in the action of the Catholic War Veterans in picketing three Soviet ships now loading in the port of New York, resulted in a hasty change in loading plans for the Russian freighter *Chukotka*.

"The cargo of the *Chukotka*, being loaded at the Claremont terminal, Jersey City, was increased 100 percent in order to clear the docks of Russian-consigned goods."

ARRIVAL REPORTED

Approaching arrival of the additional Russian freighters was reported by the Moore-McCormack lines, shipping agents for Amtorg Trading Corp., the Russian purchasing agency.

The President and the State Department have been allowing this over the protests of many of us Congressmen for some time.

The President and the State Department have the power and the responsibility to prevent this further exporting to the Soviet Union and her satellites. If the situation is as critical as the President would have us believe, if the situation is such that we should prepare for war, and that we should follow his demands and pass the Marshall plan, why does he not stop this exporting to our potential enemies? Surely we should not furnish any enemy with materials and supplies to fight us.

Mr. Chairman, I feel the people I represent want to know the full facts and what the Marshall plan will mean to them. In my opinion, the Marshall plan means a continuation of high-living costs and less in the pockets of the American people and possibly an eventual increase in taxes.

May I say here, that I firmly believe the Marshall plan now before us for consideration is only a partial program, and additional requests will be made from time to time. I do not believe that the plan is an adequate substitute for national defense, as has been claimed by some of its proponents.

Mr. Chairman, I would like to insert in the RECORD at this point, what the Marshall plan will cost every man, woman, and child in the Seventeenth Ohio District which it is my honor to represent in Congress.

Cost of foreign aid to the Seventeenth Congressional District of Ohio by counties and county seats

	Population, 1940	Foreign aid, July 1, 1945, to June 30, 1947 (population× \$183.03), based on \$24,099,211,087	Foreign aid proposed by Marshall plan, 1948-52 (popula- tion×\$129.11), based on \$17,000,000,000	Total foreign aid provided and proposed, 1945-47, 1948-52 (column 2+ column 3), based on \$41,099,211,087
Ashland County.....	29,785	\$5,451,549	\$3,845,541	\$9,297,090
Ashland city.....	12,453	2,279,273	1,607,807	3,887,080
Coshocton County.....	30,594	5,599,620	3,949,991	9,549,611
Coshocton city.....	11,509	2,106,492	1,485,927	3,592,419
Delaware County.....	26,780	4,901,543	3,457,566	8,359,109
Delaware City.....	8,944	1,637,020	1,154,760	2,791,780
Knox County.....	31,024	5,678,323	4,005,509	9,683,832
Mount Vernon city.....	10,122	1,852,630	1,306,851	3,159,481
Licking County.....	62,279	11,398,925	8,040,842	19,439,767
Newark city.....	31,487	5,763,066	4,065,287	9,828,353
Richland County.....	73,853	13,517,315	9,535,161	23,052,476
Mansfield city.....	37,154	6,800,297	4,796,953	11,597,250
Totals for counties.....	254,315	46,547,275	32,834,610	79,381,885

NOTE.—The 1940 population figure for the continental United States is used because later figures are not available for every local unit.

Source: Sixteenth Census of the United States, 1940, Population, vol. I, pp. 818-826.

This chart, Mr. Chairman, shows that the six counties that I represent have sent to the foreign countries up to this time \$46,547,275 for relief. This means \$183.03 for every man, woman, and child in our district, or approximately \$732.12 for the average family of four. This also means, Mr. Chairman, that the proposed Marshall plan based on \$17,000,000,000, which in my opinion is at least \$3,000,000,000 too low, and which covers the period of 1948 to 1952, will cost each and every man, woman, and child in our district \$129.11, or approximately \$516.44 for the average family of four. This means, Mr. Chairman, that it will cost every man, woman, and child in our district \$312.14 to carry the European relief program. In other words, the average family in our district will pay \$1,248.56 for the relief of the European nations as now established.

I am certain that my people would be perfectly willing to pay this amount and even more if it would assure peace, and I would be willing to vote to continue this burden upon them if I felt certain the program would definitely stop the spread of communism. The record of our experience since VJ-day has proved that peace cannot be obtained, or communism stopped, solely by the use of money. More depends upon the administration of a loan or the administration of a government than the amount of dollars and cents. Conditions in Czechoslovakia were not brought about by any lack of economic sustenance, or by dire need, or strained economic conditions. The people there had plenty of food. They had plenty of money. We just gave them \$300,000,000. If aid is given it should be administered along business lines and not through the executive branch or the State Department. Such loans should be administered by men of proved business experience and integrity.

Mr. Chairman, as long as the President and this administration continues the policy that on this very day exists, namely, the shipping of critical materials, war equipment, and industrial equipment to Russia and her satellite nations, I will oppose and vote against any legislation that continues to place a burden on my people. We are willing to aid, but we

cannot continue to weaken ourselves when our sacrifices are doing so little good. It is time to put our own house in order, to make America prosperous and strong to save itself. We must not continue to weaken ourselves with futile efforts.

(Mr. MCGREGOR asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. SHAFER].

[Mr. SHAFER addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. SHAFER asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield 6 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, there can be no peace in the world unless there is peace in the Middle East. President Truman has just given out another statement concerning Palestine. He asks for a truce, and in the interim asks for a UN trusteeship.

All of the President's statement leads but to one conclusion. The United States has adopted the British policy in total, that is, only that which is acceptable to both Jews and Arabs will be considered, a completely meaningless policy which can lead only to more and more bloodshed. The pattern is evident. Britain will be asked to remain and with hypocritical hesitancy will accept and then the circle will have been completed. Nothing will have changed and nothing solved by the submission of the Palestine question to the UN. Jewish immigration will be excluded as well as Jewish land purchases. A tragedy is being enacted by power politics as if a broad farce were being played. The indecency of it staggers the imagination.

The President shamefully played for sympathy when he talked about sending American troops into Palestine. Nobody had asked for American troops or any Russian troops. A voluntary international constabulary could have been formed and manned by thousands of

young, eager Jewish volunteers from all over the world and other volunteers of varying national origins who wished to serve the ends of justice. When pressed for an answer to a question concerning the use of American troops in Palestine to enforce the trusteeship, the President evaded the answer.

I quote from a correspondent in Jerusalem, Mr. Richard Mowrer, which gives a more accurate picture of British intent. He writes:

There is still no sign of a truce between the Arabs and the Jews, which the United States apparently envisages following its policy switch on the partition of Palestine.

In point of fact, the Arabs have stepped up their operations. In Jerusalem, the Jewish Yemin Moshe (Montefiore) quarter has come under concentrated Arab attack from three sides. This is not the first time, but, according to officers of Haganah, the unofficial Jewish militia, the new attacks are more determined and inspired than before.

The writer just got hold of a deputy commander of the Haganah forces defending the Yemin Moshe. He had come out for reinforcements and was going in with them immediately, but he first wanted to tell a foreign correspondent something of what is going on, so that the outside world would understand the kind of fighting that the Yemin Moshe battle is. This is what he said to me. "Tuesday night the Arabs opened their attack by coasting a truck of explosives downhill against our northeast perimeter. The explosions made a big gap in our fortifications there, but that is the least of our worries. Our concern is the British Army behind us. They have warned us not to return the Arab fire. If we do so, the British threaten to open up on us. After the explosion Tuesday night and the Arab firing on us, we held our fire. The attackers grew bolder and, at one moment, we were compelled to shoot to keep them back. This brought a heavy fire on us from the British at our backs. I have just communicated with the British. I have invited them to attach an observer to our forces to see that we fire only in self-defense. They have refused this request, and warned us again not to return Arab fire."

This then is the kind of alliance we favor, and this is the kind of alliance that the United States reversal on Palestine has cemented.

This is all bewildering and confusing. He approved what I might call, the sell-out on partition. In my opinion, the President's latest statement only further muddies the waters. He asks for a truce. We have had truces and we have had reconciliations and mediations. Everything has been tried but the Grand Mufti of Jerusalem, who leads the Arab forces, wants no truce. He is an inciter to murder and assassination. He thrives on force and treachery. The British under excuse of treaty obligations have admitted sending vast quantities of military material to the countries surrounding Palestine, which armament is routed into Palestine to be used by the Grand Mufti's henchmen to disturb the peace in Palestine and to incite the Arabs to further intransigence. The President must know that any re-reference to the General Assembly to set up a United Nations trusteeship would require a two-thirds vote of the Assembly. That I think would be quite impossible of achievement. Then there would be more debate and more committees and more recrimi-

nations and more backstairs intrigue and more diplomatic mumbo-jumbo. I cannot conceive why the President would want to turn this whole matter back again to the General Assembly. It would be a useless gesture. Furthermore, Ambassador Austin, with the blessing of the President, said it would require force to implement partition. He cannot lay any flattering unction to his soul by saying that he could get an implementive United Nations trusteeship without force. It would take more force to enforce a United Nations trusteeship than it would take to enforce the partition in Palestine particularly in light of encouragement given Arabs by Austin. The President could show courage, wisdom, and statesmanship if he would order in the first instance lifting the arms embargo to enable the Jews in Palestine fighting valiantly for their homeland to defend the United Nations General Assembly partition decision on Palestine, as well as themselves, and secondly, if he would recognize de jure that which exists de facto—a Jewish state in Palestine as of May 16, the day after the British get out. The time is past for words. Action is essential to implement partition. If there is to be security in the Middle East, it cannot be by appeasement to the Arabs. "Appease a rascal as you will, he was and is a rascal still." We cannot forget what the Grand Mufti did during the last conflict, when he went to Berlin and organized the Arab brigade to shoot down American and British soldiers, and the other Arab intrigue and machinations and blackmail.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. BLOOM. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. CHELF].

Mr. CHELF. Mr. Chairman, it is my considered opinion that the Congress should immediately act favorably on the bill which is now before us. Aside from the humanitarian aspects, it is my sincere belief that the passage of this legislation is vital and necessary for the preservation and protection of Christianity and democracy throughout the entire world. To be sure, the cost is great, but when we compare the expenditure involved in World War II of the nearly \$300,000,000,000 in treasure and the 1,000,000 casualties in blood, the cost is relatively small. This legislation alone may not prevent another war, but most certainly it will make a definite contribution toward setting the brakes against any war movement on the part of Russia. The Soviet Union does not want this bill passed. Here in America businessmen are known and respected for their good judgment. There is not a business firm, great or small, located in the United States which does not carry adequate insurance upon its stock of goods. The smart business executive sees to it that sufficient insurance is carried upon its leadership, and by the same token, many private concerns and corporations carry insurance upon their employees and many partnerships have life-insurance policies whose beneficiary is the surviving partner. Why is this

done? The answer is very simple indeed. It is for the preservation and the protection of the business so that if and when a fire, flood, death, or other catastrophe should strike at the heart of such business, financial chaos, confusion, despair, and disintegration will not result. Of course, in order to have such protection, premiums on such policies must be paid.

Mr. Chairman, as I see it, the European recovery program which we have under discussion here today is, in truth and in fact, an insurance policy which, to a great degree, helps to guarantee, preserve, sponsor, and protect the liberty of all freedom-loving people. Mr. Chairman, today we are debating whether or not we will pay the first annual premium on an insurance policy of freedom. As every businessman knows, no one can take out a policy on a person or object unless that party has an "insurable interest." Since the citizens of the United States have already contributed \$300,000,000,000 of their treasure and almost 1,000,000 casualties of their blood to the cause of freedom, there can be no doubt of their "insurable interest" in a permanent peace. Mr. Chairman, if we here in the House should vote down this measure, it would give great satisfaction to the Communists, who seek to dominate Europe and the world. It is my guess that if this bill were defeated, there would be dancing and joyous celebration in Red Square in Moscow.

The present pattern of Stalin in pushing over the little democracies of Europe has an altogether familiar ring. Although Hitler conquered these small nations, one by one, by force, bombs, guns, and bayonets, Stalin is knocking these little countries over as if playing with dominoes, while not a shot is being fired. The fifth column we heard so much about during World War II and which was used so advantageously by the Nazis, functioned like little Ned in the primer in comparison with the Red columns now marching in solid phalanx and which are boring insidiously from within, to eat away the last vestige of Christianity and democracy which communism loathes. Was it not Lenin who made the statement:

We are living not merely in a state, but in a system of states; and it is not conceivable that the Soviet Republic should continue for a long period side by side with imperialist states. Ultimately, one or the other must conquer * * * meanwhile, a number of terrible clashes between the Soviet Republic and the democratic states is inevitable.

As I have stated, Mr. Chairman, the cost is great, but, I repeat, when such expenditure is compared with the recent cost of World War II, it is negligible. The fact of the matter is that the entire Marshall plan for the period of 1 year is approximately what it cost us to finance World War II for a 30-day period of time.

Mr. Chairman, I am not unmindful of the fact that an old adage states that charity begins at home. Most certainly the sum of money involved in the ERP could be spent most advantageously here within the United States. This sum of

money would go far in helping the monthly compensation of our aged, blind, and other needy persons. It would be of great value in raising the salaries of our underpaid school teachers. Similarly, it would build many highways and bridges and new post-office buildings which are sorely needed in many sections of this country. There is no argument but that it would prove to be invaluable to the health, prosperity, and happiness of all of our people, but, Mr. Chairman, when we look the issue squarely in the face, we must realize that unless we preserve the foundation and framework of our democracy all domestic legislation, however worthy and lofty in purpose, would become meaningless. We must remain free.

Mr. Chairman, in July of last year I made the statement that it was just as imperative to rehabilitate and remove the scars of World War II from Europe's people as it was to remove the scars from Europe's cities. I also stated that the contemplated expenditure of millions of dollars under the Marshall plan would all be in vain if the displaced-persons problem remained to plague the nations and the peace of the world as a potential, deadly malignancy. Mr. Chairman, since I made this statement I have had an opportunity to personally investigate the displaced-persons problem as it now exists within the camps of the American and British zones in Germany and Austria. Last fall the Fulton Special Subcommittee on Displaced Persons contacted approximately 200 DP camps and more than 3,000 displaced persons were personally interviewed. As a result of this study, I am of the opinion that the 16 participating nations at the Paris Conference on the Marshall plan and who will be the beneficiaries of this particular piece of legislation, should, by all means, be requested by our State Department to admit a fair share of these homeless displaced persons. It might be well for the newly elected Administrator of this act to suggest to the participating nations that special consideration in the way of economic assistance might be given to those nations who show the most willingness and cooperation in granting refuge and assistance to these thousands of homeless displaced persons. I believed last year, and I believe now, that those nations who expect to accept economic and financial aid from the United States ought to reciprocate by giving succor and homes to these citizens of the world.

It is true that several of the receiving nations have already allowed some of the displaced persons to immigrate, but, unfortunately, the number, up to now, at least, has been so small that there yet remains approximately 850,000 human beings languishing in camps in the various zones of Germany and Austria without a home or a country and which, incidentally, is costing the taxpayers of this Nation approximately \$75,000,000 a year to feed, house, and clothe.

Mr. Chairman, I would suggest that the administrator designated under this act be requested to contact immediately the Honorable H. W. Tuck, who is that great American serving in Geneva as the chairman of the International Refugee

Organization, so that a solution of the full problem, through the cooperation of the IRO, could be reached.

Mr. Chairman, we are not altogether dealing in this bill with war surplus materials, relaying mortar and brick, and reconstructing mines, factories, and bridges. We are dealing directly with the rehabilitation and the reconstruction of the lives and spiritual ideals and values of the millions of Europe, plus the 850,000 displaced persons who, because of fear of persecution and even death, cannot and will not return to their countries which have been literally gobbled up by Russia and which are now securely locked behind the "iron curtain."

At this point, as a member of the Fulton special subcommittee, I feel I would be derelict in my duty if I did not make a statement to the House in contradiction to the stories which have been disseminated throughout the country to the effect that a large portion of the displaced persons are Communists.

In a few isolated instances, we learned that the Russians had managed to spot a few Communists into a few displaced persons camps located in our American Zone of Occupation in Germany and Austria. In my conversations with the DP's about this particular subject, I was advised that when such Communists were discovered among the DP's they were immediately forced by the DP's themselves to flee back to the Russian zone under threat of death.

Upon one occasion the dead body of one Communist who had persisted in attempting to disseminate communistic propaganda among the DP's was found approximately a hundred yards from the camp grounds.

Here at home, two all-important questions have been raised (a) Are the displaced persons Communists? (b) If not, why are they against communism?

As a result of a very thorough, complete, and painstaking investigation into this particular angle of the problem, I am completely convinced that the displaced persons are no more communistic in their views than any loyal red-blooded American living in the United States today.

It is easy to understand why these displaced persons loathe and despise Russia and communism when one takes into consideration the fact that the Ukrainians, Latvians, Estonians, Lithuanians, Yugoslavs, and Poles were overrun by the Germans in their march through their respective states into Russia toward Stalingrad. When Germany first overran the countries of these people, the Balts, for instance, were taken by the thousands into German slave-labor camps and forced at the point of a bayonet or gun to produce for the German war effort. Practically every displaced person with whom I personally talked told me that he had been subjected to untold hardship, starvation, personal indignities, and other cruelties; his home had been burned, sacked, and destroyed by the Germans and his loved ones had been maimed or killed before his very eyes.

When Russia made her stand at Stalingrad and began her march back

over the same territory which had previously been conquered by the Germans, these same miserable, unfortunate people were again caught in the dragnet of war. Immediately upon the Russian occupation of this same territory, these poor Balts were yanked up before the Russian Army authorities and accused of being German sympathizers, quizlings, and pro-Nazis. In practically every instance, instead of these people being freed from the hell of the German domination, they were immediately thrown into Russian concentration camps as being traitors to the Russian cause. Many of them escaped while others fled ahead of the Russian advance and thousands of these poor unfortunates have a sanctuary now in our camps throughout Austria and Germany. With my own eyes I have seen the letters and numbers of these horror camps tattooed upon their wrists and arms as a means of identification placed there by both the Germans and the Russians—marks which will be perpetual life-long reminders—wounds which can never be removed from the body and wounds which can never be healed within the heart.

As one member of the Fulton committee, I repeat that I am completely convinced that this particular group of displaced persons who were first enslaved by the Germans and who were later reenslaved by the Russians—after their successful march back through the Baltic States—are sincere when they literally hissed through their teeth their utter contempt for the Germans and their hatred for Russians and everything communism advocates. Is it any wonder, therefore, that the DP's do not want to live in Germany or even in their old home country which is now under the domination of Russia?

It has been said that the United States should display the necessary leadership by enacting legislation which would permit a reasonable number of DP's to emigrate to this country. Up until now, this lack of action, on the part of the United States, has been used as an argument by many as to the reason why the 16 participating nations under the Marshall plan have failed to provide the necessary immigration into their respective countries, which would liquidate the problem.

For the benefit of the Members of the House, I am pleased to state that the membership of the Subcommittee on Immigration and Naturalization of the Judiciary Committee is now working on the draft of a bill which seeks to admit what we consider to be a reasonable and fair number of DP's as an emergency measure. The chairmen of our subcommittee and our full committee have courage and vision.

The draft of such legislation will be based upon the long weeks of testimony which was presented to our committee on this all-important question by the Secretary of State, the Attorney General, and other Cabinet members in combination with our farm, labor, and religious leadership of this country. I might add that no basic or radical change in our immigration policy is contemplated.

It is my sincere hope and fervent prayer that should this legislation clear the hurdle of the subcommittee and the full committee and be reported to the House, the membership will promptly enact it because I am reasonably sure that, if it does so, the Senate will pass their bill which has already been reported by their subcommittee. As a result, I believe that a fair and equitable piece of legislation will emerge from the conferees of the two branches which will display to the participating countries under this legislation that same high type of leadership which they have so justifiably expected and which the Congress possesses.

I repeat, Mr. Chairman, when DP legislation has been finally enacted into law, the administrator of this program must cooperate with Secretary Tuck of the IRO in the calling of a conference of the receiving nations under the ERP with the purpose in mind that every country receiving economic and financial aid under this plan should agree to accept a sufficient number of DP's with the avowed determination that, before the conference table is abandoned, the full and complete problem will have been liquidated and solved. Incidentally, I was glad to see the Fulton amendment in this bill. It seeks to do what I pray will come to pass insofar as DP's are concerned. Mr. Chairman, if we expect to help Europe withstand the ever-increasing flood of communism, thereby preserving Christianity, democracy, and freedom in the world, we must do so by solving the whole problem. The two go hand in glove—the rehabilitation of Europe's economy and the rehabilitation of Europe's people. In the rebuilding of their cities, factories, churches, schools, bridges, docks, and other necessary structures of a free and democratic Europe, we must not overlook these poor, unfortunate human beings who, through no fault of their own, have no home to which they can return.

Mr. Chairman, if the Marshall plan is to be a success, with all my heart, I submit to you that it is incumbent upon our great Nation to remove not only the scars of Europe's democratic cities but to remove also the scars from the bodies and the hearts of its unfortunate, homeless people. Once this is done, then, in my humble opinion, the real purpose and intent of this European recovery program will, by the help of a merciful God, be truly accomplished.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. CHELF. I yield to the gentleman from New York.

Mr. CELLER. The gentleman is too modest to indicate that he has rendered yeoman service in endeavoring to solve this problem.

Mr. CHELF. I appreciate the gentleman's remarks very much.

Mr. BLOOM. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. KLEIN].

OPPOSED TO BILL IN PRESENT FORM

Mr. KLEIN. Mr. Chairman, I am opposed to the bill in its present form. I feel, and many of my colleagues here feel

as I do, that we favor the Marshall plan as it was originally proposed by Secretary Marshall, and somewhat in the form that the bill came out of the Senate.

Those funds should be used and can be used for humanitarian purposes, and it is my firm belief that that is the best way to combat communism. It certainly has been well demonstrated throughout the world that you cannot enforce an ideology on other people by force of arms, and you cannot use money for the purpose of imposing it on them. The best way we can act to prevent communism from sweeping the world is to show the people of the world the benefits of democracy. We can do that by helping them help themselves so that they can feed and clothe their families and have decent and adequate housing.

MAKE DEMOCRACY WORK

You cannot reach those objectives by force of arms, nor even by supplying arms. You cannot reach them by hypocritical lectures or petulance or by helping the prostrated countries build up their own armies against a hypothetical foe. Money and thought and human effort put into war machines do not produce the tools of peace. You cannot make farm tractors and tanks out of the same raw materials.

You can prove to the people of the world that American democracy is a vital, dynamic way of life by making democracy work, by making sure that no person willing to work lacks a job, that no one goes hungry, that kids in the slums—whether those slums are in a big city or a lonely farm—get the same chance to have a decent education as the banker's children, that no one is discriminated against by reason of his race, his religion, his color, his national derivation, or his economic status.

It is not consistent for us to deride the one-party elections of totalitarian states until we put our own house in order and get rid of the poll tax which disfranchises 25,000,000 people. We cannot complain with logic of one-sided elections in Europe while here at home American citizens are warned away from the polls by threats of death and violence merely because of the color of their skins.

It comes with ill grace for us to complain of the indoctrination of European children with political propaganda while in this country we waste millions of dollars of our educational funds by maintaining an extravagant double system of segregated schools in many States, including the Nation's capital city, where the superintendent of schools has said it will take an immediate expenditure of \$50,000,000 just to keep up the un-American system of separate school systems for white and black.

We cannot complain too loudly about the brutal political discrimination in totalitarian countries when in our own democratic America people are refused employment because of their race, or their religion, or their foreign-sounding names.

NO VIRTUE IN RETALIATION

Do not misunderstand me. I do not for one moment condone the undemocratic tyranny of political commissars

abroad; but we do not come into the court of public opinion with clean hands while there are flagrant violations of democratic procedures here at home.

I do not excuse the violent attacks on America and the distortion of facts in foreign lands; but neither do I see any excuse for the same thing in our country. There is no virtue in mere retaliation. There is nothing noble in trading insults while the real and crying needs of hungry people are ignored or are made political footballs.

Again I plead, let us prove our faith in democracy by providing help to the exhausted people of Europe democratically, without reservations and strings tied to our packages.

PEOPLE AT HOME DEMAND PEACE

I know that I have been hearing from the people of the 19th District of New York, whom I have the honor to represent, in forceful and yet thoughtful terms.

Fairly typical is a letter from Mrs. Arthur Stanton from which I quote this paragraph:

Like many Americans, I am interested in a European recovery plan, but not in a wholesale military occupation of all Europe. Like most of your constituents, I have followed the developments of ERP, and have come to recognize that we are asking Europe to recover with guns instead of food. * * * It is absurd to think we are going to save the world with a new war. * * * Can't we even give the UN a fighting chance?

I find much to object to in the bill here before us. While the Senate bill was not, perhaps, a perfect instrument to carry out the original enunciation of the Marshall plan, it was acceptable.

In the House bill I object particularly to such provisions as that requiring participating countries to deliver agreed percentages of strategic raw materials; the violent interference with the principles of free enterprise and with the natural expectations of self-help through a prohibition on the use of American materials in the manufacture of commodities which might ultimately reach trade channels between eastern and western Europe; the provision for chartering 200 dry-cargo vessels.

I also criticize the political maneuver of increasing the national debt by a million dollars in order to avoid interference with the ill-timed tax reduction program; the changes in agreements on dismantling of industrial plants; the provision for utilizing DP's and the wasteful provision requiring 25 percent of the wheat shipped to be in the form of flour.

TITLE III MOST OBJECTIONABLE OF ALL

But most of all, Mr. Chairman, I hope that an amendment will be offered and adopted which will eliminate the ill-advised title III, which wraps up in one bulky grab-bag package economic assistance for war-torn Europe and military aid for China, Greece, and Turkey.

This is not the place or the time to consider further military support to maintain reactionary and exploitive regimes in those countries.

This was intended as a measure to help Europe help itself to recovery. Opponents of ERP have called this a global WPA program. It would be more accu-

rate to compare this to the PWA program. The ERP was intended to provide the tools the people of Europe need to bring back their own prosperity, and there are many of us who, while believing that the United Nations was the proper agency to carry out the work, were prepared to support a real European recovery plan.

We find the presence of a program of active military help for China, Greece, and Turkey distasteful. We cannot impress the people of the world with the real benefits of democracy by bayonets and tanks and war planes.

It seems to me that there is something wrong with our foreign policy.

Take the case of Greece and Turkey. I am happy and proud, in retrospect, that last spring I voted against the program now under way there. We were told that we were giving aid to democratic peoples there; but it is ridiculous to think that those were democratic governments which we have braced up against collapse with our weapons.

JUST AS BAD AS THE COMMUNISTS

The type of government they had in Greece and that they have there today is just as bad as the Communist government. One is the extreme of the right and the other is the extreme of the left. There is no real difference between them. We are going to throw our money down a rat hole, as we have done up to now. There are 250,000 more Communists in Greece today than there were at the time we implemented the so-called Truman doctrine. We are throwing our money away by trying to maintain a reactionary government in power. We will do the same thing with regard to China. You will remember that when Secretary Marshall came back from China, before he was appointed as Secretary of State, he was opposed to sending military aid or monetary aid to the Chinese Government, yet that is just what we are doing now.

We have another instance of the so-called foreign policy of this administration with regard to Palestine. The administration came out one day in the United Nations for the partition plan, and a week later imposed an embargo so that the partition does not mean anything. Two or three months later they reverse themselves and come out against the partition.

Now, today, we are assured that this Government still supports partition. What will it be tomorrow?

Revoke the embargo and give the Jews arms such as the Arabs have, and the people of Palestine will carve out their own nation in their own sweat and blood and tears.

Mr. Chairman, I hope I will be given the opportunity to vote for this bill, because I am in favor of it, but without title III. Let us have the original ERP and give us a chance to vote on it.

(Mr. KLEIN asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, the measure which we are now considering is

the product of many minds; it is the result of much searching thought. Like all of man's creations, it is not perfect. Like most of the measures which come before us, it does not represent in every respect precisely what each member of the Committee on Foreign Affairs desired. It is the result of compromise. It is an able symbol of the effective and efficient functioning of our constitutional process.

Millions of words of testimony have been written and spoken in connection with this vast project. Hundreds of minds have applied themselves to the gathering of information, to the elaboration of detail, and to the exploration of the many intricate implications of this huge undertaking.

And now it is before us. It is before us at a time when the threat to peace and freedom which many thought had been disposed of at the end of World War II has become more formidable and cumulative than ever. It is before us at a time when even the wisest are incapable of complete answers. It comes before us at a time when expeditious action is imperative.

Many vital questions are dealt with in that part of this legislation which is concerned with the economic recovery of Europe. The members of your Committee on Foreign Affairs have given a great deal of study and thought to such questions as the vital needs of the American people, the use of the foreign assets in this country, our requirements in strategic materials, an effective export-controls policy, guaranties of the convertibility of foreign currencies, loans, shipping, the protection of American rights abroad, the dismantling of German plants, the use of foreign currencies, reciprocal self-help among the European nations, the paramount problem of administration, and many other matters.

Mindful of the fact that these problems have already received considerable attention and that they will be further discussed when the bill is read for amendments, I should like briefly to discuss the European recovery program as a part of our Nation's foreign policy.

There has been a natural preoccupation in the minds of many of us arising from our desire to obtain a composite rather than a piecemeal view of the international dilemma. The European recovery program will depend for its success on the early evolution of these other segments of our foreign policy. These must be brought forward on a concurrent front in order that this program shall operate under the most propitious circumstances possible.

In order to create such a favorable economic, social, and political climate, we should, it seems to me, take steps to fill in the many gaps in our peacetime strategy. Peace is achieved through strength. War is usually a derivative of weakness.

Accordingly, I should like to venture a few suggestions which, if acted on, would, in my opinion, serve to buttress the forces of freedom.

First. It may be said that although the United Nations Organization has so far failed of its objectives, it can nevertheless provide the framework for the useful purpose of spreading international

responsibilities and integrating the efforts of those nations which are seeking to defend their freedom and their independence against the brutal onslaughts of Communist tyranny.

Accordingly, it is my considered view that a meeting of the United Nations should be called under section 109 of the Charter in order that this Organization should be strengthened; with Russia if possible, without Russia if necessary.

Second. Instruct our representatives to the International Monetary Fund, to which we make a huge contribution, to recommend that an International Monetary Conference be called for the purpose of effecting a planned devaluation of the currencies of the 16 nations participating in the European recovery program, and in order that this may be accomplished with a minimum of economic dislocation and a maximum of benefit for western Europe and for the American taxpayer. The amount involved in the European recovery program is based on the estimated balance of payments deficits. Because the dollar has become the basic currency in the world today, the needs of the participating countries are estimated in terms of dollar deficits. Since these foreign currencies are artificially pegged, the Marshall plan constitutes to a considerable extent an attempt on our part to bridge the gap between the legal and the real values of these currencies. A devaluation of these currencies would make European commodities cheaper to buy. It should be expedited in order (a) that these countries may increase their exports and thereby reduce their dollar deficits; (b) by reducing their dollar deficits, reduce the load on the American taxpayer; and (c) increase American imports and thereby reduce the cost of living in America.

Third. The President should decide on a policy with respect to export controls, and with particular reference to Soviet Russia and her satellites. Here we must recognize that a revival of trade between eastern and western Europe is important to European recovery. It is to be hoped that when we have helped the ERP countries to create a capital-goods surplus the agricultural surpluses of eastern Europe will flow into western Europe, in spite of the iron curtain. On the other hand, it should be our policy and the policy of the nations receiving our aid not to help Russia to defeat ERP. Any other policy is unthinkable. Furthermore, our Government should impose an export-controls ban on shipments to Russia and her satellites of munitions, airplane engines, certain types of electrical equipment and machine tools, and any other articles which can be used directly as war potential.

This aspect of our foreign policy should not be allowed to drift from day to day on an improvised basis. It should be carefully considered, clarified, and synchronized with the European recovery program in order that it can help to implement its major intentions.

Fourth. Whether or not western Europe can recover without a revival of trade with eastern Europe, we know that European recovery is impossible unless

Germany is enabled to contribute. To isolate Germany from western Europe is to compromise European recovery and add enormously to the burden of the American taxpayer.

Under section 115 (e):

The Administrator will request the Secretary of State to seek to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

It is my hope that the Administrator will, as soon as possible after his appointment, look into this vital matter. The question of dismantling has been a source of considerable worry to many of us. It is enormously complex. Suffice it to say that western Germany is now being administered under directives which bear no relation to European recovery but which are based on the vain and futile premise that western Germany should be treated as a viable economic unit. The criteria adopted with respect to reparations and dismantling should be revised and adapted to the European recovery program. To the objection that this will strike fear into the hearts of those nations which have suffered from German aggression, I would reply that this fear will be mitigated to the extent that we give evidence of our intention to sustain these nations in their efforts to preserve their freedom and independence. It is caused largely by their apprehension regarding support from the United States.

Fifth. Instruct our representatives to the International Bank for Reconstruction and Development, to which we make a predominant contribution, to call a meeting of the members of the Bank in order that the activities of this organization should be coordinated with the purposes of the European recovery program. For instance, I have been informed by Stanislaw Mikolajczyk, former leader of the Polish Peasant Party, that every dollar we spend in Poland goes to Russia. Former Ambassador Lane's arresting book tends to bear this out. Yet it is rumored that the World Bank is about to make a loan of \$40,000,000 to the Communist Government in Poland. If Mr. Mikolajczyk is right, and his opinion is certainly entitled to a great deal of weight, we would, in contributing to such a loan, be helping the Russians to defeat the Marshall plan.

Sixth. Provide for a Military Establishment adequate to meet the urgent threat to our national security. Our power should be commensurate with our commitments. We must assume a military posture which will discourage external aggression. Since internal aggression is greatly facilitated by fear of external aggression, American armed might can also do much to combat internal force.

Seventh. It is my conviction that the United States and the nations participating in the recovery program, including China, should enter into regional multilateral military agreements pursuant to Article 51 of the United Nations Charter with a view to creating political and economic conditions which will as-

sist the recovery of these nations, for the purpose of protecting their freedom and independence from external and internal aggression, and in order that the military dispositions undertaken by them shall be predicated on European rather than on national considerations, thereby effecting important economies in the military establishments of these nations while achieving greater over-all strategic strength.

Eighth. We must learn to operate in the twilight zone in which communism makes its greatest gains. We must adopt effective countermeasures to neutralize and roll back the subversive minority elements which by intimidation, bribery, and corruption are thwarting the spontaneous forces which are the lifeblood of freedom. We must have a peacetime OSS. Such an effort on our part would cost but a fraction of the vast program which is contemplated here. It would help to assure its success and, by diminishing riots and strikes, would substantially diminish the cost to the American taxpayer. We are not reluctant to use flame throwers and atom bombs when we are at war. We are willing to furnish economic aid and to embark upon an information and cultural program in time of peace. We must decide to do what is necessary to fill in this vacuum in our strategy in order to win the cold war. We must learn to operate in this no-man's land in order to block the insidious and treacherous attempts of these purveyors of terror to use freedom for the purpose of destroying freedom. Respect for law does not require us to stand supinely by while these laws are perverted and demolished. Equity looks to the substance. We must intervene in order to protect these nations from Soviet intervention—from Soviet domination. "Intervention for nonintervention" the great Hungarian patriot Louis Kossuth advocated almost 100 years ago. Let us heed his advice. It can be done. It must be done; and the sooner the better. If we do not help the police in these countries they will become police states.

Ninth. The State Department's information and cultural program must be stepped up to the realm of psychological warfare. Newsprint must be provided to those who are resisting the red Fascists and on-the-spot radio broadcasts inaugurated. We must also make full use of word-of-mouth propagation of information in this battle for men's minds.

There should be a drastic reorientation in the entire program. While Russia is telling lies about us we must tell the truth about Russia. Here it is interesting to note that the percentage of Communists in countries behind the iron curtain is far less than the percentage of Communists in countries outside the iron curtain. For instance, former Premier Mikolajczyk has informed me that in Poland but 3 percent of the population are Communists. In Czechoslovakia at the last election there were 38 percent. I dare say that now that the Republic of Czechoslovakia has succumbed to the Red infection, the number of Czech Communists is closer to 3 percent than to 38

percent. The vaunted Communist paradise is in fact a Red hell. But when people are exposed to the distressing conditions caused by a great war it is perhaps natural that they should think that a change will be an improvement; it is human nature to believe the reckless and deceitful promises, the malicious distortions and lies slyly made by the panderers of the Politburo. We must present the constructive alternative. It is our mission to sell America to foreigners as effectively as Palmolive is sold to Americans. I believe that the many responsible and patriotic leaders in the American labor movement can do a great deal to help toward an understanding of this grave choice. They have already done much and I know that they will do a great deal more.

Tenth. And finally, it is clear to me that our Nation's policy should be to encourage the participating nations to engage in a European economic federation which will serve as the basis for a United States of Europe, thus fulfilling the hope once expressed by George Washington. If they do not voluntarily federate for freedom they will have a Soviet federation imposed upon them.

A chief object of this great effort is to spread freedom by extending the free trade area. A world contracted by science must be united by freedom if peace is to prevail. If the objective of ERP were to restore Europe to its 1938 condition, if its purpose were to put Humpty Dumpty together again, then we would be wasting our time and our treasure.

Our predominant purpose must be related to the relentless realities of the period in which we live. Many historic forces, economic, social, political, and military have wrought irremediable changes in the structure of the European complex of nations.

On our part we must give a vigorous demonstration that we understand the portentous challenge of this precarious peace as fully as we have always understood the grim challenge of war. We must make full use of the felicitous flexibilities of our free system. We can and we must distill out of the confusions, disappointments, and apprehensions of this postwar period, not only the physical means but the spiritual resolve to persevere in this terrible battle until the concept of the brotherhood of man under the fatherhood of God has spread its ineffable blessings among the godless hordes who are seeking to enslave us.

Let us have faith.

The secret of our unequalled standard of living is that the precepts on which America is founded are timeless in their validity; they are never obsolete. The doctrine of freedom is the most modern, the most flexible, the most dynamic, the most truly revolutionary force that the world has ever known. We must understand what are the great motive powers which have propelled America, on the successful adventures which she has undertaken. We must translate the American idea into terms so persuasive, so contagious that the freedom-loving peoples of the world will recognize the choice with which they are confronted.

Mr. Chairman, I have attempted in these few remarks to touch on some of the highlights of what, in my opinion, should be done to create a coordinated and effective foreign policy. Had the true challenge been recognized at Yalta, Tehran, or Potsdam we would not be in our present predicament. Had this dread menace been understood 2 years ago we could have done much to redeem our pledges and thereby preserve for millions of people the blessings earned for them in large part by the blood and valor of our fighting men. But it is idle to lament over an irretrievable past. What is done cannot be undone. If the diplomatic blunders of appeasement can spur us on to militant action in the inexorable present they will at least have served some purpose.

If we pass this unprecedented law it will, in the eyes of the world, be a measure of our intentions to support the forces of freedom. We will have provided them with a constructive alternative. In particular, it can have a most salutary effect on the valiant souls in Italy, who, while we deliberate here, are enduring their great Gethsemane, locked in mortal conflict with the evil minions of Communist reaction.

Once more unto the breach, dear friends.

Let it be said by future generations that Italy, the cradle of western civilization, the seat of the Vatican, the source of much of our precious inheritance, was saved for posterity not only by the determination of the Italian people, but also by the understanding and resolve of the people of America.

Let us take action "against a sea of troubles and, by opposing, end them."

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from California.

Mr. JACKSON of California. Mr. Chairman, I know that the gentleman's modesty forbids him to say so; however, I should like to add that the action taken by the Government the other day with respect to Trieste is the action that the gentleman from Connecticut has been advocating for so long. That fact should be brought to the attention of the Congress.

Mr. LODGE. I thank the gentleman from California.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, again the gentleman's modesty forbids his mentioning this fact, yet I feel that the gentleman in his masterful address has emphasized a matter which the committee feels very strongly but others do not. That is the great interest in the encouragement of the European people. Would the gentleman in the course of his remarks point out the change in the purpose clause with reference to substituting "hope" for a policy of encour-

agement which was made by the committee at his suggestion?

Mr. LODGE. I thank the gentleman. That policy is expressed on the second page of title I of this bill. We did substitute the words "policy of the people of the United States to encourage" for the word "hope."

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. VURSELL].

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

Mr. VURSELL. Mr. Chairman, the \$20,000,000,000 Marshall plan is now before us for consideration. The international bankers and exporters, combined with the administration and the military, have put on the greatest propaganda campaign in the history of this Nation to put this legislation over.

Through the use of the administration's propaganda machine, paid for at the expense of the taxpayers, backed up by the powerful financial leaders of this country, and its use of the press and radio, they have convinced some of the American people and have had a considerable influence on the Members of Congress. We have reached the time in this country when the forces I have referred to joined together in a combined effort, can pass any legislation they desire. The 4-month campaign to put over this bill is an example of their power.

Mr. Chairman, the foundation of this effort started on the premises of deceiving the American people. Practically all of the first propaganda going out started with insisting that the purpose of this legislation was to prevent women and children and the people of Europe from starving. As late as the last 2 days I received a petition which was sent out by the Stimson committee to women in my district asking that pressure be put upon me as a Member of Congress by them to vote for this measure. Its heading reads in part as follows:

It is our belief that in this winter of 1947-48, the United States is faced with the responsibility and the pressing necessity to prevent mass starvation and to aid in restoring the normal economic life of the war-ravaged nations of Europe cooperating in the Marshall plan. It is our simple duty as neighbors in helping these great people to help themselves. Urge your Representatives in Congress to cast a favorable vote on this legislation.

Petitions have been mailed throughout the Nation from the Stimson headquarters representing the international bankers carrying this heading. They say nothing of the 4-year plan of billions to be sent to the 16 nations in farm machinery, tractors, steel, and oil. They do not tell the people that this plan will take \$990,000,000 of their money with which to buy tobacco in this country and give it away to Europe. Certainly, tobacco is not a food—it is a luxury. They do not tell the people they ask to sign these petitions and mail to their Congressmen that they propose to take the American taxpayers' money and ship \$1,565,000,000 worth of steel now needed in housing for the veterans and civilians generally in this country. They do not tell the people that this legislation will

require that \$2,960,800,000 of the taxpayers' money be spent to ship and give away petroleum products, including oil and gas, to these 16 nations when we have not had enough fuel oil to heat our homes during the past winter, and when we will likely not have enough fuel oil to keep our farm machinery going steadily this spring and summer. These are only a few of the big items making up the \$20,000,000,000 Marshall gift. They have not told our people that less than 40 percent is for food.

Mr. Chairman, our taxpayers during the war furnished \$50,000,000,000 in lend-lease. Since the war we have relieved Europe by over \$20,000,000,000. In addition we recently voted over a billion dollars for Germany and Austria which will take care of their food problem until after their next harvest. A few months ago we voted \$500,000,000 in interim aid for food, coal, and other articles to help out France and Italy. We are now called upon to appropriate in this bill \$6,205,000,000 for the first year under the Marshall plan. We are also committed to carry this program through for a total of 4 years. I cannot, in good conscience, support this enormous amount of money at the expense of the people of this Nation and I cannot be a party to signing a contract to carry on these donations for a period of 4 years.

Mr. Chairman, we just as well tell the people the whole truth and not lead them into the Third World War step by step. The gentleman from Georgia [Mr. Cox], who is supporting this legislation, rightly said, "This is a war measure."

Now let us see whither we are drifting. In starting this campaign the administration said we must feed the starving people of Europe. Their next step was, we must repair their factories, furnish new railway cars, and generally rehabilitate their country so they can manufacture goods which they can export for food. They argued that unless we rehabilitate western Europe we will have to continue to feed those nations.

The third step they have taken is that the European nations should get together and organize in a group to defend themselves against Russia. The fourth step we are to take, in addition to shipping food and materials of every kind, will be to arm them. The fifth step following will be to join them in a mutual-defense pact extending the Monroe Doctrine to Berlin and Greece. The sixth step, after all we have done, if war comes, will be to send millions of soldiers with full equipment to fight and die to protect them.

The seventh step will be to again open up the floodgates of lend-lease as we did in the last war.

Mr. Chairman, I think the people ought to know what they are being pushed into. They are going to have to furnish the money and the soldiers to do the fighting. I am not convinced that a majority of the American people want to assume this tremendous responsibility. I do not believe that the United States, with less than one-sixth of the people of the world, can supply the material, and finance this gigantic undertaking to feed the rest of the people of the world, and fight for them, without serious danger of bank-

rupting our Nation financially, which would bring a state of poverty and chaos to our people, causing us to lose our present government of freedom and liberty and its opportunity for our children in the future.

England, France, and Europe have fought two world wars which has brought bankruptcy to them and all of those nations making it necessary for them to call upon us, the only powerful nation left, to feed and protect them. Do we want to follow the same course?

Mr. Chairman, under the Marshall plan, with inflation and the high cost of living upon us as it is today, we will take on the added responsibility of shipping out of this country and giving away in food, oil, steel, lumber, farm implements, tractors, coal, fertilizer, freight cars, tobacco, cotton, and various other articles the amount of 10,000 trainloads each year. The following table shows the cost and names the commodities we will ship during the 4 years. I wish the Members of the Congress would read this table which is broken down into millions and billions for each year so that they may get a better idea of what is to be shipped out of this country:

[In millions of dollars]

Commodity	1948	1949	1950	1951
Steel and steel-making materials.....	441.0	381.0	375.0	368.0
Petroleum and petroleum products.....	576.8	623.3	641.1	619.6
Oil equipment requirements.....	175.0	155.5	124.2	133.5
Agricultural implements.....	275.0	214.0	147.0	78.0
Tractors.....	78.0	52.0	48.0	40.0
Coal.....	369.0	225.0	126.0	54.0
Coal-mining machinery.....	80.0	54.0	46.0	40.0
Timber and products.....	95.9	92.6	87.3	75.0
Forest-products machinery.....	16.4	15.3	13.3	12.3
Electrical equipment.....	150.0	175.0	125.0	50.0
Fertilizer:				
Nitrogen.....	58.0	46.0	16.0	-----
Phosphate.....	40.0	33.0	36.0	28.0
Potash.....	40.0	49.0	50.0	53.0
Inland transport:				
Freight cars.....	168.0	147.0	52.0	-----
Passenger cars.....	28.0	28.0	28.0	28.0
Special equipment.....	7.0	2.0	1.0	1.0
Food (all categories).....	2,100.0	2,000.0	1,800.0	1,700.0
Tobacco, for 4 1/4 years.....	911.0	-----	-----	-----
Cotton, for 4 1/4 years.....	1,957.0	-----	-----	-----

Grand total for the above 4 years..... \$18,855,100,000

Mr. Chairman, the above figures clearly show that after this plan is passed, in order to prevent inflation that will ruin this country, the next move of the administration must be to demand regimentation of our people by putting back on controls and rationing, more drastic than the people had to bear under the last war.

The President has already called for controls, and for universal military training to implement the Marshall plan which will cost the taxpayers an average of over \$2,000,000,000 a year. He has called for the reinstitution of Selective Service and the draft. We must not approach this legislation emotionally, but realistically. Mobilization of our entire resources will be next on the program. They are now whipping up a war hysteria that will becloud the issues in the Presidential campaign.

Mr. Chairman, as a member of the Herter committee, I had an opportunity to help make a study of the European situation last fall. It is my honest opin-

tion that the first great mistake was made when the 16 European nations were invited to sit around the table and determine how much help they wanted from the United States. That, in my judgment, was the first fatal and colossal blunder.

Rather than turn back, as the administration recently turned back in its efforts to partition Palestine, they were so far out on a limb that they apparently felt they could not turn back.

Mr. Chairman, I do not object to giving such aid to a few European nations as would help to prevent hunger, and would help those nations from a psychological standpoint and encourage their people locally in the elections to keep their nations from going Communist. In my opinion, the expenditure of \$3,000,000,000 this year, in addition to over \$1,500,000,000 we have already supplied for this year, in aid to Greece, Turkey, Italy, France, Austria, Germany, and England would give them all the aid necessary. This would be a total expenditure of over \$4,000,000,000 during 1948. With favorable weather conditions for the growing of crops this amount of aid might well be all that it would ever be necessary to expend in aid to the western European nations.

I believe that we should only give them the necessary aid that will encourage them to make the maximum effort on their own part to rehabilitate their own nations. If they will not do it, we cannot do it for them. My principal objection to this plan is, first, it is entirely too much in money and supplies. Secondly, regardless of what is said, it is a 4-year commitment, and no one can honestly deny this statement. We should not render aid for more than 1 year, and then after noting the progress made, consider what, if any aid, should be given in 1949.

Many Members of this House, including myself, are hoping that an amendment will be offered to cut the amount carried in this bill to \$3,000,000,000, and that another amendment will be offered limiting it definitely to 1 year.

As a matter of compromise, I will support the bill if it can be reduced to \$3,000,000,000, and limited to only 1 year. Many Members who oppose this bill in its present form, I feel certain, would support it if amended as I have suggested.

Mr. Chairman, proponents of this legislation say that it is to stop and turn back communism in western Europe. No one knows what effect, if any, it will have in that direction. No one has or will oppose communism more earnestly than I have opposed it. For my own part I believe we would come nearer stopping the encroachment of communism on western Europe if we would give these people the \$3,000,000,000 I have suggested which is all that is necessary to encourage them to stand up against communism, and take the other \$3,000,000,000 or \$5,000,000,000, if necessary, and spend it on building the strongest air force in the world, and strengthen our military forces wherever needed. Continue our research and development of instruments of warfare which action would serve notice on the Russian lead-

ers that the United States rather than weakening its financial and military power was conserving its finances and strengthening its military power to be ready for any emergency that may happen.

Stalin knows that if we spend \$20,000,000,000 in Europe we are weakening our Nation rather than strengthening it. If he knew we were preparing for war if he starts war, that knowledge, in my judgment, would cause him to stop his encroachment on western Europe for fear he might precipitate a war for which Russia is not now prepared.

Recently he pulled the curtain down over Czechoslovakia as he did over Poland, Rumania, and Hungary. When he pulled down that curtain he pulled it down over \$2,000,000,000 of our money and equipment.

The highest intelligence in the Army in a conference with our committee in Vienna admitted that even though we spend billions in rebuilding western Europe that during the next 2 or 3 years Russia could move in and take it over without hardly a struggle. If we put \$20,000,000,000 into these western countries we must realize that within 1, 2, 3, or 4 years Russia can move in and take these countries and then have the benefit of turning the power of \$20,000,000,000 we have put in against us. I do not believe any military leaders in Washington will say that we can land a force in western Europe sufficient to stop Russia if she decides to make such a move.

Mr. Chairman, the administration and the State Department recommend the Marshall plan. Before we approve their recommendations I think it is fair that we review the steps they have taken during the past 3 years to see how near right they have been in the past. Here is only a part of the record:

At Yalta when the war was drawing to a close the late President Roosevelt and representatives of the State Department met with Russian officials and the other powers to determine what boundary lines would be drawn and the type of settlement to be followed.

They agreed that Russia should move her boundary lines west into Poland; that Poland should move her boundary lines west into Germany; that Germany should be divided into four parts for the purpose of organization; Russia taking the capital, Berlin, to be governed with the other three powers; Russia taking all of the rich agricultural lands back of Berlin and adjoining Poland; that England should have that section of Germany which contains the Ruhr; that France should control the section adjoining her nation; that the United States would take what was left, and it has been said that the American and British forces were to be held back and allow Russia the honor of marching her soldiers into Berlin, the capital. Some dispute this last statement, but most informed people contend this agreement was made and that it was a colossal blunder. As a result we are in a weak position in Germany today.

They agreed that Russia should occupy the rich eastern agricultural section of Austria containing the great oil

fields of that nation. These agreements were further carried out at Potsdam with President Truman succeeding the late President Roosevelt at the Potsdam Conference. These agreements put Russia in the driver's seat, and if we have lost the peace of the world it was lost at Yalta and Potsdam by the agreement of our own representatives who now want the Marshall plan.

They agreed that Russia should have \$500,000,000 in reparations from bankrupt Italy, that the major part of the Italian fleet should go to Russia, that Russia should have reparations from all of the satellite nations and that she should have \$10,000,000,000 in reparations from Germany, that she should have over 45 percent of practically all of the war plants in all of Germany if she saw fit to take them, and she has taken a great many. Our representatives agreed to a mortgage in reparations that could not be paid and the dismantling and destruction of Germany for the future to the great benefit of Russia.

Mr. Chairman, when they made these agreements they put Russia in a position to starve out the rest of Germany because they gave her the agricultural section, as well as sections including industrial and manufacturing plants.

They agreed to and implemented the Morgenthau plan at Potsdam. This agreement to make western Germany a pastoral or agricultural state has cost our Government over a billion dollars in food since the war to keep the people of Germany from starving. The Morgenthau plan for 2 years after the war has absolutely held down and prevented the rehabilitation and reconstruction of Germany, and has proven such a mistake that it has finally been abandoned. They agreed at Yalta to all of the concessions to Russia in Manchuria and Korea that are giving us such great trouble today. They made it possible for Russia, operating through the Communists in Manchuria and Korea, to probably destroy the Chinese and Korean Governments, which, if destroyed, will greatly menace our developing a free nation in Japan. This is the record of only a few of the most colossal blunders that have ever been made by our Nation in the annals of history. Yet, they ask the people of the Nation and this Congress to blindly follow their lead on the Marshall plan. There is nothing during the past 4 years of the leadership of the State Department and the administration that could lead one to have confidence in their judgment now.

Mr. Chairman, it would take hours to fully discuss the great undertaking proposed in this legislation. I am indeed fearful that the passage of this legislation and the legislation that will have to follow to implement it, may destroy the financial solvency of this Nation and so impoverish its people that on the ruins of representative Government which has made this Nation so great, may be established the very government of socialism or communism that we are trying to prevent in western Europe. In this present world crisis it is imperative to me that the first duty of this Congress representing the patient and trusting

people of the United States is to keep faith with them, protect their interests and to help keep this Government strong from an industrial standpoint, strong from a moral standpoint and strong financially.

Unless the United States is kept strong morally, industrially, and financially, we have failed in protecting the interest of our own people, and in such failure we will lose our opportunity to make our continued and great contribution through the years to come for eventual world peace.

Mr. BLOOM. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. MARCANTONIO].

(Mr. MARCANTONIO asked and was given permission to revise and extend his remarks.)

Mr. MARCANTONIO. Mr. Chairman, time and time again when we have had this question before us, I have contended that the plan as embodied in this bill and in other similar bills is a plan to guarantee the establishment and continuance of satellite governments, governments that are or will be satellites of our State Department so that these governments can destroy and defeat the aspirations of the people of Europe to establish an economy of their own. We must consider this plan in the light of the problems of the people of Europe, in the light of the fact which will become more and more obvious to Americans, and that is that monopoly capitalism, as we know it, big trust capitalism, has failed in Europe. It has given the people of Europe two world wars, and in between them it has given them fascism, famine, suffering, and bankruptcy. The great masses of the people of Europe look upon the rule of the big trusts as decadent and in some countries as dead. In fact, after the last war they began to march toward public ownership of their basic industries, toward taking over tremendous landed estates and dividing them and giving the peasants land. But, the program of bread and land and peace and public ownership was thwarted in Italy by the imposition of a bankers' French and British ERP in 1922 when, with French money and British bankers' money, Mussolini marched on Rome and fascism was established.

I cannot help but comment on the remarks that are being made today and that were made on the floor of this House a moment ago. I remember those same remarks were made in 1922 and 1923 after fascism was imposed on the Italian people by the then French and British version of ERP. Then they told us that the trains were running on time, and fascism did run on time and the Italian people were enslaved for 22 years just as the German people were enslaved in 1933. With the removal of the military power of fascism the people of Europe have once again begun their march towards public ownership of their basic industries, and particularly in Italy towards the breaking up of the landed estates. It is tragic indeed that those who seek to speak for Italy today are really speaking for the owners of the villas. They are speaking for that society group that entertained and supported the Fascists. They are speaking

for the former Fascists, who have now once again reared their ugly heads and have come up from the underground of their wine cellars and their palaces and villas to attempt to restore their control over the lives and destinies of the Italian people, and now do it as servants and as tools of the Wall Street trusts.

This bill is a big trust bill. World control by Wall Street trusts is written right in this bill. I call your attention to section 102 (a), on page 48 of this bill. It says the purpose of this bill is what? "The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic and political conditions and political relationships." What does the State Department and the bipartisan coalition behind this bill mean by "sound economic and political conditions"? After I have told you what has happened in Italy, you will agree with me that by "sound economic and political conditions" it is the State Department's intention to foist for all time upon these people the system of so-called free enterprise. In Europe free enterprise, as in this country, does not any longer mean the freedom of the small-business man to operate, it means what it has meant in Europe for years, it means the freedom of big trusts to do what they please with the lives of the people, it means the freedom of the big trusts to monopolize Europe, it means the freedom of the big trusts to crush the peasants and workers of Europe, it means the freedom of the big trusts to exploit, to gather more and more and more profit from the backs of these people who are today striving to continue their march toward a better world.

Again let me call your attention to a part of the bill which I say sustains my contention. I call your attention to section 115 (b), paragraph 2, page 86, of the bill. Here we again find that the purpose of this plan is to carry out the expansion of the big trusts, by controlling the fiscal and economic policy of the recipient nation. The language of that paragraph gives us control over the currency, rate of exchange, and the budget of the recipient nation. On page 87, paragraph 6, the recipient countries must establish a special fund by depositing in that fund amounts equivalent to the grants that we give them. This becomes a big, big fund, and that fund, if you please, is, when realistically considered, controlled by the Administrator under this bill, so that means that the entire fiscal policy, that the entire economy of those countries, must be geared to comply with a Wall Street economy. To make sure that Wall Street trusts can expand in those countries, I call your attention to paragraph 9 of the same section, on page 89. There we insist that these countries must agree "to negotiate a suitable protection for the right of access for United States enterprise in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the countries concerned." In the case of Italy, we recently entered into a treaty with Italy called the treaty of friendship. This section of

the bill provides for a guaranty of access to strategic materials, but the treaty which was forced on the Italian people recently, the so-called treaty of friendship, commerce, and navigation of 1948, provides, among other things, that our nationals be given equal treatment with Italy's own nationals. It, like this bill, guarantees freedom of access. What does it all mean? It means these other countries, under the bill, cannot build industries of their own, that Italy, under the treaty, cannot build industries of its own. Why? Because the recipient countries cannot make any provisions to guarantee those industries and protect those industries against Wall Street competition. Thus, do you not see that whatever industries are left in those countries free of Wall Street investments are placed at a complete disadvantage in the field of competition? In the case of Italy, this applies more than in other countries, because under the treaty the unfair advantage given to Wall Street capital is not restricted to strategic materials and commodities but extends to every endeavor.

Then, again, this bill continues its control over the foreign trade of these nations. You take section 117 (d), page 94.

Here we tell these recipient countries that they cannot trade with the other countries that are not in this plan. What does that mean, for instance, with respect to Italy? In Italy they can get coal at a few dollars a ton from Poland. This section prohibits Italy from trading with Poland. Italy will have to buy American coal at \$20 a ton or better. So we control these countries. We control them by controls established in this bill. We control their fiscal policies. We control their economic lives. We control their foreign trade. Then we control them politically because—I return you to section 102 (A), which sets forth the aims of "stable political conditions." That means any government that makes an attempt at public ownership or any government that would break up the landed estates will not be considered as a government existing under stable political conditions by our State Department and by this Congress, if I correctly judge the temper of this Congress. Read the President's speeches, the State Department statements, and the report of this committee as well as the speeches of the proponents of this bill. All these will leave no doubt that stable political conditions mean only those political conditions that are consistent with the free enterprise of Wall Street capital.

As far as Italy is concerned, this bill is not needed to make her an economic colony of Wall Street. The provisions of this bill are already in effect. They have been in effect in Italy for quite some time. They have been in effect ever since and prior to the treaty of 1948. They have been in effect ever since May 13, 1947, when the Lombardo Italian financial mission came here. Certain special economic agreements were reached with the Italian Republic through this mission which I shall discuss shortly. The provisions of this bill have been applicable in Italy since we began unilateral action toward Italy.

We have spent in Italy \$1,700,000,000 since the invasion of Sicily. Of that amount only \$375,000,000 was spent through UNRRA. The balance of \$1,300,000,000 is in the form of unilateral aid. None of that aid has reached down to the Italian people. It has been given to the Government. The Government has been selling this aid, some through the black market and some through the legitimate market and the only people who have been able to buy in either or both markets have not been the impoverished peasants of Italy nor the impoverished workers of that country, but the Wall Street investment bankers, and big industrialists, the owners of the villas and the big magnates and those who made money with Mussolini and since the time of Mussolini. They are the ones who have been benefited by this so-called aid.

For this alleged aid let us see what price Italy had to pay. Wall Street has taken over in Italy. Let me give you certain startling facts. The New York Herald Tribune of July 12, 1947, reported with reference to oil, "Here in a most important field of the Italian national production we find for the first time a clear American preponderance." Air transportation was originally under the complete control of an Italian air line, Linea Aerae Italiana. That air control is shared now with TWA. With reference to insurance, there was a large insurance company which was a state insurance company, the Fiumeter of Rome. What has happened to it? Today there are four North Americans on its board of directors as a result of a deal through which a substantial part of the capital and reserves were supplied by private United States banking interests. To those who have been advocating public power, I say do you know what has happened to public power in Italy? It is being taken over. It is being taken over by General Electric in cooperation with certain financial groups in Turin. General Electric is now developing water power in the Osta Valley in Italy.

The Southern Railroad is taking over traffic and passenger elevator business in Italy, and so is the Otis Elevator Co. American interests have acquired holdings in Italian chemicals, such as Montecatini, Italy's largest chemical combine.

Now, as to textiles: This matter may be of interest to some of you gentlemen who have been following our foreign policy so closely.

There is a firm of Anderson & Clayton; Mr. Will Clayton, formerly connected with our State Department, and who had an important hand in the formulation of the Marshall plan is a member of that firm. That firm has acquired the largest holding in the most important cotton companies in Lombardia, Liguria, and in Venezia. Silk is being divided between the British and New York firms.

Automobiles: Two large automobile manufacturers in Italy, the Isotta Fraschini and Fiat, are no longer completely Italian. General Motors and Kaiser-Frazer have moved in, and those two large Italian automobile industries are partially gone. General Motors and

Kaiser-Frazer have acquired holdings in these key firms.

Now as to the Lombardia financial mission. When that Italian financial mission came here to negotiate with the State Department for loans, what happened? We told them that they had to negotiate not only with the Government but they had to also negotiate with Standard Oil of New Jersey, with Socony Vacuum, and with the Anglo-Irana Oil Co., and the American Foreign Bondholders Protective Association.

Let me give you the story of the bonds, which gives you an idea of how Italy is becoming an economic colony of Wall Street every day. It is a story that is amazing. It is a story that is revealing. I do hope that the much vaunted freedom of the press we have will permit this story to be carried to the American people.

Back in 1925, Mussolini floated a bond loan. The American apologists for fascism had to help him out. Who floated that loan for him? It was floated by a syndicate headed by J. P. Morgan & Co., by the National City Bank, and by Dillon, Read & Co. It is significant that Dillon, Read & Co. is the same firm from which Secretary Forrestal came to the Government. It is also significant that Secretary Forrestal is now spearheading the war drive in the administration.

What happened? Those firms made big money in floating those bonds, but in 1940 Mussolini decided not to pay any more interest on those loans, because he contended that the holders had already collected their original investment, through the 7 and 8 percent interest rates that were charged. By the time of Pearl Harbor those bonds could be bought at 5 to 10 cents on the dollar.

Then an agreement was forced on the Italian financial mission in August 1947. It provided for the issuance of new bonds, equal in value to the face value of the old bonds, plus the accrued interest since 1940. That is, for bonds with a face value of \$93,500,000 and a 1941 market value of less than \$10,000,000, the Italian Government had to issue new bonds in the value of \$136,400,000. These new bonds were issued in December 1947. By whom? J. P. Morgan & Co., Dillon, Read & Co., the firm of Secretary Forrestal, and the Chase National Bank—Rockefeller. So that these investment bankers made a fresh profit, and the speculators received a totally unexpected bonanza. An American speculator who bought those bonds, Kingdom of Italy 8-percent bonds, for \$60, 4 days after Pearl Harbor, could sell them for \$260, December 23, 1947, when trading was reopened.

Let us see what happened in oil. This is what Ivan Matteo Lombardo had to say about the oil deals that his mission had to negotiate:

An agreement has been reached on the partitioning of the markets between the foreign companies on one side and the AGIP (the Italian petroleum monopoly) on the other side. This agreement has involved considerable sacrifice on the part of AGIP.

Although I do not have the full details of the agreement, I can say that the Venice refinery of AGIP will be turned over to a joint stock company in

which Anglo-Iranian has a 49 percent interest. The Italian subsidiary of Standard Oil of New Jersey gets exclusive marketing rights for the Bari and Leghorn refineries of AGIP. No information has been published about the other three refineries of AGIP but I believe that these also are involved. There were negotiations also between the mission and Caltex Syndicate (Standard Oil of California and Texas Co.) for construction in Genoa of a refinery for fuel and Diesel oil for the northern Italy industrial area. Before the war American companies handled two-thirds of petroleum imports into Italy; but only 15 percent of the refining capacity. Today they have a clear financial preponderance.

Mr. Chairman, all this explains all of the frantic effort that we are making in respect to the Italian elections; it exposes the real reasons for our interference. We talk about intervention. Who is intervening in Italy? Why, we have gone so far as to use the Pendergast political-machine technique of bribery. We are trying to influence the Italian election now by offering Trieste to Italy. Our State Department is doing its utmost to prevent a free election. The Italian people know that Trieste is a problem that can be satisfactorily resolved only between Yugoslavia and an Italian Government independent of Wall Street control. They will not be fooled by this latest war provocation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, according to previous understanding, I yield the gentleman from New York 10 additional minutes.

Mr. MARCANTONIO. Incidentally, why did not Bidault, the French puppet of our State Department, offer to return the Provinces of Briga and Tenda to Italy. These Provinces were Italian and were taken from Italy and given to France only for reasons of revenge.

Speak about interference and free elections. The State Department informs the Italian people that unless they vote the De Gasperi ticket they are not going to get any aid. That came from Mr. McDermott, of the State Department. It was an official statement. Then our own Department of Justice informs the Italian people that if any of them ever hope to migrate here they can never come to the United States if they voted the Popular Democratic Front ticket. And on top of that we establish a base in Tripoli, and up and down the Mediterranean our fighting vessels are on parade. Yes; that is intervention, it is intervention of the rawest kind. It is intervention that some day Americans will consider a blot on our history.

Ladies and gentlemen, do you not now clearly see the real reasons for our intervention in Italy. The investment bankers, Dillon, Read & Co.; J. P. Morgan; and the Chase National Bank are some of the reasons. The big industrialists are the other reasons. You have heard of the bond deal, you have heard of the taking-over of the oil and other Italian industries, you have heard of how every important industry in Italy has become

a victim of the expansionist policy of the Wall Street big trusts. And now you write a bill which reaffirms the policy and the agreements that these investment bankers through our State Department have imposed upon the Italian people. Yes; there is a great deal at stake in Italy, there is a tremendous stake in Italy. It is the stake of the Wall Street investment bankers, and it is the stake of those industrialists who are expanding and taking over the industries of the Italian people that you seek to guarantee with this bill. The stake and the peace of freedom-loving Americans who believe in free elections is discarded. The stake of the Italian people to a free election and to an economy of their own is completely hidden by the organs of Wall Street propaganda.

What are these men of Wall Street afraid of? They tell you it is communism, but what are they really afraid of? They are afraid of a people who will take over, win the election, and do what? People who insist that these basic industries must be nationalized, that they must be placed under public ownership. When that happens the big stake that Wall Street has in this election will be lost. And for that, for that we engage in war plans and launch a war policy. And for that we invest billions of the American taxpayers' dollars. And for that we call for a draft. And for that we call for a UMT. And for that we parade ships in the Mediterranean. And for that we establish an air base in Tripoli. And for that we destroy price controls. And for that Americans must suffer high prices and shortages. And for that American labor is enslaved by a Taft-Hartley law. And for that the peace of Americans is placed in jeopardy. And for that we march with seven-league boots toward war, not in defense of America, if you please—America is not threatened by attack from anyone, and that is a fact that cannot be denied no matter how many newspapers and how many radio commentators may be employed to say the contrary. What do they mean by attack? They mean attack on their entrenched exploitation of the people of Italy—by the activity of the Italian people themselves. You cannot tell me that in Italy that 2,500,000 members of the Communist Party are Russians; they are Italians. You cannot tell me that the members of the Socialist Party in Italy are Russians; they are Italians. The workers and peasants of Italy are not Russians; they are Italians and it is they and they alone who want no part of big trust exploitation and domination. It is they and they alone who are menacing not America or Americans, but have declared their intention to take from Wall Street and their Italian exploiters the land and industry and use them for themselves and their posterity. To this by this bill we say "No."

To this we say to them that they will receive no aid unless they supinely continue to suffer and starve under a monopoly capital Wall Street economy. I say help Italy. Help with money and bread and tools, the people of Italy to work out their own destiny even at the cost of depriving Wall Street of its priv-

ileges of exploitation in Italy. I repeat, the Italian people want their own industries, and the peasants of Italy whose standard of living is much, much below that of our sharecroppers want land. At long last they have overthrown the tyranny of fascism. They want land, land of the landlords who fought on Mussolini's side, land which they do not own but on which they have given their labor and their blood. They want land and by this bill we will do our utmost to keep the De Gaspari government in power by open and brazen intervention to prevent those peasants from getting land. And what I am saying about Italy can be applied to France, and it can be applied to many, many of the recipient countries under this plan.

Mr. Chairman, whom are we helping in Italy? We are not helping the peasants, we are not helping the small-business men of Italy, we are not helping the workers. Why, the Export-Import Bank authorized loans in an amount of \$100,000,000 to Italian industries in August of 1947. So far loans of \$22,000,000 have actually been made. To whom? To Pirelli—rubber—in which Wall Street now has investments. Who are the people in this firm? Those who backed Benito Mussolini from 1922 until after our boys fought and died on the Italian Peninsula. Yes; to Montecatini—chemicals—in which Wall Street has moved in and who financed Mussolini from the march on Rome until after Americans shed their blood and rid the world of him. A loan was made to Fiat, the automobile crowd that sustained Mussolini with their money and their influence which also has been partially taken over by our own industrialists. They are the ones who are getting these loans. Yet you stand up here and you tell the American people: "This is a defense of America, this is a crusade against communism." Yes, you now stand here and would make the Italian worker and peasant believe that you are helping them.

With these acts, with this brazen, shameful betrayal, not only of the Italian people but betrayal of the American people, through these various deals, through this bond deal, with those facts before you how can you say this program is a program in defense of America? It is a program in defense of Wall Street. It is a program responsible for the economic crisis we have been facing in America. Wall Street is now dominating America and is seeking to dominate other countries. I say that Wall Street is not America. I say that if there is any treason that treason lies with those who would make America and the exploitation of Wall Street interests one and the same and synonymous.

No, this is not a program for the defense of America. It is a program for expansion, it is a program for the defense of former Fascists, it is a program to keep in power governments that will do the bidding of Wall Street interests. This is a program of exploitation.

As against that program we have offered our own program. We want rehabilitation of Europe, but we want it on a basis that is not political. Fiorello LaGuardia died for that principle. He

fought hard and long for it at the United Nations. Only through a United Nations agency can rehabilitation of Europe and the rest of the world take place. Only without considerations of race, creed, or political character or complexion of the people who are to be aided or of the people who are to be rehabilitated can world rehabilitation take place. That is the principle of the United Nations. That, as LaGuardia said, is the way of Christ. I have introduced that principle in the form of a bill together with my colleague, the gentleman from New York [Mr. ISACSON] and the Senator from Idaho [Mr. TAYLOR]. I shall offer that bill as a substitute. Then you will have your chance, if you want to really rehabilitate Europe. You will have your chance of doing it by the only way of doing it, by the only nonimperialistic way, through the United Nations, which is the last hope of the world. Your bill bypasses the United Nations. Your bill destroys the very basis of the United Nations, which is collaboration without political considerations.

Your bill employs a unilateral policy, not of aid, not of rehabilitation, but of guaranteeing the right of imperialistic interests to fasten their hold on the people of Europe, to continue to expand their investments in the industries of Europe, and to control the political destinies of the people of Europe. This is the old fashioned imperialistic way. This is the way that led to World War I. This is the way that led to World War II. The United Nations' way is the way that makes for peace. I do hope, and I pray, in fact, that some day, somewhere, somehow, men will forget their self-interest, men will forget to serve monopoly interest and that men will begin to distinguish American farmers, American workers, American businessmen, American youth, American men and women on one hand and the big industrialists and investment bankers on the other hand. Yes, America is in danger; not from the people of Italy, not from the people of France—no, not from the people anywhere in Europe. No, not from any people of the Soviet Union. America is in danger from these investment bankers, from these big industrialists whom so many prefer to serve and show false patriotism and hypocritically wave the flag when they serve them. America is in danger of them. America is in danger of their masters, a danger to our economy and a danger to our peace. Yes, go ahead and distort our position. Let the enemies of the people call us Reds. Let them call us what they please, but as for me I know that in fighting against this bill, which is the ultimate expression of Wall Street expansionism, I am fighting for the common people of this country. Time and events will demonstrate the correctness of my position. I urge upon the membership of this House to study the role of the investment bankers and the monopolists in Italy. Their role exposes this bill; it unmasks the pretense of humanitarian aid; yes, it unmasks that phony anti-Communist cry behind which the big trusts revel in the shameless exploitation of the people of the world.

I love the simple America, not the America of imperialism, not the America of empire. I love America, the common people who seek security, who seek peace, who seek plenty, not by exploiting others, but by developing our own land, by developing our own resources. Yes; I shall fight with them to restore to them our resources from monopolistic control which is causing so much distress in our land, which is causing shortages, which is causing high prices, which is causing unemployment. And unemployment is beginning to take place again in this country today. Monopolistic enterprise which seeks to hide behind the term free enterprise which is causing so much hardship at home, causing more throughout the world. I have consistently voted against this war program. I shall continue to vote against it, for in so doing I am defending Americans and not Wall Street; I am defending the farmers and the workers and the small businessmen, and not Wall Street. I am defending the youth of America and not Wall Street. In doing so, I believe I am exercising a patriotic duty which is incumbent today more than ever before upon men of courage. Now is the time for men to stand up and fight for peace. Tomorrow will be too late. Now is the time to stand up and make the fight, for tomorrow, if peace is lost, all will be lost—for nobody will win the next war.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. I want to ask the gentleman this question. The gentleman talks about his substitute bill, which he wants handled in the manner that Fiorello LaGuardia handled UNRRA, so that we can send this stuff over to Yugoslavia and then let them shoot our boys down, as they did a while back, and it took a week to get them back. I say, handle it this other way. I do not want any more—

Mr. MARCANTONIO. The gentleman can make his speech in his own time. He has asked a question and I will answer the question.

Mr. JOHNSON of Oklahoma. Is that what the gentleman wants?

Mr. MARCANTONIO. I want to handle it through the United Nations without political consideration. That is the way and the only way to peace. The other way, the way of this bill, is the road to war.

Mr. Chairman, under permission granted me in the House I include here the following description of the current situation in Italy. It shows the price the common people of Italy have had to pay for the so-called aid. This price they must continue to pay under this bill. For this bill perpetuates the conditions we have imposed on Italy. It perpetuates what the Wall Street economy I have described in my speech has been doing to the people of Italy.

CURRENT SITUATION IN ITALY

The following description of the current situation in Italy is primarily for background purposes. Much of the data helps to explain the tremendous shift to the left among the Italian people.

Sources are the study on Italy prepared for the Congress by the Department of State, Primary Report No. 1 (Italy) of the Herter committee, and other documents indicated below.

POSTWAR SITUATION

Italy has been faced with a steadily increasing population, seriously inadequate food supplies, a severe inflation, and extensive unemployment.

Essentially Italy is a processing country which is dependent upon foreign sources for fuel and raw materials, and the most important factor which limited the revival of Italian industry in 1946 and 1947 was inability to procure adequate quantities of such supplies due to world shortages and lack of dollar currency.

(a) Standard of living:

Before the war Italy had one of the lowest standards of living in western Europe. By the end of the war the standard of living had fallen below subsistence levels in many parts of Italy. At the present time average consumption is about 75 percent of what it was in 1938 under fascism. Moreover, in view of the fact that consumption on the farms is at least at prewar levels, the standard of living of the workers in the cities must be in the neighborhood of 65 to 70 percent of what it was in 1938. There is no doubt that the workers are spending a larger proportion of their income than they did before the war to purchase a reduced quantity of foodstuffs.

It has been estimated by the Department of State that the white-collar workers, the skilled workers, and the fixed-income groups have suffered the sharpest reduction in living standards in the postwar period. The unskilled manual workers whose standard of living was on a subsistence level before the war are just eking out the same kind of an existence. On the other hand, the groups who have been relatively better off in the past have suffered most from the violent inflation, deterioration in qualities of goods, and increased unemployment and part-time employment.

(b) Inflation:

The inflation in Italy has been the most violent in Europe. General prices are 65 times what they were in prewar. A UN study shows the cost of living increased 51 times from 1938 to 1947. Just in the 12 months, September 1946 to September 1947, the official price index rose 100 percent.

(c) Black market:

Because rationing of foodstuffs is limited to cereals, fats, and sugars, Italian people obtained about one-half the calories they consume from nonrationed foods.

The black market has become, in the words of the State Department report:

A part of the distribution system which is important even in lower income groups * * * The fact that goods are freely available—at a price—in the uncontrolled and black markets has served to provide some incentives, the lack of which is a subject of frequent complaint in the countries characterized by suppressed inflation.

In the words of the State Department's own study, it is clear that the present regime in Italy has permitted, if not ac-

tually fostered the growth of the black market, and a runaway inflation, in order to furnish an incentive for more work on the part of the workers.

(d) Unemployment and wages:

Italy, unlike other European countries, has a tremendous problem of unemployment. It was estimated to be between two and one-half and three million in 1947. This combination of inflation and unemployment is due to a shortage of equipment and key materials in relation to available manpower. It can only be solved by long run expansion of agriculture and industry. The Government has sought to freeze wages and break strikes.

(e) Public works:

Because unemployment is so great and politically such a tremendous issue, programs for public works have received first priority from the peoples' parties. The early coalition government spent 330,000,000 lire on public works. The present de Gasperi government reduced this expenditure to 260,000,000. This is the result of United States ideas of budget stability—put the burden on the inflation on the backs of the workers.

The present government, in trying to make itself attractive to United States investors, put through a sweeping program of budgetary reform; its two main points were a reduction in expenditures on public works, and the ending of the bread subsidy. In both instances, the workers and middle classes suffered most.

(f) Clothing:

Clothing prices today—substantially higher than before the war—supplies of clothing far below prewar.

(g) Housing:

New construction and repairs insufficient even to replace war damage, much less provide for increases in population. As a result there has been a tremendous reduction in housing standards as compared with 1938.

(h) IRI:

Instituto per la Ricostruzione Industriale set up in 1933 to salvage the three largest banks of Italy and their industrial holdings. At the present time the IRI, a government corporation similar to the United States RFC, controls 90 percent of the merchant marine, 75 percent of pig-iron production, 45 percent of steel capacity and to a lesser degree electrical power, mining, chemical production, shipbuilding, and so forth. The Herter committee estimated that 70 percent of large and medium industry of Italy is controlled by the Government.

Despite this fact the Government has never utilized its holdings for planning purposes, or otherwise controlled the direction of the economy and now United States investment bankers and industrialists are taking over.

ATTEMPTS AT SOLUTION

The early coalition government made various attempts at solving the internal economic situation. Some successes were achieved but the very sharp differences between the programs advocated by the Socialists, Communists, and trade-union movement on the one hand and the right-wing Christian Democratic Parties on the other finally resulted in the former parties being excluded from the Government.

In June of 1947 de Gasperi yielding to our Wall Street and State Department pressure excluded the Socialists and Communists from the government. Between them these two parties had received 29 percent of the popular vote in the first election. The new government, with the approval of the United States, embarked on a whole series of economic reforms, so-called. It is quite clear at this time that the reforms which de Gasperi has put into effect since June of 1947 could never have been adopted so long as representatives of the workers remained in the government. The exclusion of the left from the government paved the way for the present economic program. This, incidentally, has been largely formulated by Professor Einaudi, who is vice premier and finance minister in the present government.

By concentrating on various currency reforms Einaudi has restricted the volume of credit which has been used for speculative purposes by black marketeers and businessmen. The immediate result of this has been to bring about some reduction in prices.

At the same time unemployment has been rising steadily. Combining this program of monetary control with one of wage freezes the government has in effect a program of deflation, of price reduction, which places the full burden on the backs of the workers.

This entire program was developed and guided by the United States and was built on United States aid.

The United States, which in 1938 supplied about 12 percent of Italy's foreign purchases and took about 8 percent of Italy's exports, supplied almost 60 percent of its 1946 imports and took about 18 percent of its exports. In fact United States financial assistance was responsible for more than two-thirds of total Italian imports in 1945 and 1946 and about one-half of Italy's imports during the first 6 months of 1947. Main Italian imports of foodstuffs and coal come from the United States. It is interesting to see that Italy ranked second to Greece in increased trade with United States over prewar levels.

COMMENTS

(a) Taxes:

A report in the conservative London Economist—May 10, 1947, page 718—says:

It is notorious that the whole fiscal system requires revision and that the wealthier classes habitually evade taxation; it is also widely believed that exporters are leaving a part of their profits abroad.

(b) Confidence of United States:

The same publication—June 7, 1947—said of the new government which excluded representatives of the left:

It has been formed in order to create confidence in America and to secure the further financial help which is a sine quo non for the Italian economy. But this argument overlooks the supreme disadvantage of having the majority of the organized workers in opposition.

(c) Peasants:

The question has been asked about the role of the Italian peasants in the present developments in that country. In the first place, in contrast with France

the peasants represent a much larger social group than the industrial workers or any other group. Secondly, Italy's political revolutions have never included an Italian 1789 which gave land to the peasants and made them conservative. Although there are some peasant proprietors in Italy, these are rather rare. The big categories are landless laborers, and proprietors of very small holdings all of whom are usually employed on other people's big estates and all of whom suffer from land hunger.

Mr. BLOOM. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman, how long, I wonder, must Members of this body sit here and hear assaulted from day to day the Government we love, and by people who would rip from the wall that symbol of liberty that hangs above the Speaker's rostrum, and who would run down the flag of the stars and stripes that proudly floats above this Capitol and run up in its stead the flag of the hammer and sickle?

Mr. MARCANTONIO. Mr. Chairman, I ask that that language be taken down. We are fighting to maintain that flag.

The CHAIRMAN. The Clerk will report the words objected to.

The Clerk read as follows:

Mr. Cox. Mr. Chairman, how long, I wonder, must Members of this body sit here and hear assaulted from day to day the Government we love, and by people who would rip from the wall that symbol of liberty that hangs above the Speaker's rostrum, and who would run down the flag of the Stars and Stripes that proudly floats above this Capitol and run up in its stead the flag of the hammer and sickle?

The CHAIRMAN. The Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, certain words used in debate were objected to and on request were taken down and read at the Clerk's desk, and he herewith reported the same to the House.

The SPEAKER. The Clerk will report the words objected to.

The Clerk read as follows:

Mr. Cox. Mr. Chairman, how long, I wonder, must Members of this body sit here and hear assaulted from day to day the Government we love, and by people who would rip from the wall that symbol of liberty that hangs above the Speaker's rostrum, and who would run down the flag of the Stars and Stripes that proudly floats above this Capitol and run up in its stead the flag of the hammer and sickle?

The SPEAKER. There is nothing in the words uttered by the gentleman from Georgia [Mr. Cox] that reflects on any

particular individual Member of the House. In a debate of this kind, of course, more or less latitude must be allowed. Therefore, the Chair rules that there is nothing unparliamentary in the gentleman's remarks.

The Committee will resume its sitting.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2202, with Mr. CASE of South Dakota in the chair.

Mr. BLOOM. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, not many members of the House Committee on Foreign Aid have felt impelled to speak on the pending measure. While I am constrained to speak, I assure you that I shall not offend your patience by attempting to recapitulate the many arguments which have been made in behalf of the bill now under consideration. Nor shall I attempt a detailed discussion of its provisions. It is the grand objective to which I shall address my remarks.

Certainly none of us will underrate the importance of the business we are now transacting. Nor should we minimize the gravity of the situation with which we are now dealing. Certainly we must be impressed with the great solemnity of our own responsibility.

It is indeed unfortunate that a matter of such magnitude and of such worldwide importance must be considered in a political environment and on the eve of a great national election. But, as evidence of true statesmanship, most of the Members of this House will be able to lift themselves above the promptings of partisan politics and to give to this important subject the calm and impartial consideration which it commands and deserves. I am sure, however, that there are still some little minds among us—minds of men who cannot divorce themselves from petty politics and cannot divest themselves of purely selfish political considerations.

This bill has been called just about everything that Joe Stalin or Henry Wallace and their fellow travelers could possibly want it to be called. Oh, what nauseating spectacles we tolerate here in this forum.

If this bill is in fact an imperialistic scheme designed to enslave the nations which it purports to aid and to dominate the governments of those nations, of course it should be defeated.

If this bill is the product of international intrigue, inspired and sponsored by evil and wicked men, if this thing is an ignominious fraud and a diabolical fabrication and is saturated with gigantic moral turpitude and is an insidious effort to lead a bewildered world and a bleeding civilization once again to the Golgotha and to the slaughter houses of another war, we should rise up and denounce it.

If we are being hoodwinked by the financial moguls of Wall Street and are being betrayed by public officials in high office, if our President and his Cabinet and our ambassadors and all of our generals and admirals are either traitors or are so woefully ignorant, then "God save the mark!"

Are we about to become the victims of a ruthless and reckless band of thieves and robbers who are trying to steal away our birthrights? If so, who are these predatory pirates who are about to prey upon the helpless people of our great republic? Why have they so long escaped a trial for treason?

Oh, how the intelligence of this House has been insulted. Oh, how the integrity of American statesmanship has been indicted. If all the charges leveled at this bill and its sponsors are true, the Republicans and Democrats of both Houses should resign and bow their heads in shame and turn this government over to the brilliant leadership of the newly discovered brainbusters of the Bronx and Harlem.

It is difficult to understand the workings of a morbid mind which is soaked with sordid ambitions. The American people are not very easily fooled, nor is my faith in the integrity of the membership of this House easily shaken. I am not disturbed by those who suffer from hallucinations of grandeur and I still have faith in the citizenship of my country.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MONRONEY. I agree completely with what the gentleman says. The use since time immemorial of that favorite whipping boy, Wall Street, carries very little weight, I believe, with this House and with the committee when it is realized that the CIO, the A. F. of L., the Farm Bureau Federation, the National Grange, and all of the great national organizations which know and understand the real threat to democracy are joining in this great movement. It carries very little weight with me for a Member of this House to stand on the floor and say that this is a scheme of Wall Street to drag this country into an imperialistic conquest.

Mr. COOLEY. It is an insult to the intelligence of the House and reflects no credit upon those who entertain such thoughts or utter such speeches.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. LODGE. I want to congratulate the gentleman on his speech and say that I think there are a great many million veterans of World War II who are in favor of this legislation and who would be surprised to hear themselves referred to as Fascists, since they fought fascism for several years.

Mr. COOLEY. We have just emerged from that tragic yet heroic time when to love one's country meant to lay down one's life—that time when no gift was too great and no sacrifice too severe. Let us for a brief moment hold communion with the maimed and murdered men. Yes, with the distinguished dead who died in freedom's cause. They were only inspired by a great devotion to the grand ideals of our great Republic. They thought that they were writing the high and holy ethics of a new civilization. They died because they knew that the dignity and the destiny of their Nation

was imperiled. They died to liberate the people of the world from the fear of oppression and tyranny. Many gallant men went down to grimy graves in crimson seas and others bled and died on the ramparts of freedom throughout the world.

No true American ever doubted for one moment the righteousness of our cause, nor that the majesty of justice would ultimately rise triumphantly above the imperialistic schemes and the predatory passions of the wanton and wicked men who brought that deluge of blood upon the earth. But today countless thousands are wondering whether or not we will win the peace and save the fruits of the victories which were purchased at such precious price.

Today, fear is written upon the hearts of men, and the citadels of freedom still tremble upon their ancient moorings. The dark and dreary days and nights of war were no more frightful than the future we are forced to contemplate if we lose the fruits of our many hard-won victories.

During the dismal and distressing days of war, we dreamed of the happy highlands of peace where men could meet and, while looking down on the fields of death and carnage and on the ashes of ancient cities, write lasting covenants and build monuments of peace which would live until the end of time. But, lift the horizons of your minds and witness the world about you.

Certainly, for a brief space of time we can continue to enjoy the rich luxuries of our great resources. We can turn our backs upon the bleeding hearts of humanity and isolate ourselves from the sufferings of mankind. We can turn our backs upon the little white crosses on the hilltops of the world that mark the last resting place of those who died in freedom's cause. Yes, we can shut out the world and draw around us the cloak of complacency, but let us remember it is a crimson cloak that is dripping with the blood of our heroes.

Let us search our hearts—yes, the deep recesses of our souls—for a reason why we should withhold this gift of comfort, this grant of aid to those whose friendship we have no right to question. Shall they reap only starvation and stones from their lakes of tears and rivers of blood while we follow the allurements of greed, the dictates of the most hideous passion that ever animated the human heart?

Charity, we are told, is the paramount virtue. All else is as sounding brass and a tinkling cymbal. Charity suffereth long and is kind. Forbid it not to come into your deliberations. But, this is not all charity, gentlemen. It is a contribution to the cause of peace. It is an investment in our own national security. It is a manifestation of the soul of our country, a soul that is untainted, a soul that is always touched by sympathy and the tender sensibilities which have always characterized our people and is the most glorious attribute of our race.

Yes, we will wring against the wealth of our people in this further effort to preserve the peace of the world and to the

further end that we may avoid another rendezvous with death and the vicious vortex of war.

When I hear the gentleman from New York stand on this floor and speak of Mussolini, I am reminded of the fact that for many long months while Mussolini was marching in blood, the gentleman lifted not his voice in denunciation of that cruel and brutal murderer. Now that he has been slaughtered and torn to pieces by his own men in the distant country of Italy, the gentleman from New York comes and speaks in behalf of the poor oppressed people of Italy who are about to become the victims of Wall Street.

It seems to me that the gentleman should know that we have all these long months witnessed a spread of communism that has amazed the people of our country. We have seen the red and bloody hands of communism choke out the lives of one nation after the other, running roughshod over the rights and sacred liberties of people who want to be free. I wonder how long we can tolerate an indifference to what is happening in the world about us. Not one day nor one night has communism ceased to march, and it is marching now along the bloody trail that leads to slavery.

We are told now that this great Nation of ours is imperialistic, that we are trying to enslave the people of the world, according to Mr. Stalin and Mr. Stalin's great voice as echoed here in the well of this House. It goes out from here through the CONGRESSIONAL RECORD that a man with prestige and power to become elected to Congress stands here on the floor of this House and in insidious fashion denounces the very Government the blessings of which he enjoys.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. COOLEY. I do not think that the gentlemen should be so sensitive when they are reminded of the full force and import of the language that they speak plainly in the hearing of the membership of this House. We either believe in democracy or we do not believe in it.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Do not the remarks of the gentleman from New York have a strange, familiar ring when he accuses Wall Street and imperialism of causing us to take this step? I am reminded that when Hitler and Mussolini marched on their bloody trails across Europe, those of us who raised our voices against them were accused of following Wall Street for taking this country into an imperialistic world and the gentleman from New York, until the very day that Russia was attacked by Germany, during those dark hours voted against every appropriation bill to make this country militarily strong.

Mr. COOLEY. The record of the gentleman from New York is written. His

philosophy is well known, and I do not believe that this country or this House is willing to compromise with him.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kentucky.

Mr. CHELF. I want to say that I think the thing that needs to be done with some of these fellows around here and their associates and compatriots including Wallace, is to send them all to Moscow and let them see firsthand and experience what is actually and truly going on over there. It was my duty in the summer of 1945 to make a trip overseas and to go to Moscow. One of the Members of this House who accompanied our congressional delegation upon this investigation of conditions in Europe just after the unconditional surrender of Germany; mind you, while we were en route via air to Moscow, kept saying, "Joe Stalin, Joe Stalin is one of the smartest and one of the greatest men that ever lived."

Well! After he had been in Russia only a few days he was so fed up with Joe Stalin and communism that he was so glad when he got back on even German soil—that incidentally flew the flag of Old Glory—that when he stepped off of the plane, he actually knelt and kissed the soil of Germany that we had previously conquered.

He gave as his reason that it was like kissing American soil since our troops were in command there and the Stars and Stripes flew from the pole just above the tower at our airport in the American zone of Berlin. That is what all of the Reds and pinks in this country need to do; yes—Wallace and all the rest. They should be shipped over there for about 30 days and they would all change their tune just as this Member of Congress did. He had had enough—pronto. Some of these Commies ought to be deported for keeps—while 30 days would suffice for those who are misguided and uninformed.

Mr. COOLEY. Maybe the gentleman could arrange to have them appointed on a committee. The gentleman would not suggest giving them a one-way ticket, or anything of that kind, would he? I think it does Congressmen good to visit other countries.

Now, the gentleman from New York spoke with a bleeding heart for the poor oppressed people of Italy. I was in Rome last fall and I saw many signs of starvation and want. I was in 12 European countries. I conferred with our own diplomats and with the representatives of the governments of those 12 countries, and I discussed the situation with members of the press and with people along the streets and on the farms and roads. And I do not believe that the situation has at all been exaggerated. Certainly, the President in his recent message did not magnify or exaggerate the situation existing in the world. We can either turn our backs upon the people of the world and upon the sufferings of mankind, or we can come forward with a little bit of aid. It seems to me that that is a rather small contribution to make to the rehabilitation of a world

that has been woefully devastated. We ought to thank our God that our great and powerful Nation is still blessed with all of its beauty, from the lofty regions of Alaska to the sunny shores of Florida, and from one ocean to the other. Still our cities stand as great and magnificent monuments to prosperity. Our fields and our factories have been untouched and unharmed by the cruel arts of war, but when you look down upon the devastation in Europe, certainly you would be a man of stone if the tender considerations of your heart were not moved. But, this, after all, as I say, is not all charity. We have a selfish interest in the welfare of the world and in the restoration of world trade and commerce, and certainly we have a definite investment in sweat and blood and tears and in countless treasure, in the peace and security of the world in which we live. We have but this one world. Whether we like it or not, we must live here, and we will live in peace and prosperity just so long as the rest of the world has at least a hope for peace and prosperity.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. BUFFETT].

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

Mr. BUFFETT. Mr. Chairman, Huey Long once said, "If fascism ever comes to America it will come in the name of anti-fascism." I make bold enough to predict here and now that if communism ever comes to America, it will come in the name of anticommunism.

I realize that those who stand up and oppose the Marshall plan hand-out, after the barrage of propaganda that has drenched this country and has been funneled into the offices and minds of the Members of this House, are in a very unenviable position.

But I have been alone before on this floor and, while it is unpleasant at the time, I think I have seen my position vindicated with satisfactory regularity.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Has the gentleman ever seen the time when there has been a proposition of such importance before the Congress when they have brought school children down here to put the heat on Congress to pass it, as they have done with the Marshall plan?

Mr. BUFFETT. No.

Mr. KNUTSON. Did the gentleman see the Sunday paper, showing Marshall having his picture taken with a few little tots 3 or 4 years old? It was announced that they were for the Marshall plan. Of course, we can see where the Marshall plan would have strong appeal to adolescents.

Mr. BUFFETT. I thank the gentleman for his contribution. I think it is obvious to all that all the tricks of political terrorism in the book have been used to put this scheme over. I think probably the ultimate was reached when

one Member of Congress yesterday had a long-distance call from home. He was warned by a substantial supporter that the radio time given him regularly to report to his constituents would be canceled unless the Member voted for the Marshall plan. That is one sample of the strong-arm tactics.

To answer the smear and mud slinging that the advocates of this bill indulge in, let me review the record.

I was somewhat lonesome on this floor in March of 1944. Then I was opposing UNRRA when this House put through that \$2,700,000,000 appeasement program. It was described at that time as an instrument that would stop communism in Europe.

No one would listen to the words of brave Jessie Sumner, of Illinois. She warned the House that the UNRRA program would make Stalin master of Europe. What happened?

UNRRA funneled \$400,000,000 worth of goods into the hands of Tito and built up and equipped and supplied his armies. Now those forces are on the borders of Greece and Trieste.

I was still more lonesome later on when I was the only Member who stood on this floor and exposed the stupidity of unconditional surrender, the same unconditional surrender that Cordell Hull and all the rest of our wartime chiefs are now admitting was the great blunder of the war. Certainly I was lonesome then.

Then we came into the spring of 1945. Early in 1945, I offered an amendment to the lend-lease renewal that would have terminated lend-lease hand-outs at the end of the war. That amendment would have prevented about \$250,000,000 worth of free war supplies from going to Russia. I was lonesome on that occasion. I was defeated on my own side of the aisle by the same committee leadership that today, 3 years later, has finally awakened to the danger of Russia.

Then I remember the Morgenthau plan. The gentleman from Georgia [Mr. Cox] has recently pointed out that it was a terrible mistake. I remember how I was the only person who took the floor of this House in the fall of 1945 and pleaded for the State Department and the Treasury Department and the War Department that were carrying out the Morgenthau vengeance plan to abandon the ruthless barriers that prevented relief supplies from going to central Europe.

It was a lonesome fight then to oppose the policy of vengeance—a policy that played Stalin's game.

Then I remember in the spring of 1946, I stood on the floor of the House and propounded a question of the majority leader.

I asked: "In the past few days he [Mr. McCormack] has professed to be disturbed about Russia's foreign policy. I therefore urge him to tell the House why American tax-and-bond dollars should continue to go to UNRRA where they are in turn largely used to strengthen Russia and Russian-dominated areas." Is not his party again breeding war as it did in the case of Japan?

I said further, "To the end of March 1946 two Russian-controlled countries

had received about 200,000 tons of supplies from UNRRA alone. Russian-dominated countries had received a million tons of supplies."

What answer did I get from that inquiry? No answer at all. That was when supplies were being poured into Russia by fleets of ships. Now, 2 years later, some Members stand on the floor of the House and almost blow a fuse about shipments to Russia. The time to have stopped that outpouring was 2 and 3 years ago. But those of us who were trying to stop it then were lonesome then, just as we are lonesome now, when we are trying to stop a measure that plays right into Stalin's hands.

Mr. RAMEY. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. RAMEY. I think you will concede that when we passed UNRRA, we passed it in good faith. The reason that UNRRA, instead of becoming a help as it was initially supposed to, became an unnecessary nuisance rendering ridiculous assistance, was the way it was administered. You do not say that Congress did wrong in passing it. We voted for it in good faith. It is the fault of the administration. Congress, of course, cannot administer a law.

Mr. BUFFETT. I am not questioning the good faith of the Members who voted for UNRRA any more than I question the good faith of the Members who vote for the Marshall plan.

But I say it is about time this House looks the facts in the face.

What more could Stalin want than for this country to continue to pour its resources all over the world? What better assurance could he have that we would bleed ourselves white? What more could Stalin ask for? At a time when we ought to be husbanding our strength as the powerhouse of western civilization, we launch a global WPA for socialist politicians in every land.

If I may continue for the moment, I will be glad to yield to the gentleman again.

Let me ask the Foreign Affairs Committee a question. They ought to be willing to give us the information. The chairman made quite a display of documents here yesterday and the day before and boasted about all the information that was available.

Here is my inquiry. After July 1, 1945, according to Byrd committee report 112, there was authorized for aid to Russia or Russian dominated areas \$1,586,000,000. At that time the Department of State had had in its possession for some months documents captured from Germany showing the perfidy of the Communists. Months earlier those documents had been captured.

Yet after July 1, 1945, the State Department of the United States engineered through the Congress \$1,586,000,000 worth of aid for Russia. Considering those two factual situations, I am wondering what assurance the committee has that the people responsible for this performance are no longer in key positions in the State Department?

If the committee says they are no longer there, let the committee give the Congress the names of the people who

are responsible for the sending of these supplies to Russia. Let the committee give us the names and when they were removed.

About the first principle of a free government is that the people who make errors should be held responsible for them.

If this House does not have the names of the people who made those errors, how does the House know that the same people will not be in key positions on the Marshall plan?

The people of America are entitled to know, by indisputable proof, that the funds in the Marshall plan are not going to be in the hands of those who knowingly or unwittingly supplied Stalin for his present rampage.

No, we do not have that information. I would bet anybody here and now a dollar against the hole in a doughnut that we will not get that information. These Members who are now boasting about their defiance of Stalin and communism, will they supply the names of the people who are responsible for these hand-outs to Russia?

If they are going to put this burden on the American people let them report the names of those who have poured America's strength into Russia, and let them demonstrate that those bunglers or worse have been removed from executive positions in the American Government. Will they do it? What do you think?

Now, I have another very pertinent question for the committee. I do not expect they will answer it now, but they should answer it. Here it is.

What moves could Stalin have made to assure the passage of the Marshall plan that he has not made? Some of us who have opposed appeasement for years find sobering evidence that Russia has done everything it can to bring about the passage of the Marshall plan.

An administration and a Foreign Affairs Committee with such a miserable record of playing into the hands of the Communists should have some creditable evidence to convince the House that the Marshall plan is not another sucker play for Russia.

Mr. Chairman, I hope the question I have raised will be answered fully, fairly, and honestly.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. KEE. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. COLMER], a member of the Foreign Affairs Committee.

Mr. COLMER. Mr. Chairman, I can think of no question or problem which has given me more concern in recent years, than that posed by this bill, and I know from private conversations with many of you, as well as public utterances made from this floor, that many of you are troubled and your souls disturbed at the magnitude of the problem with which we are faced here today.

For many months, in the confines of my own private study, and in the extended hearings which have been conducted by the Foreign Affairs Committee, I have been troubled in arriving at the proper conclusion of what my own position should be in the exercise of my responsibility as an humble Member of this body.

Throughout the whole period of study and exhaustive hearings I have endeavored to maintain an open mind, in spite of an early inclination to oppose this particular type of legislation. And I say to you here today, as one who has searched the innermost recesses of his mind and conscience, that I do not like this approach to the world problem of Russian totalitarianism, which threatens to engulf, not only Europe, but the world.

Of one thing, however, I am sure, and that is that there is no difference between the world situation today and the world situation in 1939 when Hitler embarked upon his mad dream of world empire and world domination. It is one and the same, the only difference being in personalities and ideological terms. In 1939 it was Adolf Hitler who attempted to conquer the world, even as Kaiser Wilhelm, Napoleon, and Alexander the Great, had unsuccessfully made their bids to master the world in their day. Hitler embarked upon his mad escapade under the flag of fascism, today Stalin and his cohorts are attempting the same thing under the ideological flag of communism.

In the events leading up to Hitler's march upon his almost helpless neighboring nations, the then powerful British Empire, a France weakened by the inroads of socialism and communism, and a powerful America, constituting the main allies of the war, somewhat timidly and unsuccessfully attempted the Chamberlain umbrella policy of appeasement upon the mad man of Germany. When Hitler announced that the Treaty of Versailles, in a settlement of World War I, was but a scrap of paper, the western Allies had an opportunity, by a firm policy, to deal with the boy, but they preferred to await Munich and the subsequent subjugation of the smaller and weaker European nations, and deal with the giant.

After the crushing defeat of Hitler and fascism, and the complete destruction of Germany and her ability to wage war, the statesmen of a much-weakened England, an impotent France, and a powerful America, met in the inevitable conference with the representatives of a stubborn and uncompromising Russia, which was weakened by war but proud in her newly found glory of world strength. The western Allies had every reason and right to expect the cooperation of Russia. For the world was aware of the fact that Russia was saved from German domination after Hitler repudiated his agreement with Stalin and attacked Russia. All were cognizant of the tremendous contribution made by America in furnishing Russia the materials and weapons so badly needed.

But from the first meeting, after the end of that global strife, it was apparent that Generalissimo Stalin and his communistic advisers of the Politburo, were not in accord with the common aim of a weakened France and Britain and an eutopian America to bring about the goal of world peace. But on the contrary, it was apparent to even the ordinary layman, who read the reports of the obstruction policies by the Soviet statesmen of the efforts of the representatives of the other world powers to bring about this coveted goal of world peace, that

Russia had different plans. Every constructive effort made by the western powers for the reconstruction of the economy of Europe and the formation of a binding organization which would prevent the repetition of World Wars I and II, was obstructed by Russia. How anyone with any knowledge of what was going on in the diplomatic field, and of Russia's repeated successful efforts in the formation of some kind of world league, to prevent expansion and bring about an alleviation of European economy and disorder, could fail to conclude that Russia was bent upon an expansionist policy herself, is beyond me to comprehend. And yet the policy of appeasement of Russia has continued, not only from the time she entered the war on the side of the Allies, after Hitler had failed to keep his agreement entered into with her, and himself had attacked her, but it continues even today.

Just after that war I had the privilege of having a rather extended conference with that great British statesman, Winston Churchill. I raised that question then, nearly 2 years ago, about this policy of appeasement of Russia; and that great statesman said: "Yes, President Roosevelt and I had to appease her in order to get her into the European war, to keep her in there after she got into it, and to get her into the Japanese war, but the time for appeasement has now ceased."

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield.

Mr. BUFFETT. After July 1, 1945, there was \$1,600,000,000 of goods that represented appeasement to Russia. Certainly Roosevelt was not responsible for that, was he? Could not the gentleman indicate to this House whether those responsible for it are not now in key positions in this Government?

Mr. COLMER. If the gentleman will bear with me I believe he will find no fault with the criticism that I make of those who are responsible for it.

Now, Mr. Chairman, I do not set myself up as the last word of authority on Russia and the European problems, but it will be recalled that in the summer of 1946, immediately after VJ-day, the Post-war Policy Committee, consisting of 18 members, of which I had the honor to serve as chairman, and which consisted of some of the outstanding Members of this House on both sides of this aisle, was authorized by the Congress to make a first-hand study of European conditions and make appropriate recommendations as the result of that study. A subcommittee, with an appropriate staff of learned men, well versed in world economics and world government, spent some two and a half months in Europe and interviewed the leaders of some 13 countries there, including Churchill, Stalin, Bevin, Atlee, General Eisenhower, General Clay, and many others in charge of the governments as they then existed in that part of the world. Our committee was greatly alarmed at the conditions we found and at the implications to be drawn therefrom.

We spent 10 days in Russia, and in addition to interviewing Generalissimo Stalin himself, we interviewed Vishinsky,

Beryia, and other members of the politburo. We had the definite impression that they were dealing with us from behind masks. Even then, notwithstanding the fact that the sound of the guns and the groans of the American and Russian wounded, comrades-in-arms, had hardly ceased their reverberations and painful echoes, we felt that we were in a hostile country. After all we were representatives of the Congress of the United States, which had made such enormous sacrifice to save Russia from the domination of Hitler, and prevent the Russian people from becoming slaves upon the markets of Berlin. We were not exactly prisoners of the Russian Government, but we found ourselves well chaperoned, and were permitted to see only those things they wanted us to see and to go only where they wanted us to go. We were escorted by representatives of the foreign department of that government, and these representatives we learned were, in turn, spied upon by other secret agents of the Russian secret police, who, in turn, made reports upon our escorts to be sure that the reports of our chaperons jibed with their own reports.

But it was not until we got into the small countries like Iran, Egypt, Greece, and Italy, that we learned the real significance of Soviet aims. When we attempted to talk with the representatives of the governments of these small countries about the United Nations, about all we got in return was a shrug of the shoulder and an expressed query of when we thought the Russians might move in on them and take over. The incidents since then have justified their fears, with the infiltration of the Communist agents and the overthrow of the sovereignty of these small nations has already occurred in several instances, and preparations are being furiously pursued in Italy, France, Finland, Norway, and other countries to add them to the Russian orbit.

Mr. Chairman, I would like to say for the benefit of the RECORD to the gentleman from New York [Mr. MARCANTONIO], who addressed the House a few moments ago, and Mr. Wallace, both of whom are talking about the imperialism of this country, about liberty for the workers, giving left-hand praise to Russia and to Stalin and his efforts, that they ought to go over there and see first-hand what opportunity the workers in Russia have for freedom and for choice. Yes, we visited one of those factories over there in which were the workers of Russia that we hear so much about and the freedom that they enjoy. It just does not exist.

May I say to the gentleman from New York [Mr. MARCANTONIO], Mr. Wallace, and others who follow that doctrine of appeasement and who talk about the workers of this country, that a worker in a factory in Russia has about as much freedom as an inmate of a prison camp or penitentiary in any State in this Union. They have no choice about where they work or any opportunity to strike or even to bargain.

Yes, the gentleman from New York [Mr. MARCANTONIO] has just completed an indictment of what he is pleased to term the imperialist expansion of this country under the domination of Wall

Street. I challenge the gentleman to show one evidence of any imperialism on the part of this country, and at the same time call his attention to the imperialism of Russia, for whom he appears to speak so forcefully. What does the gentleman call the rape of the sovereignty of Czechoslovakia and the many overt acts of the Soviet Republic, which are even now going on, in an attempt to gain control of the governments of his beloved Italy, or Finland, France, Greece, and the Scandinavian countries? And while I am on that subject, need I remind the gentleman that it was I who challenged him during the last months of World War II on the floor of this House and now of record in the CONGRESSIONAL RECORD to show a single instance where he had voted for either a bill or an appropriation to either prepare this country for the impending conflict or for the waging of the war against Fascist Germany and Italy until the day that Hitler attacked Russia? Yes; I recall that after Hitler double-crossed Stalin and attacked him, the gentleman from New York was thereafter wholeheartedly for the prosecution of the war. The gentleman seems to be running true to form.

Upon our return to this country, in the fall of that eventful year, we proceeded to the White House and to the State Department, where we made a frank and forthright verbal report to the President of these United States and those responsible for our foreign policy. We sought no publicity; we preferred to work with those in charge of our foreign policy. We pulled no punches in these verbal reports; we emphasized that it was our considerate judgment that we could not deal with Russia upon an utopian basis; that they understood only one language, the language of firmness and force; that Russia, although weakened by the war, was proud of her new position in the world's sun; that she was bent upon aggression. We quoted Winston Churchill, His Holiness, the Pope of Rome, and other world leaders, to the effect that there was no difference between Russia under Stalin and Germany under Hitler; that the objectives were the same, and further, that we must deal firmly with them.

Yes, Mr. Chairman, even before we returned to this country, the chief of our staff, Mr. Marion Folsom, a progressive businessman of Rochester, N. Y., and I, had a private conversation with Secretary Byrnes in London, where he was attending the first and ill-fated Ministers' Conference. We endeavored to impress upon Mr. Byrnes the same thing that we later endeavored to impress upon the President and other responsible officials of our Government here at home.

Subsequently we filed a written report with the Congress, which was publicized at some length by the press, recommending a firm policy in dealing with Russia, the cessation of lend-lease to Russia, and a revision of the Yalta and Potsdam agreements, which Russia was even then violating.

Following that, Mr. Chairman, shortly after the Eightieth Congress convened, and to be exact, on March 24, 1947, after many conferences with the State Department, members of my own commit-

tee, and the President of the United States, I introduced House Concurrent Resolution 36 to largely implement the recommendations of the committee. That resolution, in substance, provided that it was the sense of the Congress that—

First. No settlement of lend-lease accounts should be made with Russia, or any other nation that did not fulfill the conditions of the Lend-Lease Act.

Second. That no aid in any form which the United States had committed herself to, should be continued to Russia, or any other nation, that failed to carry out its commitments to the United States.

Third, and most important of all, the resolution provided that the executive branch of the Government should immediately take appropriate administrative action and make recommendations for legislation where necessary to prevent the exportation under contracts with other governments by our industrial corporations and others, of our industrial production know-how of industrial processes, and to control deliveries of goods to Russia, or any other nation under such contracts in order to protect our national security.

Fourth. The resolution would have required a complete reciprocity of treatment between Russia and other nations in their dealing with this country in the matter of entry into this country of agents of such nations and of their access to our industrial plants. In other words, under this resolution, Russia would only be permitted as many Russians in this country as they permitted Americans in that country.

Yet, we have had and have today, so far as I know, thousands of Russian agents, in reality Russian spies, in our factories, undermining this country and getting our innermost secrets and industrial know-how. Beginning with the White House, the State Department, and the committee, I got nowhere with that resolution, and it still reposes in the Committee on Foreign Affairs of this House. A prominent member of that committee on the majority side stood in the well of this House yesterday and criticized the President of the United States, the State Department, and everybody concerned, because they would do nothing about the exportation of these goods to Russia and to the Russian satellite countries. Yes; I know, and he knows, and as everybody else knows, that Russian ships are loading in the ports of America today with the materials that are necessary to build up her war machine, if war she is bent upon. I could get no action upon that resolution. First, I could get none in the State Department, and second, I could get none in the committee, because I belonged to the wrong political party. But, be that as it may, I demand that that policy cease. The same pattern is being followed today that was followed preceding the last war when we were shipping scrap iron and oil to Japan. It continued up to the date the bombs fell on Pearl Harbor.

Fifth. The resolution provided for a revision of the Potsdam agreement, which Russia was even then flagrantly

violating, and provided for an economically sound Germany. This would have prevented the useless and senseless destruction of German industrial plants provided, under the Morgenthau plan and eagerly grasped by Russia as a means of building up her own industry. Yet, Mr. Chairman, the last information I had, in spite of all the protest that has been raised, was that German factories manufacturing peacetime production, were being dismantled and many of them carted off to Russia, while we, the taxpayers of this country, have been shipping those same products manufactured by those factories, to Germany in an attempt to reconstruct the German economy and make them self-sustaining and take them off of the backs of the American taxpayers.

Sixth, and finally, Mr. Chairman, the resolution provided that the leaders of other governments of the world be advised that it is and will be the primary objective policy of the United States to maintain a just and lasting peace for a free world.

But, Mr. Chairman, although I exhausted much shoe leather between the Capitol and the State Department, and although I spent many hours in conference here and there, my resolution still rests pigeonholed in the Foreign Affairs Committee of this House. All agreed that it was proper, but between being told repeatedly at the State Department that it was not the proper time, and in the committee that I did not belong to the proper political party, the resolution got no place. Yet, Mr. Chairman, on yesterday, a prominent member of the committee on the majority side spent much time in lambasting the State Department for permitting a continuation of the shipment of the industrial sinews of warfare to Russia. He pointed out dramatically and truthfully that at least one Russian ship is even now being loaded in an American port with electrical generators and other materials so badly needed by Russia, to be shipped to that potential enemy. I agree with the gentleman, of course, that this should be stopped, but some prominent members of the committee on his side are just as responsible for this condition as the State Department or the President of the United States.

But, be that as it may, I join with him, and with all others, now, in the contention that this senseless system of opposing Russia with the expenditure of the taxpayers' money is highly inconsistent with the policy of further appeasing her by permitting her to get the materials which she so badly needs, from this country.

Again the pattern is being followed that was followed immediately preceding World War II. There were some of us then who tried to prevent the shipment of scrap iron and oil to Japan, and, yet, that policy of appeasement to the Nipponese was continued up until the very hour the Jap bombs fell on Pearl Harbor.

Mr. Chairman, I have gone into all of this to emphasize the historical background, with no desire for self-aggrandizement or to appear in the role of "I told you so," but I think it is appropriate

again to call these matters to the attention of the executives who mold our foreign policy, with the hope that we may yet correct some of these abuses and inconsistencies in our foreign policy.

Moreover, I have prevailed upon your patience to emphasize my own reluctance in supporting this measure, which our bungling and inconsistent foreign policy has made mandatory that I do.

The idea of foreign loans and foreign gifts of additional billions of dollars of American money is contrary to all of my preconceived thinking. In fact, if you will pardon another personal reference, during this mission to Europe in 1946, at a press conference attended by some hundred or more representatives of the press from all over Europe, as chairman of this group I replied in answer to a question about foreign loans, which were even then being considered, that Europe should recognize that America could not become an international Santa Claus; that there was a limit to the ability of even America to finance the world, and that Europeans should recognize that fact and depend upon their own initiative in their reconstruction plans.

However, since I am not in a position as an humble Member of this body, to dictate the foreign policy of this country, I must meet the issue presented. As repugnant as is this program of embarking upon another large grant and loan proposal is, I must assume my responsibility and weigh the possible benefits as against the ills of such a program. I must decide whether the future security of these United States, and the possible prevention of the further spread of communism, with the implications of the prevention of a third world war, by the enactment of this plan, will outweigh the drain upon our domestic economy and financial resources.

I repeat that this approach to the problem does not appeal to me. There are several provisions in the bill that are particularly obnoxious, and I shall offer amendments to try to eliminate them on the floor at the proper time, even as I tried, unsuccessfully, to eliminate them in the committee.

But, realizing as I do, the gravity of the situation, the inherent danger of permitting a prostrate Europe, already suffering from the virus of an infiltrated communism from falling into the hands of a ruthless and dictatorial totalitarianism, headed by one would-be dictator, who is just as unconscionable as the one whom we expended so much blood and treasure in destroying, I cannot say, by my vote, that because I cannot have my own way, I will deny the only plan offered.

In analyzing this situation we must understand the Russian, and for that matter the European, philosophy of government, and the reasoning of the average Russian and European. In America we realize, of course, that the President and the Secretary of State are not all-powerful but to the European conception the President and the Secretary of State are just as powerful and speak for America, just as do Stalin and Molotov speak for Russia. Therefore, when we realize the promise of this aid by implication, at

least, by President Truman and Secretary Marshall, is the final word so far as Europeans and Russians are concerned, and the aid fails to come through, do we not run the danger that these people, weakened by the devastation of the last war, will become further disheartened, lose courage, and fall easy prey to the aggression of Stalin?

Therefore, Mr. Chairman, I shall go along. I shall vote for this measure reluctantly and, I admit, with much misgivings. I shall take the gamble, realizing that dollars and economic aid will not alone stop the spread of this foreign ideology of communism which is so repugnant to all good Americans. I shall go along with the hope that at last our leadership has realized the gravity of the hour, and that the other necessary steps will be taken to prevent the repetition of another global war.

We must prepare ourselves for any eventuality; we must be prepared for our national defense; we must be strong; we must be prepared to exercise force, if necessary. For I repeat that firmness and strength is the only language understood by any dictator.

I shall go along because I refuse to be a party to the fight that is being made against this legislation by Stalin, Molotov, and Gromyko abroad, and Wallace and his communistic cohorts at home.

Permit me to say to my friends and colleagues here today that in my humble judgment there is only one of two courses to follow: We must either stand with firmness and with strength, strength which comes from a full knowledge of preparedness, on all fronts against this new, cold, impassive, and ruthless dictator; or we must draw into our shell, as it were, leaving Europe and Asia to the inevitable engulfment and domination of this new heathen dictatorship. It is argued under the latter course that we could build our forces to protect our own shores and let the rest of the world go by. That type of reasoning was, no doubt, sound in President Washington's day, but I seriously doubt that the Father of His Country himself would today espouse any such doctrine. Certainly, when we realize that, as a result of scientific advancement in communication and transportation, it takes a modern war plane, loaded with atomic bombs about the same time to travel from Moscow to the city of Washington, as it took General Washington, in his day, to travel from Mount Vernon to this Capital City, we are face to face with the fact that, whether we like it or not, we are living in one world. And, as the most powerful Nation in the world, whether we relish it or not, we must assume our proper place in world leadership.

And finally, Mr. Chairman, I shall vote for the expenditure of these billions of dollars in the fervent hope that it will be a means of preventing a Third World War. I cannot gamble with the lives of my own three precious sons and the millions of other American sons who fought, and many of who died, in the cause of world peace. For if we lose the peace, all for which they fought and died will have been in vain. As I address you here today, there is indelibly printed upon my mind a large and freshly made cemetery

which I visited just outside of the city of Luxemburg, where the newly made graves marked the last resting place of several thousands of American boys who fell in the great Battle of the Bulge in the closing days of the war. With the living, and for the dead, we must endeavor to keep the faith.

(Mr. COLMER asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, this legislation known as ERP or the so-called Marshall plan is the most important bill which the Congress has been called upon to consider for a long time. I have given a great deal of study and thought to this stupendous postwar recovery program. I have read and listened to arguments pro and con from experts on European matters and also from persons who analyzed the effects of this program on our own economy. I have learned that almost without exception, everybody wants to help and provide food, clothing, and shelter for the unfortunate people living in the war stricken countries of the world. I think it is generally admitted that in order to establish the economy and foreign trade of these countries, it is necessary to provide for them, machinery and other necessities which are essential to till their lands and start their wheels of industry toward production. It is also admitted by everyone that if this recovery program is only partly successful, it will be a great aid to the economy of our own country and increase and enhance our foreign trade. This will directly extend our own prosperity and provide employment for millions of people in future years. The question as to whether it is advisable to launch our Nation upon this large recovery program is not so much whether America can afford it as it is the question of can America afford not to do it. There is no doubt that this program is launching a new experiment in international cooperation, and it is our earnest hope that it will lead to peace and freedom for democratic nations who demand self-government and independence, religious and civic freedom. We know that if America does not make a decided effort to aid in the economic rehabilitation, these millions who are victims of a devastating world war, will give up in despair and submit to the onrush of totalitarianism and communistic dictatorship which has already taken the individual freedom from millions in satellite countries. Czechoslovakia is the last unfortunate example of this communistic onrush.

I am firmly convinced that the appropriation of money will not curtail the spread of Soviet's sphere unless this aid reaches the millions at the bottom of the ladder who are today suffering from lack of food and materials to reestablish themselves in a productive capacity. This legislation will fail miserably if the provisions and materials for relief are not distributed on an equitable and just control so as to enable the masses to produce the necessities of life. The greatest antidote against communism is a reasonable prosperity and content-

ment for the unfortunate millions in Europe who as yet are suffering from the effects of the greatest war in all history. The real victory over communism will be won in the grain fields and the factories and not on the battlefields.

A number of Members in speaking on this legislation have also called our attention to communistic influences within our own borders. The same serious thought regarding these domestic influences could be applied as a lesson when we observe that the European expansion of communism comes at a time when the masses are victims of economic discontent. The leaders of our Congress, when they criticize the expansion of communism within our own borders, should make a serious survey of some of the legislative enactments and more important, legislation which was not enacted during this Eightieth Congress. Let me remind the Members of our body that failure to carry out their party's platform promises regarding social-security expansion, keeping down the cost of living, veterans housing legislation, and so forth, will contribute more to the expansion of what the so-called Marshall plan is trying to curtail than any other one thing.

From my study of the present legislation which has been submitted by the Foreign Affairs Committee of the House and the legislation which was passed by the Senate, it is my present thought that the Senate legislation is more practical and effective for the carrying out of our immediate program for aid.

After World War I, I devoted a great deal of time in an effort to persuade our country to join Woodrow Wilson's permanent peace program as set out in the League of Nations. This effort failed because of political opposition, with the main emphasis on American isolation. The United States and the world has paid the penalty for our country not participating in the League of Nations 26 years ago. Had we, the greatest Nation in the world, joined with the other nations at that time, there is no doubt in my mind but what it would have been a success and World War II would have been prevented. Let us not allow history to repeat itself and again play the part of the ostrich with its head in the sand. We are not only the No. 1 Nation in the world, but the airplane, radio, and other modern inventions has eliminated the ocean as a barrier of defense. I think it is our bounden duty to now do what we can to aid in the reestablishment of free and democratic governments in the European war-stricken areas. In doing this, we not only help world good will and prosperity, but aid our own future economy and peace.

Mr. LODGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, we of the Foreign Affairs Committee of the House, have been fortunate in having the advice and personal consultation with Admiral Charles M. Cooke, United States Navy, who recently returned from command of United States naval forces in the western Pacific, and has been on active duty since he entered the Naval Academy in 1906.

He was commissioned an ensign in 1912 after completing 2 years of sea duty following his graduation from the Academy in 1910. Before and during World War I he saw service in the battleships U. S. S. *Connecticut*, U. S. S. *Maine*, U. S. S. *Alabama*, and in the submarine service.

At the beginning of World War II he was in command of the battleship U. S. S. *Pennsylvania* which was slightly damaged at Pearl Harbor but quickly put into action against the Japanese.

From 1942 until 1945 he saw service on the staff of Commander in Chief, United States Fleet.

His duties were successively assistant chief of staff for plans, from June 1942 to October 1943, Deputy Chief of Staff from October 1943 to October 1944, and Chief of Staff from October 1944 to August 1945. For exceptionally meritorious service while serving in these positions, Admiral Cooke was awarded the Distinguished Service Medal.

On October 10, 1945, Admiral Cooke's title was changed by Executive order to Deputy Chief of Naval Operations for operations.

Such a man is worth listening to in his evaluation of the strategic situation in China and the western Pacific, as American interests might be affected. Prior to his leaving Washington yesterday Admiral Cooke, at the request of the Foreign Affairs Committee, submitted his considered views on China which I herewith submit:

NAVY DEPARTMENT,

Washington, D. C., March 24, 1948.

Memorandum for Mr. JAMES FULTON, member of the Committee on Foreign Affairs of the House of Representatives.

At your request, given me this date, on behalf of the Committee on Foreign Affairs of the House of Representatives, I submit a brief summary of my views of the situation in China—as expressed orally in answer to questions asked me by various members of your committee. In this connection I have seen and read pertinent parts of S. 2202, of which you have given me a copy this date.

In February I completed 25 months of duty as commander of our naval and marine forces stationed in China, including a naval advisory group for assisting and training in establishing a Chinese Navy in accordance with Public Law 512, passed in 1946.

Briefly, I consider that the reestablishment of the integrity of China to extend its boundaries to those existing before the Japanese incident of 1931 to be so important to the interests of the United States and to the interests of international peace, as well as to the interests of China itself, as to constitute a compelling objective to be sought by the United States. I feel that the United States should neglect no practicable step to rehabilitate a China ravaged by 10 years of war in order that she can take her proper place as an effective instrumentality in maintaining world peace. An important contribution to this effort is the maintenance of the warm friendship between America and China. The establishment of a strong China, if accomplished, will have the effect of materially complementing our objectives in Europe. If our efforts in China are properly directed and adjusted to the world problem they should assist our efforts in Europe rather than conflict with them.

The immediate, urgent, and primary step to accomplish the objective as set forth above of rehabilitating China, is to give appropriate help to the Chinese in overcoming the Com-

munist effort to disrupt or subjugate China. The Communist attack has now developed into a serious and critical stage. If it is to be successfully combated it is imperative that there be no delay in providing effective assistance.

It is my view that this assistance should take the form of military supplies and operational advice—operational advice on the part of Army, Navy, and Air Force officers. Assistance in the form of American combat units should not be given.

Such help in the immediate future, if properly directed, should prove effective and can, in my opinion, be so controlled as to prevent its mounting into undue proportions.

Assistance in the matter of military supplies and operational advice, while immediately paramount, should be paralleled with economic assistance, which again should be generally supervised or controlled by appropriate advisers.

While recognizing that the integrity and capability of the Government of China has been widely challenged, I feel that there are nevertheless many honest and capable Chinese officials who, with sufficient encouragement and appropriate assistance from the outside, can bring about a restoration of a government capable of meeting China's internal needs and external obligations.

Such an outcome is necessary to forestall the serious, perhaps catastrophic alternative that would be brought about by the loss to China of Manchuria, by the subversion and separation of North China, and by the development of a strategic situation in eastern Asia and western Europe inimical to the interests of the United States.

CHARLES M. COOKE,
Admiral, United States Navy.

Mr. LODGE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, no problem we have faced in this Congress has demanded or received a measure of study equal to that which culminates in the legislation now before us. Perhaps a few approached this great question with predilections either one way or the other. Most of us, however, have listened to or pored over the testimony of the witnesses on both sides and studied the factual data and arguments pro and con submitted to the committee, in the press, on the radio, in public forums, and in extensive publications always with an open mind and with but one motive, to reach the conclusion which we could most nearly square with our conception of our Nation's welfare.

That, I believe, is a characterization applying, by and large, without regard to political affiliation, and equally to those who may be in agreement or disagreement. I am sure there are many who will eventually cast their votes on both sides who feel, as I do, the extreme difficulty of their decision and complete modesty in conceding possible error.

Those who see this problem as entirely one-sided, I rather envy for their peace of mind than admire for their balanced judgment.

The time of decision is here. We must take our stand according to the dictates of our conscience with the fervent prayer that the right side, whether ours or not, will prevail.

With utmost humility, therefore, I state my conception of the fundamental issue before us. It is: Shall we act with risk or wait with hope?

Justifiable criticism can be directed toward the administration of past foreign-relief programs. Recipient countries have in many instances indicated disheartening ingratitude for help extended. They have frequently failed to do their part in the reconstruction and recovery of their own countries. They have at times misapplied the proceeds of our loans, using them in some instances to bolster the shaky foundations of their socialistic governments, in which I have no more faith than have the bitterest opponents of this measure.

All this and more can be said in justification of a negative vote when the roll is called.

Yet, on the other side, it must be admitted:

First, that the measure before us has embodied many of the suggestions offered to protect our own economy and avoid previous pitfalls, and no doubt will be still further strengthened by amendment.

Second, so far as the bill provides for straight humanitarian relief, our people have never turned a deaf ear to such entreaties, even when voiced by our enemies, which certainly the beneficiaries of this bill could never properly be designated.

Third, insofar as the rehabilitation of the economies of the nations overseas is concerned, which comprises the major part of the legislation, a healthy mind and heart cannot long endure in a sick body of Europe. Without substantial help at this time, collapse, I am convinced, will be the probable lot of at least Britain, France, Italy, Austria, and Greece, submerging with them, no doubt, substantially the remainder of western Europe.

In the present state of world affairs, that is a prospect so hazardous to my own country and her liberty and destiny—yes, and the lives of her citizens—that I cannot hasten it by opposing a measure designed sincerely, though perhaps imperfectly, to lend strength and stability to these sister nations.

It seems to me significant that the Members of the House Select Committee on Foreign Aid, who, as we all know, were drawn from all sections of the Nation and reflect all shades of opinion, returned convinced to a man that the security of this Nation is indisputably bound up with some program of foreign aid, soundly conceived and wisely administered. That this legislation does not voice the precise views of this committee in many details must be admitted. Yet many of their constructive suggestions have been adopted along with others which materially strengthen the measure and remove many of the fundamental and perhaps fatal defects which were found in the original legislation submitted by the Department of State.

Thus, the Economic Cooperation Administration is established, headed by an Administrator of Cabinet status, who, with regard to matters affecting our foreign policy, shall confer with the Secretary of State, but will be entirely independent in the formulation of programs and implementation of the provisions of the law. If he and the Secretary of State find themselves in disagree-

ment, the President shall make the final decision.

A Public Advisory Board is created to advise and consult with the Administrator with reference to policy matters. This Board, composed of 12 members selected from business, labor, agriculture, and the professions, is to be of a bipartisan character.

A United States special representative in Europe of ambassadorial rank is to coordinate the activities of the chiefs of the various missions in the participating countries and keep the administration and both Houses of Congress informed regarding his activities.

Detailed provisions are incorporated in the measure to maximize the use of private channels of trade in the true American tradition.

Although we would be false to our trust to portray this program as without effect upon the American people, any protective provisions to cushion the impact on our domestic economy find their place in this legislation. Certainly, if the plan is a feasible method of achieving the salutary objectives which we seek, the relatively light burdens and hardships which it imposes should not for a moment be a deterrent to our affirmative action.

Although the program is envisioned as a 4-year proposition, the authorization for appropriation is properly for 1 year only. Were it otherwise, it might by its terms destroy the fundamental purpose which lies behind the enactment of the bill, which is to encourage and enable the western European democracies to help themselves. They must make good on the commitments in which they engage in order to assure the continuance of the program. They must speed their own recovery. They cannot sit back, as we have heard opponents of the measure argue, do nothing, and expect that our aid will continue indefinitely.

In fact, definite authority and, indeed, direction is given the Administrator to terminate assistance if he determines, first, that a country is not adhering to its obligations; or second, because of changed political or other conditions the extension of further aid is not in our own best interests.

Before any country becomes eligible to participate, it must enter into a detailed agreement. It must outline, whenever requested, the specific steps which it is taking to restore its own economy with particular emphasis upon increased production of coal, steel, transportation facilities, and food.

It must take the necessary steps to attempt to stabilize its currency, balance its budget and put its monetary house in order.

It must cooperate with the other participating countries to increase trade and reduce trade barriers.

It must utilize its own resources to the utmost. In this connection, I am happy to observe that the committee has included a provision, which I advocated in the hearings, to require each country to take measures to locate and control the assets of its nationals in this country. I regret that the committee did not make this provision even stronger, since I feel

that the nationals of each country should assume the first obligation to help their own native land in the hour of its peril and distress before the already overburdened and harassed taxpayers of this Nation are called upon to drain their pay envelopes for that purpose.

After due regard for its own needs, each participating country must share its strategic materials in short supply here in order to permit us to stock-pile these necessary items—a very important provision in terms of our national security.

Each country, when any goods or services are furnished to it on a grant basis, must set up a special account in the currency of that country commensurate with the amount of such aid. Upon this account the Administrator may draw for stimulation of productive activity or development of new sources of wealth in that country.

Each nation must publish and transmit quarterly to us a full report of the operations under the act, or any other relevant information we request.

Each country must recognize what is called the principle of equity by making available to us a fair share, at world market prices, of the strategic materials produced in that country or its territories and by according American business the same privileges for development as its own nationals.

Each nation agrees to share in the solution of the distressing problem of the displaced persons by a commitment to use this source of manpower on fair and reasonable terms to be negotiated.

Provisions are contained in the bill looking toward the end of the dismantling program in Germany and the continued use of the slave labor of former prisoners of war by our erstwhile allies, which have been the subject of repeated criticism and which are utterly without justification. Here again I regret that these provisions are not written in the stronger language which I advocated in the hearings, but at least the passage of the measure will make crystal clear the attitude of this Congress on these issues.

Another provision which I welcome is the one which permits the use of the funds made available under the act for the purpose of defraying port and ocean freight charges of relief packages sent by individuals to addressees in the participating countries and also permits the use of the currencies accumulated in the foreign countries to meet the charges for carrying these packages from port to their destination.

Feeling that this kind of voluntary assistance is needed by the millions in our land who have family or racial origin ties overseas, I introduced on December 2, 1947, H. R. 4616, a bill to reduce by one-half the postage charges for overseas shipments of such relief supplies as food, clothing, medical supplies, soap, and other necessities. The provision to which I refer in this bill is an outgrowth of the strong grass-roots sentiment which has developed all over the United States in favor of legislation to facilitate the expansion of individual extension of aid in the true American charitable spirit which has always characterized the

voluntary actions of our people. I regret that, through necessity, by incorporation in this legislation, such aid is limited to those countries which participate in this recovery program. There are others, notably Poland, where I feel that much good could come from the enlargement of the area of governmental aid by a similar provision for defraying a part of the cost of carriage of relief parcels.

The inclusion in this measure of \$60,000,000 for the International Children's Emergency Fund will relieve suffering and starvation and will mean health, happiness and, in many cases, life to hundreds of thousands of little children in 14 countries on both sides of the iron curtain, yielding dividends to the giver at least equal to those enjoyed by the recipients.

No attempt has been made to cover exhaustively the provisions of the legislation before us, but simply to point out some of the provisions which indicate an effort to frame a sound, fair, business-like program, which will have a maximum likelihood of success in its execution.

In the crisis which faces the world today, we have a situation where one nation has reached out and sunk her claws into as much of Europe and Asia as she can envelop, and has vowed that any program of rehabilitation and recovery will not be allowed to succeed.

At the moment, three courses, and only three, appear to be open. One, to declare war on Russia. Two, to withdraw completely from any interest or activity beyond our own shores, strengthen our own Nation in every possible way, continue to lend our moral support to the United Nations, and wait hopefully for the dawn of a better day. Three, to accept the principle that our first line of defense is manned, not alone by guns and men in khaki or in blues, but as well by food, clothing, and fertilizer carried by messengers of mercy, and is no longer established on the Atlantic or Pacific seaboard, but at any point where free men and women seek to resist encroachment and subjugation by the forces of tyranny and aggression.

We reject utterly the first possible course as alien to our traditions, unsupported by the desires of our citizens, foreign to our national interest—indeed, unthinkable.

As between the remaining choices, it is quite impossible for one who has had one meal in Europe and the next in this country, who has on one day watched the bullock and camel carts being trundled along the streets of Karachi, India, and the second day after that, has lined up for a hot dog and a cup of coffee in his own beloved country, with several intervening stops, among ever-changing peoples and surroundings—quite impossible, I say, for him to accept the premise that our Nation and our people can remain free, with the rest of the world enchained. Shrunken oceans and contracted plains have created an interdependence, an inter-reliance between the nations of the world, such that, whether we like it or not, the ripples of a pebble dropped in Czechoslovakia, Finland, or Italy necessarily wash our shores.

If we withdraw from any active share in the international scene, what do we face? For one thing, immediate staggering expenditures for our national defense, equaling, very likely, in a single year, the prospective sums authorized in this bill for a 4-year period. Let there be no misapprehension. This measure is not a substitute for military strength, but rather supplementary to it. Certainly, if we are to rely upon ourselves alone, without the help of friends associated with us beyond our own borders, our outlay to protect the integrity of our own Nation will necessarily be incomparably greater.

In the establishment of this armed camp, which is an integral part of the alternative embodied in withdrawal and isolation, we would be faced by the immediate imposition of regulations and controls which would do violence to all of our cherished liberties and traditions in time of peace, and would impose almost unbearable compulsions and restrictions on the everyday life of our citizens.

Finally, such a choice would, in the face of the recent march of world events, be an open invitation to the Kremlin to take over the remainder of the European Continent and as much of Asia as it might choose, leaving this country as virtually the only oasis of freedom in an enslaved world.

Even on the economic side, perhaps the least powerful argument for the adoption of this measure, to pull out of western Europe would mean the abandonment of 270,000,000 people who contributed two-thirds of the prewar shipping tonnage, accounting for one-half of the world's imports, and more than one-third of its exports—an area with a steel-producing capacity equal to ours, and a shipbuilding capacity greater than ours, with, above all, a vast reservoir of scientific and industrial talent and intelligence.

Seventeen billion dollars, the over-all cost of this projected program—indeed, \$6,000,000,000, the projected expenditure for the first year—both of these are huge sums to ask our people to contribute to this venture. We cannot impose this burden upon our wealth and productive capacity and reach thus, either directly or indirectly, into the pocketbooks of every individual in the Nation, without hesitation, without regret that the world situation seems to require it and without the fervent hope that we are not setting a pattern for the indefinite future, but are rather meeting the emergent situation which today confronts free peoples everywhere.

In proper perspective, however, we should balance these sums, large as they are, against \$350,000,000,000, the cost of the last war, and observe that this entire program for construction represents a bare 5 percent of the amount expended in our recent necessary campaign of destruction. If there is even a reasonable prospect that by this expenditure we can strike an effective and decisive blow for peace, it is money well spent.

The principal aim of this program in western Europe is to restore stability, protect democracy, and maintain peace. The principal aim of Soviet Russia is to

thwart this program and reduce western Europe to misery and chaos.

It is because this legislation represents the most feasible plan on the present horizon for discouraging aggression and achieving peace by other than military methods that it has my support.

I reject completely the argument of those who mouth the protests of the Politburo that this is a war measure. It is the exact opposite. Wars result when an aggressor's rapacity is tempted by weakness. The purpose of this bill is to substitute strength for weakness, hope for despair.

If we are to stand accused of mongering, let it be peace-mongering. Unless we mobilize unitedly for peace, we shall surely mobilize for war.

Now is the hour. The choice is clear. May our decision reflect the guidance of Him in whom this Nation has always put its trust.

Mr. LODGE. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MILLER].

(Mr. MILLER of Connecticut asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Connecticut. Mr. Chairman, before discussing the merits of the Marshall plan, I want to pay a richly deserved tribute to the chairman of the House Foreign Affairs Committee, the distinguished gentleman from New Jersey [Mr. EATON]. I first met him in January 1939, soon after being sworn in as a new Member of the Seventy-sixth Congress. During that year and in subsequent years I have on many occasions benefited by his advice.

One of the things that impressed me most favorably when I first came here as a Member of the House was the willingness of the older Members of the House to be helpful to new Members. No Member of the House has been more helpful to me, and I am sure to other new Members, than the busy gentleman from New Jersey [Mr. EATON].

Service on the Foreign Affairs Committee during the past 10 years has been a difficult task. To serve as either ranking minority member or chairman of this important committee is even more difficult. The words and deeds of the chairman of the Foreign Affairs Committee prove conclusively that he has always placed the welfare of his country first. It seems quite clear to me that whenever he might have been in doubt as to the course to be followed, he has resolved such doubt in support of the President and the Secretary of State who after all under the Constitution are charged with the responsibility of conducting our foreign relations. I could say much more, but I do not wish to embarrass the modest gentleman from New Jersey.

The people of the Fifth District of New Jersey are to be congratulated for sending such an able statesman to the House of Representatives and the House, in my humble opinion, is fortunate to have his services during this difficult and trying period.

Now may I turn my attention to the bill now before us. Actually this bill is a

bill to implement the so-called Marshall plan. It is almost a year ago since I read in the newspapers the speech delivered to the graduating class of Harvard University by Secretary of Marshall. It appeared to me then that Secretary Marshall had outlined a sound proposal to bring about the rehabilitation of a sound peacetime economy throughout the world. It is most unfortunate that every nation of the world invited to participate in the conference that was convened in Paris to consider the suggestions made by Secretary Marshall did not see fit to participate. However, representatives of 16 governments did respond to the invitation extended to them.

I made up my mind sometime ago that I would vote for the legislation now before us. I have appeared before the House Foreign Affairs Committee to express my approval of the European recovery plan. Frankly, I am not too confident that it will work out as well as we hope it will.

Among other reasons, I am supporting this legislation because no one has proposed an alternative plan that has an even equal opportunity of succeeding. No one can take lightly embarking on a program that will ultimately cost seventeen or more billion dollars. It seems to me that the one outstanding justification for support of this legislation is that it may contribute to the maintenance of world peace. It may lead to a sound world economy. It may give many other countries a little more feeling of security than they have today. And it may convince the rulers of Russia that we in the United States will do our full part in bringing about economic recovery.

Several times since President Truman presented his recent message to a joint session of the Congress, I have heard it said that there is considerable hysteria on Capitol Hill. Frankly I am not aware that such hysteria exists. It seems to me that rather than being hysterical, many Members of Congress are depressed and disheartened. I for one am very unhappy about the present world situation.

At times, as I sit on the floor of the House and listen to some of the debate we have had, it seems that we are back in 1939 again. We were not told the whole story in 1939 or in 1946 and I do not believe we have been told the whole story on the world situation at this time. Too many vague rumors are circulating through the corridors of the Capitol and too many rumors are going to the country via the radio. We often hear that general so-and-so or admiral so-and-so or the Ambassador to this country or to that country has said thus and so in an effort to prove that the shooting war is just a few weeks away. These statements are never made to our committees.

I think the time has come when the Congress and the American people should be told the whole truth in regard to the foreign situation. Rather than being simply told that we need universal military training or that we need a return of selective service, we should be told just why these measures are necessary at this time.

I do not believe in appeasement but I do believe that it is still possible to sit down around a conference table with representatives of every government with whom our relations are strained and thereby remove the misunderstandings that exist.

If I did not believe that the passage of the bill we are now considering would strengthen the possibilities for peace, I would not support the legislation. I believe we should pass this legislation as speedily as possible, following which we should join with all good Americans in praying that some way may be found whereby we can maintain peaceful relations with every nation in the world.

I can think of no better way to make my attitude known to my constituents on this bill than to insert in the RECORD at this point the statement I made recently before the House Committee on Foreign Affairs:

STATEMENT OF HON. WILLIAM J. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. MILLER. I am reluctant to ask for much of the time of the committee, particularly since my own State is fortunate to have as a member of this committee my colleague from Fairfield County. I come particularly because of some advice given me by your distinguished chairman. Once he told me, "When you have a good idea, present it to the committee instead of waiting until it gets to the floor."

I have a few things to present to the committee.

When I first read Secretary Marshall's address at Harvard University last June, the whole idea appealed to me. It was the first idea I had seen of any effort to get the nations of the world together, to work out some rehabilitation program.

I was impressed by the Secretary's address. I was encouraged by the Harriman report and I was certainly proud of the Herter reports, the reports filed by the Herter committee, and I have tried to read the various reports that have been submitted to this committee.

I think I can express the sentiment of the people in the district that I have the honor to represent when I say they want to see this Government make generous appropriations for relief to the war-devastated countries of Europe. I think they are willing to make some sacrifice toward that relief. I think they want to see us give, without any strings on the gift at all, food, clothing, medicine, and I believe they would like to see us contribute fertilizer, seed, breeding stock, and things of that kind to help the individual families of those countries to get back on their feet.

I do, however, find a distinct division in the opinions of people toward just how we should handle the other phase of the program, the rehabilitation of the industries in those countries. I have yet to find an answer that seems convincing to me as to why funds appropriated by this Congress, to implement the Marshall plan, should not be made in some form of a loan either to the governments involved or to the wrecked industries of those countries.

If I understand the plan correctly, we propose to make these appropriations on the theory that by so doing we will bring about the rehabilitation of the industries of the 16 nations involved and in due time we will have normal and we hope prosperous trade relations with those countries and we can look forward to some day living as one happy family. If that is the premise under which we made the appropriations, we must assume that the plan will work or at least has a 50-50 chance of working.

If it works, I have been able to find no reason why we should not look to those countries for repayment in some form, either now or at some distant future time when they can afford to do it. Certainly we are going to be paying off our national debt for a good many years to come, and I think they should consider that they have incurred some indebtedness from the people of the United States on those things used to rehabilitate their industries, bearing in mind I keep separate and apart purely relief matters.

I have not found out why we should not look to certain countries who have materials that we are short in supply or why the British should not give us tin and rubber and why other countries should not give us minerals and things of that kind that we need not only for our own industries, but for stock piling and national defense needs.

That is one phase of the program that I find great difficulty with in satisfying people who are at least doubtful of the wisdom of making such a large appropriation as is necessary to carry out the Marshall plan. If I could give them a satisfactory reason for what I understand to be the program of not considering these things a loan, or not making a definite barter deal out of it, I think I would remove the overwhelming majority of the opposition that now exists in the district I represent.

I have one other thought I would like to leave with the committee. It comes to my mind because of conversations I have had with three different businessmen in the State of Connecticut. The three men I have in mind have all spoken to me along these lines. They pointed out that they are getting along to the point in their business lives where they can take considerable time away from their business. All three that I have in mind have very broad business experience. One of them in particular has had particular experience in Europe and in the export business generally. All three of those men would be very glad and very willing to serve their country or serve this program for a year or two, with or without compensation.

In other words, they are not concerned about salaries. A dollar-a-year basis would suit them just as well as would \$20,000 a year. The thought occurs to me that in a program as large as this we might be able and perhaps should make some provision in the bill we report out to make use of the vast business experience that businessmen in this country have had, among the men who are willing to give this program, this Government and the United Nations, the benefit of their business experience.

I do not pretend to know how that should be set up but I would like to leave that thought with the committee, that they try to work out some way that we can utilize the services of people who want to make their services available and who certainly can contribute to the successful working out of a program that will rehabilitate the industries of Europe. They have demonstrated they have the know-how and it seems they have something to contribute to this program equally important to the dollars to be appropriated by the Federal Treasury.

Thank you, Mr. Chairman and members of the committee.

Mr. JONKMAN. Thank you, Mr. MILLER.

Mr. RICHARDS, can you answer some of the questions the Congressman has brought up, or would you care to ask some questions?

Mr. RICHARDS. I believe the gentleman has made a valuable contribution by his suggestions here. I am sure I appreciate, and I am sure other members do, your taking time, because we know you are a very busy man.

Mr. MILLER. I will assure you I am not trying to find a job for some constituents, but I would like to advise you of some of the people who are willing to donate their services.

Mr. JONKMAN. Mrs. BOLTON.

Mrs. BOLTON. I think it is most constructive to have a statement such as the gentleman has given. We are grateful for your help. A good many of us are thinking along the lines of dollar-a-year men. Perhaps that is the only way we will be able to get the top-flight men who will be needed. No salary that would be paid would intrigue a man of the character we want.

Mr. MILLER. For example, one man spoke to me, who is the active head of the largest unit of the small tool industry in the United States. Of course, he could contribute something to that.

Mr. JONKMAN. Mr. MORGAN.

Mr. MORGAN. Mr. MILLER, do you believe we should have England stock-pile our tin and the Netherlands stock-pile our crude rubber, and so forth, in return for some of this money?

Mr. MILLER. I do. Britain controls the tin supply of the world and we are short of tin. I do not see why they should not make available to us the tin, or allow us to go in and get it ourselves if they do not have the manpower to get it out, and that we should stock pile the tin and other things needed particularly in the making of steel.

Mrs. BOLTON. Will the gentleman yield?

Mr. MORGAN. Yes.

Mrs. BOLTON. When we have discussed that with some of the other witnesses, they have reminded us that they get dollars over there. If they do not get dollars through the selling of tin, we impede the whole program somewhat. Would you comment on that?

Mr. MILLER. They undoubtedly need dollars, but as I understand the program much of this will go to them in the form of material, rather than dollars, but undoubtedly they will have to have some of it developed in dollars, but I thought a substantial part of the program that envisioned the shipping of material, that material could be paid for by other material in kind.

Mrs. BOLTON. Thank you, Mr. MORGAN.

Mr. MORGAN. That is what I was going to say. Of course, they emphasize that they need dollars more than we need tin or crude rubber.

Mr. MILLER. That is why I said I was reluctant to appear before this committee, because I do not know that is the answer. It appeals to me and appeals to a great many of my constituents. I frankly have not been given information that would give me sufficient information that would lead me to believe I am wrong, and they are wrong in advancing that idea. I may well be wrong. If that is so, I am certainly open-minded as of this moment.

Mr. MORGAN. That is all, Mr. Chairman.

Mr. JONKMAN. Mr. LODGE.

Mr. LODGE. I want to extend a very personal welcome to my colleague from Connecticut and say that I am very pleased that he has come here to contribute his hard thinking to this problem. I think he has made a very able statement.

This question of strategic materials is one already contemplated under the plan to some extent. Mr. Douglas, I believe, gave us a figure of something like \$172,000,000. The question that arose was to what extent that could be increased. At that point, it was brought out that we would be depriving them of dollars. In other words, the assumption was—Mr. Acheson put it this way—that we would buy these strategic materials anyway. Otherwise we would not be depriving them of the dollars.

The assumption, that we deprive them of the dollar, must be based on the assumption that we would buy the strategic materials anyway if we did not get them under the Marshall plan.

My idea is this, and I have not had a satisfactory rejoinder to this suggestion, that we can do what the State Department contemplates, under the legislation submitted to us, and then in addition to that, you can provide that when the dollar deficits of these

countries have disappeared there is no reason why they should not make a further commitment from the point of view of the long distant future.

There is nothing magical about the figure with respect to the strategic materials as included in the plan. I think you will find that we are anxious to write into this legislation some language which will state that objective as one very much to be desired, and I hope you will be satisfied with it when you see it, bearing in mind that it is very hard to make it too specific a condition as far as the amount is concerned.

Mr. MILLER. I wish you could convince me, or that I could believe, we would accumulate materials for stock-piling purposes. My belief is that because of our own finances we would not do as much as we should do in that direction and this might be a means of getting material over and above what the Congress would provide for in the amount of appropriation bills.

Mr. LODGE. That is right. It would also be within the spirit of the European recovery program, because we are a have-not Nation in certain respects and they are have-not nations in respect to certain things.

Mr. MILLER. It seems my people tend to overlook the very thing you mentioned, then, that that is the spirit of the program, and too few people realize that things should be done for all of us. There has been very little said of what we require of other nations. If we could satisfy the American taxpayer as to that, and satisfy him to the effect that we are trying to do some fancy horse trading where we can, it would be helpful. Those are my only two objections.

Mr. LODGE. You may be sure we will give your suggestions a great deal of thought.

Mr. JONKMAN. Mr. JUDD.

Mr. JUDD. I have no questions. It is nice to have you here, Mr. MILLER.

Mr. JONKMAN. I might say with regard to your questions, at least one member here would feel we would have the best State Department and the best foreign policy department in the world, but that would not necessarily mean it was fitted to handle this tremendous economic program or any other part of the past economic programs.

Comparably, it would be said that if a man were seriously ill, he would not want the best preacher in town, he would want a doctor.

It stands to reason, I think, that with a foreign policy agency which has created good fellowship and good neighbors, it is difficult to run the gift counter and the loan counter at the same time. Your customers are all going to be at the gift counter and it will be hard for a policy-forming body to resist that.

The same is true with this stock piling. It has been stated that right now they need dollars. If we say, "Instead of letting you export your raw materials in which we are in scarce supply, we will just ask you to give them to us on account." They say, "Why not make a deal 10 years from now, for instance, on oil in the Near East?" A policy-making body would say, "You cannot do that, you cannot hold a mortgage on them until 10 years from now." However, they must be made to go to the loan counter instead of the gift counter when they belong there.

I rather think with the trend away from the handling of the State Department with this great program, we shall involve as much as it used to take to run out Government for a whole year, to an independent agency, a business administrative agency; I do think a lot of the considerations your constituents were worried about will receive better consideration than they would under the policy-making body.

Mr. MILLER. I should agree to that, that the rehabilitation of those industries is the biggest thing ever attempted.

Mr. JONKMAN. We have put our charities on a business basis. We have had to do it. This is a business proposition.

Thank you very much for coming here and we appreciate your suggestion.

Mr. MILLER. Thank you.

I am grateful that this Congress is about to recess over the holy days. I hope the Members of this House and the Members of the other body and responsible officials of our Government will repair, as did our forefathers at the time the Constitution was written, to their respective houses of worship and there find divine guidance, so that we can come back after the Easter holidays and complete the task before us and write legislation which, with God's help, will prevent the outbreak of another terrible war which may well be the end of the civilization that we have all known and enjoyed.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield.

Mr. LODGE. I just want to congratulate the distinguished gentleman from Connecticut on the excellence of his statement.

Mr. MILLER of Connecticut. I thank the gentleman.

Mr. Chairman, I yield back the remainder of my time.

Mr. KEE. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. PRIEST] to propound a unanimous-consent request.

Mr. PRIEST. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. HAYS] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. HAYS. Mr. Chairman, I suppose it is always true that in periods of turbulence the impulses of patriotism are more strongly felt. We turn toward our country to make it stronger and more secure just as we seek refuge in a storm. But there is another pull upon us and that is our international obligation and our place among the peoples of the world. This is not a contrary pull but quite compatible with the feelings of nationalism that sweep over us at such a time. I recall in this connection the words of Mordecai to Queen Esther as he told her she would find in her new position in the king's household a great opportunity for service to her people but if she did not meet it deliverance would come from another source. And then he added "Who knows but that thou art come to the kingdom for such a time as this." We have all been taught that individually there is a destiny that shapes our ends and so it is with nations. I like to think that there is a place for America in the plan of Providence, and that that place is not a narrow, self-sufficient place but a large one of service and world leadership.

To be sure, the most appealing argument for the pending legislation is that it is the first and least disturbing phase of a new and vigorous program of defense against communism. The economic phase is least inconvenient because we are asked to send our goods and perhaps if the program is carried out as anticipated we will never have to send our men. I believe that this program will add to

the possibilities of world recovery and will mean much to the stabilization of America's trade in the lengthening years of peace ahead. That is our hope. And yet the proponents have been entirely honest with us. They have not offered guaranties that it will work and it is most assuredly not exclusively an economic program. It is so vitally related to our total defenses, to the preservation of peace, that the long-range material benefits flowing from it are necessarily minimized. To my way of thinking, it is the safest road to peace.

If we cannot offer guaranties that the program will succeed, if we do not know what will happen if we support this all-out effort to stabilize the economy of 16 free nations, we at least know what will happen if we do not take this step. One by one the nations that are still devoted to freedom will be engulfed, the wishes of their people will not be respected, violence and terror will do their work and the iron curtain will be extended to the Atlantic Ocean. There is still time for us to give the help that will provide escape. As the gentleman from Minnesota [Mr. JUDD] has so ably set forth the program will not work unless the will of the people themselves, those who are to be the beneficiaries of this mighty effort, is in the resistance and in the great processes of reconstruction. There is every evidence that the people themselves have entered into this great cooperative effort. Nine of the 16 nations have already exceeded 1939 production levels. The Marshall plan is an evolving process. It began with the simple statement of General Marshall at Harvard University, extending an invitation to the free nations of Europe to begin to work together for reconstruction. The speech carried a clear implication that America would come forward with substantial aid to complete the restoration of their industrial and economic life. We can find no fault with their response. The Communists have distorted facts, they have made it appear that in some of these nations America is not wanted but we know that that is not the truth. If the means for registering the independent judgment of the electorate can be preserved, every one of the 16 nations will remain in the democratic list, every one will make full use of the resources which we supply.

I know that often the economic phase of a great social and political issue is overemphasized. It handicapped that portion of the German population which sought to prevent the rise of Hitler, and he confused the issue for millions of people as his armies broke out of their borders. Hitler told his people, and it was believed, that economic injustices enslaved them, although every honest index showed that they were better off than most nations which bordered his country. Even now, there is in places superficial thinking on this subject. Some of Mr. Wallace's alluring lines have to do with eliminating threats of starvation and the fears of want and hunger when history actually reveals that issues of this kind are basically moral and that if the people are truly devoted to the ways of freedom they will not sacrifice them for material things. This is not to deny the obvious

truth that economic stability is a great aid in the defense of political ideals but in the final analysis we will save the soil of free Europe for our philosophy in government only by exalting these ideals and spiritual goals, not by the purchase of loyalty through material benefits.

I have made some inquiries regarding the effect of this program upon the economy of my own section of the country, and it is my conviction that we have, as every other section has, a stake in its development. This is due, of course, to the fact that we cannot maintain agricultural prosperity, we cannot enjoy the growth that is essential to our progress without the markets which world trade affords. This trade must be rehabilitated or we will slip back into a lower standard of living and a less satisfactory way of life. I do not mean to argue in this connection that the program should be undertaken for selfish reasons or that without the moral and defensive elements to which I have alluded these extraordinary expenditures would be justified. I doubt if we could chart it on that basis. It must be conceded that the money cost is high and the economic results are uncertain. I present these facts not to argue the wisdom of the program on an economic basis but rather to indicate that there are mitigating factors in the cost—that returns will likely be more than commensurate. The Government is committed to support agricultural prices. We will accomplish this end either by such devices as ERP for promoting trade or by domestic policies limiting production and leading to economic isolation—an unthinkable alternative.

It is, therefore, only against this background of national policy that the Marshall plan, as it affects our section directly, can be considered.

In the first place, the Marshall plan will provide a market for our products without which our agricultural and industrial undertakings will decline. Foreign trade has long been vital to the South's economy. Without world markets for cotton, tobacco, wood products, naval stores, and other goods, we would see our income—still relatively low in spite of recent gains—sink to a lower level.

The most pertinent statement that has come to my attention in this connection is one by Oscar Johnston, former president of the National Cotton Council. In a letter to Members of Congress setting forth an effective plea for immediate action on the Marshall plan, Mr. Johnston wrote:

In addition to these paramount reasons for supporting the Marshall plan—

The purely defensive—

which are common to all Americans, the people of the Cotton States have an interest in this program that is even more direct and immediate. We are now producing exportable surpluses of both cotton and cotton goods. If the countries of Europe and Asia are not put on their feet so they can continue to take these products, surpluses will again start piling up to plague our industry. Therefore, the speedy adoption of the Marshall plan is a matter of special importance to the future prosperity of the Cotton Belt.

The past is too vivid in our memories for us to take exception to this conclusion. All of us remember all too well the days of the agricultural depression when expanding cotton production in both the United States and abroad built up reserve stocks to a point where trade all but stagnated. The carry-over, at one time, was greater than the annual production. Now this process has been reversed. A sharp decline in world production has been accompanied by an unprecedented world demand with the result that all nations with an available dollar supply have been clamoring for American cotton which is essential to the recovery of Europe.

Without ERP, which will provide the funds for the purchase of the raw cotton needed by the 16 Marshall plan countries, world consumption can be expected to decline to a level where production exceeds consumption and surpluses again start to accumulate.

The 16 Marshall plan countries have indicated they will need 24,000,000 bales of raw cotton in the 4-year period outlined in ERP. Of this amount, 2,952,000 bales would be produced by the countries themselves or by their colonies, 4,680,000 bales by Western Hemisphere nations such as Brazil, 7,080,000 bales by nonparticipating nations, and the remainder—9,324,000 bales—by the United States. This latter represents 39 percent of the total, and when we consider that in the last full year before the war, we supplied 37 percent of the world's cotton and 43 percent during the 5-year period 1934-39, we realize how important this will be to the economy of the cotton States. If this bill becomes law millions of dollars will be available for the purchase of cotton and its proper use by eager buyers.

Tobacco farmers have an even more direct interest in the ERP. The 16 nations have placed their needs at more than 1,000,000 tons and of this amount 860,000 tons will come from the United States. Without Marshall plan help, exports of this size would be entirely out of the question and domestic tobacco producers could expect a disastrous fall in prices.

Another important southern product—rice—has also been included among the food products to be exported even though this commodity has never been a staple in the European diet. The United States will provide 95,000 tons of the 1,400,000 tons contemplated under the Marshall plan for use by the 16 nations.

The requirements for naval stores were not included in the report of the 16 participating nations, but information received from other sources indicates, however, that there are large unfilled demands, particularly for resin and turpentine in all these countries. Only Spain and Portugal are in a position to supply naval stores on a prewar scale so, therefore, these nations will have to look to the United States for these essential products also.

Some European nations can meet their own sugar requirements but, for the most part, they are dependent upon im-

ports for their requirements. Even though the demand is great, only 430,000 tons will be obtained in the United States. This can be done without causing a decrease in the present large per capita domestic consumption.

We have been considering specific items and demonstrating how vitally important the contemplated exports are to southern economy. Secondary and intangible benefits, just as important from the standpoint of continued prosperity for the South, must be taken into consideration too. Europe cannot again become a healthy, functioning society without our help and until she is rehabilitated economically foreign trade will languish. Once Europe is rehabilitated, there will be automatically created a large market for the wide variety of goods produced on the farms and in the factories of the South.

As a section which historically has rejected economic and political isolationism, the South can be expected to enter wholeheartedly into this fight to preserve a democratic Europe. To do otherwise would bring on a continuing crisis that would wipe out any temporary monetary savings, costing, in the long run, an incalculable sum. I know that I will be expressing the will of an overwhelming majority of the people of my section in casting my vote for the ERP.

Mr. KEE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. COMBS].

Mr. COMBS. Mr. Chairman, I had not intended to make any speech on this bill, preferring to listen mainly to the members of the committee who have given so many days and weeks to the study of the many questions involved in the matter before us.

However, sitting here today listening to the debates, I want to offer a few comments on matters that were brought to my mind by some things that were said.

The gentleman from New York [Mr. MARCANTONIO] earlier today, during an extended speech of some 30 minutes or more, seemed unable to find anything in this free country of America that he could praise, and, for some reason, he echoed the same line of attack upon this Nation and upon our efforts to bring stability in Europe and elsewhere in the world, that continually is upon the radios out of Moscow. Unfortunately, he is not the only one seeking the favors of the American people and having their attention, who it would seem would weaken the resolution of our people to stand for freedom, by belittling the institutions that the people of America have created for their Government, and which through the years have preserved our liberties and provided a standard of living and freedom and prosperity that no other nation past or present has enjoyed. There are others, including Henry Wallace, who accuse this Nation of imperialism and our efforts to support freedom—as war mongering. They use the Moscow line—and their speeches are seized upon by Moscow papers and radio for use against us in other countries.

The gentleman from Nebraska [Mr. BUFFETT] was also critical, and I noted

that he expressed the thought that he has on more than one occasion felt himself quite lonely in this Chamber.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield.

Mr. STEFAN. To which gentleman from Nebraska was the gentleman from Texas referring?

Mr. COMBS. I was referring to the gentleman from Nebraska [Mr. BUFFETT] who spoke a while ago, not to the gentleman from Nebraska [Mr. STEFAN]. He, Mr. BUFFETT, was quite critical of much that Congress has been doing in its efforts to support the freedom-loving peoples of the world and help them towards rehabilitation. UNRRA appropriations for the relief of stricken peoples, aid to Greece and Turkey in their efforts to maintain their freedom from Communist aggression, these he said he had opposed and in doing so had often felt quite lonely because the majority of us here in Congress didn't see it his way. Maybe he is not so lonely now. Strange bedfellows do develop in times like these. It is obvious that the gentleman from Nebraska [Mr. BUFFETT] and the gentleman from New York [Mr. MARCANTONIO] who was criticizing this bill in an earlier speech find themselves in exactly the same position—that is in opposition to this measure intended to strengthen financially and morally those nations of the world whose people desire to maintain their own freedom and independence against communistic aggression.

Mr. Chairman, we are facing a grave issue today. The world is passing through the greatest crisis in human history. It would be easy for us to assume an attitude of defeatism because of the very magnitude of the responsibilities that rest upon the people of this great and free Nation because of conditions that exist throughout the world. But for myself I am hopeful for the future and believe that by courageous and united action we can look forward to better times, although we must sacrifice to bring them about. One thing that is heartening and encouraging during these debates has been the fact that so many Members of Congress from North and South, East and West, and of all political shades and opinions have, as Americans serving Americans, unitedly pledged their support of this measure and thus expressed the united determination of our people to stand for freedom in the world and to implement our stand with our strength and with our might.

Those who would criticize American capitalism—and it has its faults—we have not attained perfection—should remember that the nations that have experimented with other forms of government, and particularly with communism, are looking to this country with its so-called capitalistic system to feed their hungry, clothe their naked, and rehabilitate their prostrate countries.

There have been some criticisms here today of the past mistakes or supposed mistakes of our State Department and others in the Government. I hold no brief for General Marshall, and he needs

no defense from me or anyone else. I would remind my colleagues, however, that no Secretary of State at any period in the history of this Nation ever carried upon his shoulders graver responsibilities or faced graver problems than he has been facing. Whether some of the things he has done, some of his policies of the past have been entirely wise, viewed from the present vantage point, does not matter. It might be remembered that our foreign policy cannot be wholly of our own choosing. It must be adjusted from time to time in view of what others do. And if some of the supplies that Congress voted to UNRRA did not go as we intended them, nevertheless it is great to live in a country whose people have a heart and who sought by that means to feed the hungry, to clothe the naked, to bind up the wounds of the stricken world, and to bring order out of chaos. Although our goods may have been misused, the example of the people of America as they went to the relief even of their enemies is an example that must shine throughout this world as representing the thoughts and hearts of a great people. Yes; those who would criticize our Government should remember that in some other countries, Russia included, the citizen has to have a permit to travel from one town to another. He cannot even sit by the fireside of his own home and discuss in confidence with his own family any matter of criticism of his Government lest his own family betray him to the gestapo.

We in this Nation live in a country whose protecting laws and the Bill of Rights are so important and so well enforced that the greatest official of our Government cannot enter the humblest home in its Nation, though it be the cabin of a fisherman on the coast of Maine, or the shack of a trapper in Texas, without permission. This is a country where we have freedom of speech even for those who want to denounce our system, to stand in the well of the House and to go out on the hustings and criticize the highest officials of our Government. But those who do it should remember that should they do that in Russia, if one who did so were high enough in officialdom, he would be buried 6 feet deep for his criticisms. If he were of the common masses maybe he would only be sent to a Siberian work camp. In using our freedom of speech, we have no moral right to use it to undermine the faith of our people in their own Government or to encourage and support the propaganda of a foreign nation which would destroy it.

We have a great and a free country. It seems to me in standing together behind this great program we can all pray, hope, and trust that by the renewal of the faith of others in our willingness to support the freedom-loving people of the world, we can bring new hope to those countries that are about to succumb to the inroads of communism. That threat is a very real one. Those countries still remember that after World War I, though we sent our money plentifully enough over there, we refused the leadership that was ours, left them to their own devices, and to the Hitlers and Mussolinis until

in confusion, disappointment, and disillusionment those people who had looked to us to lead the way for freedom, came under the sway of these totalitarian regimes which brought about World War II. Once again we are at the pinnacle of leadership. We are the only great and strong nation left that can lead the march of progress back to an ordered and a decent world.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from Nebraska.

Mr. STEFAN. The gentleman is making a very interesting speech and a very illuminating one. He mentioned one of my colleagues. I wonder if he would like to have a quorum?

Mr. COMBS. No. I do not want a quorum call.

Mr. STEFAN. I think my colleague from Nebraska would like to hear what the gentleman has to say because he attacked him in his absence.

Mr. Chairman, I make the point of order that a quorum is not present.

Mr. COMBS. May I make an observation? I hope the gentleman will withdraw that.

Mr. KNUTSON. Mr. Chairman, may I suggest that the gentleman withdraw any remarks in that respect?

Mr. COMBS. If there is any objection on the ground the gentleman was not present I will withdraw them.

Mr. STEFAN. Mr. Chairman, I think it is unfair for any Member of the House to attack another Member in his absence.

Mr. KNUTSON. Mr. Chairman, the gentleman has tentatively withdrawn his point of no quorum.

Mr. STEFAN. Is the gentleman speaking for me?

Mr. COMBS. Mr. Chairman, let me make myself clear.

Mr. STEFAN. Mr. Chairman, I temporarily withdraw the point of order.

Mr. COMBS. Mr. Chairman, I did not know that the gentleman's colleague was not present. What I said in no way violated the rules of the House. I think the RECORD will speak for itself.

Mr. STEFAN. Mr. Chairman, I withdraw the point of no quorum.

I understand the gentleman is going to withdraw the objectionable words.

Mr. COMBS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COMBS. Mr. Chairman, let me simply say that it is not my habit to attack people anywhere, whether they are present or not present. I was offering an observation in order to point out that we have the freedom in this Nation to stand up and criticize the Government and the highest officials in it; but there rests upon all of us also an obligation to use those privileges as Americans ought to use them. Insofar as any criticism of anyone who has spoken is concerned, it is aimed at the thought that we ought to reflect upon the blessings that we enjoy in this Nation and what its freedom means before we in this House speak

words that will be seized upon by Moscow to propagandize other countries as coming from a responsible official of the United States Government.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from Nebraska.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from Nebraska.

Mr. STEFAN. The gentleman understands I meant no discourtesy.

Mr. COMBS. I understand.

Mr. STEFAN. I believe that we should talk the way we want to talk. This is a free country. But, I understood it was not proper for one Member of the House to talk about another Member when he was absent.

Mr. COMBS. I think all Members ought to be here when such important legislation is being discussed.

Mr. STEFAN. I do, too, sir.

Mr. COMBS. The reason I so promptly agreed to withdraw it is this: We have a great spirit of unity on both sides of this aisle behind this measure. I want us to remain that way.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. BRADLEY].

(Mr. BRADLEY asked and was given permission to revise and extend his remarks.)

Mr. BRADLEY. Mr. Chairman, I support this European recovery program and I ask that the gentlemen of the Foreign Affairs Committee note that fact. But I am opposed to one part of the proposed legislation. My opposition is to the highly discriminatory sections of the bill relating to American shipping. We Americans are supposed to stand for the same sort of treatment for all categories and for all classes of our citizens other than criminals and the insane, and so I am surprised to see legislation presented to this House, which places the whole shipping industry in an underprivileged class. It may be that the highly esteemed members of the Foreign Affairs Committee think Americans who go down to the sea in ships, or who endeavor to operate a merchant marine under the American flag, are crazy to some extent, for I confess that a study of the ups and downs of American merchant shipping, during the last half century, might well cast some doubt upon the sanity of a businessman who will risk his capital, and his stability of employment, in such an enterprise. However, thanks be to God, we still have some people who believe in the possibility and in the necessity of an American merchant marine. We still have those who love the sea well enough to put up with its loneliness and its hardships. We still have some ships ready and willing to rally at the call of the United States in the event of an emergency.

When this legislation was before the other body, most careful consideration was given to every aspect of the shipping problem. That body reached the conclusion that all Americans should be placed on an equality of treatment with

other groups of citizens. It prepared and passed its bill in that enlightened form.

The American system is to furnish protection to its workers and to its investors. If we are short of steelworkers, we do not bring in a few shiploads of men from the Ruhr to compete with our own citizens and put our taxpayers out of work. If we are short of coal miners we do not just import enough to mine the coal we need. In fact, right now, we are not getting coal out of the ground in needed quantities. We are curtailing many services due to prospective lack of coal. Yet, I have not heard even a peep from Members of Congress in advocacy of sending over to Germany and importing a few thousand unemployed, or displaced persons, to dig coal for us.

No, Mr. Chairman, the American way is to work out our own problems among our own citizens, and not to call in foreigners to do the work to which our people are entitled. This is the American way among all workers except those who go to sea for a living. Possibly these men do not have enough votes to be heard effectively in high places of our Government. Possibly they do not have permanent residences so as to be able to protest to their own Congressman. Possibly we do not think of them as desirable citizens. Who knows? I do not. All I know is that we seem to regard seamen as a distinct class—a class of outlanders—when it comes to shipping problems such as are contained in this ERP bill.

Now, just what are we proposing to do insofar as labor is concerned in this particular legislation?

When it came from the State Department it provided for the sale of 200 additional ships to foreign governments, and for the charter of 300 ships foreign, and it had no specific provisions covering the carrying of Government-purchased goods in American bottoms.

The other body, displaying sound economic wisdom, inserted the Knowland amendment, without objection from the floor, to provide that the Administrator shall take steps to see that "at least 50 percent of the gross tonnage of commodities, procured within the United States out of funds made available under this act and transported abroad on ocean vessels, is so transported on United States vessels to the extent such vessels are available at market rates." This seemed to be a wise provision and is, in general, in accordance with existing law. Now, we find that the language has been modified in the House version so that, in my opinion, it is meaningless. This protection is taken away from the American shipping industry and it is left wholly at the mercy of whatever official is charged with jurisdiction over ocean shipments of ERP goods. The field is left wide open for favoritism of foreign ships, for rate-cutting by foreigners as their cheap-labor fleets increase, for sending American ships back to lay-up and putting American seamen on the rolls of unemployment and relief. Is this the American way of life, as we expound it to our constituents in an election year? I hardly think it is.

The other body struck out all provisions for sales foreign of our ships. It struck out the provision for chartering 300 American ships to foreign governments. These acts were in accordance with the previously expressed will of the Congress.

Mr. JACKSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Washington.

Mr. JACKSON of Washington. I should like to compliment the gentleman on the excellent statement he is making. May I say that he is to be congratulated also on the very fine stand he has been taking now for the past 6 months in behalf of the American Merchant Marine.

Mr. BRADLEY. I thank the gentleman very much.

Even the Ship Sales Act of 1946 prohibited the chartering of ships to foreign governments. The Congress then recognized that such charters would be the worst kind of a move for American shipping and it appreciated that we must have an adequate merchant marine as a part of the national defense. And even as late as February 1948 the Congress passed a law, Public, 423, Eightieth Congress, in which it reaffirmed its stand against foreign charters and stopped all sales foreign as of February 29, 1948.

Mr. Chairman, our legislative procedure is peculiar sometimes. The committee of which I am a member, the Committee on Merchant Marine and Fisheries, the committee which is presumably entrusted with the responsibility of developing and maintaining an adequate merchant marine, the committee whose members are supposed to be the specialists in this particular line insofar as the House is concerned, held extensive hearings on the advisability of further sales or charters foreign. This committee listened attentively to all the evidence presented by representatives of the administration and of the industry, and then decided overwhelmingly against granting such authority. The House supported us and passed the legislation as we recommended. That was only last month. Now we are trying to reverse ourselves. I realize that a big bill like the one now under consideration cannot be broken up into small pieces so that its component parts will be considered by the committee which specializes in those particular subjects. I know that we should never accomplish anything if we used such a foolish system. But I do believe that the views of a specialist committee should be given great weight in matters such as ocean shipping. I do believe that the Members of this House should give great weight to the expressions of opinion which will undoubtedly be made on this floor by members of the Committee on Merchant Marine and Fisheries when amendments are offered to strike this charter authorization out of the House bill.

Mr. Chairman, the ocean shipping situation at present is just this: There are ample bottoms now in service to care for every ton of freight now being offered, or which it is expected will be offered under this legislation—to care for all this cargo at freight rates, at or be-

low those prescribed by the United States Maritime Commission. The shipbuilding programs of foreign governments are at a very high level—the British at the highest in 25 years. New foreign ships are entering the carrying trade with great regularity, and every such ship in the North Atlantic trade puts an American ship off the seas, for it carries cargo cheaper, and probably more expeditiously, than the American. For some time past we have had chartered ships returned to the Maritime Commission at a rate of almost two per day. If we charter 200 more ships foreign it simply means that 200 Americans go into lay-up or are turned over to the foreigners. It means that some 10,000 seamen will be without jobs—on unemployment-insurance rolls, trying to displace some other American worker from his job, or worse. It means that domestic ship-repair yards will lose the upkeep and conversion of these 200 vessels—a terrific blow to our already hard-pressed shipyard industry. It means that American firms will lose the insurance business of both ships and cargoes. It means that American ship chandlers will lose this big chunk of legitimate business. Regardless of the contentions of the State Department, it means, in my opinion, that the over-all cost to the Nation of transporting goods will be increased rather than decreased, if we include all the factors involved. It means the loss of 200 ships ready for service under the American flag, at a time when we are in a national emergency and we may need every seagoing vessel we have to save the Nation from disaster.

Mr. Chairman, there are a great many of us in this House who believe in an American merchant marine. There are a lot of us here who believe in equality of treatment for all Americans, by the Government of the United States, especially in expenditure of the taxpayers money. There are many of us who believe firmly that merchant shipping is an integral part of the national defense. We want to support this legislation wholeheartedly. Let us have a bill that we can justify to our constituents, and to ourselves, so we may feel that we have done the right thing, not only by the 16 ERP nations, but by the people of the United States who do not want to destroy themselves in their efforts to help others maintain self-respect and liberty.

Mr. Chairman, amendments will be submitted covering these particular provisions which I have discussed. At that time I hope the friends of American shipping and of the industries connected therewith; the friends of the American seamen who are going to lose their jobs; the friends of all those families who are going to be on relief and in distress; as well as all who believe in even justice for everybody in this country, will get up on their hind feet and get behind us in support of these amendments.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. JACKSON].

(Mr. JACKSON of Washington asked and was given permission to revise and extend his remarks.)

Mr. JACKSON of Washington. Mr. Chairman, I shall vote for the European

recovery program. However, there is a provision in the pending measure which authorizes the Administrator to charter up to 200 merchant vessels to countries participating in the program which I strongly feel should be eliminated.

Nearly 4 months ago on the floor of the House, I raised, in connection with the interim foreign-aid bill, the need for assuring adequate participation of American-flag vessels and of private freight forwarders in our foreign relief program. My colleague in the other House, Senator MAGNUSON, had previously raised the same issue in the Senate and had been assured by the esteemed chairman of the Senate Foreign Relations Committee that the problem would be met in connection with the European recovery program.

Since that debate, the Senate has, in its collective wisdom, unanimously, on two separate occasions, demonstrated its opinion that the time has come to call a complete halt to charter and sale of American-flag vessels for operation under foreign flags. The United States Senate apparently felt so strongly about the issue that on February 25, 1948, it passed Senate Joint Resolution 173 which specifically prohibited charter of United States-flag vessels to noncitizens despite the fact that no authority for such chartering had existed prior thereto. Again within more recent days, in connection with S. 2202, the European recovery program, the Senate unanimously rejected a provision to charter 300 vessels to noncitizens and provided that a minimum of 50 percent of the cargoes exported from these shores under the program shall be carried in American bottoms.

Only 1 month ago this body, without disagreement, took exactly the same stand. Has anything happened within recent days to make the twice-considered judgment of the Senate and the once-considered judgment of the House erroneous? I think you will find that all recent events, affirm the wisdom of our previous decision.

First. On March 1, the last day on which authority for foreign sales existed, the United States Maritime Commission sold over 450,000 dead-weight tons of shipping for operation under foreign flags. Over 150,000 tons were purchased by ERP countries. Much of the remaining 300,000 tons, purchased by Latin-American, near-eastern, and far-eastern countries will be available for general-cargo carriage under the ERP.

Second. Only last week President Truman signed an executive order returning to Italy twenty-odd ships which were seized by our Government at the beginning of the war. The return of these vessels will mean additional tonnage will be available for Italy's import needs.

Third. Over the same period, European shipyards have week by week launched modern, efficient vessels. The inevitable result has been that over 100 United States flag vessels were sent to the laid-up fleet during January and February and an estimated 60 vessels will be laid up during the coming months. In less than 9 months the bulk-cargo fleet operating in the foreign trades under United States flag has been reduced by

40 percent. At the current rate of lay-ups by the end of this year the American-flag bulk-cargo fleet will be reduced to a size only one-third of its level in mid-1947.

The goal set by the Committee of European Economic Cooperation last June in regard to acquisition of American tonnage has been more than met, yet we have the request for more and more transfers despite the fact that there is no evidence as to who wants these additional vessels and that there is clear evidence that the policy is destroying the American merchant marine.

During debate on the interim-aid bill, I also mentioned the problem of the freight forwarders and the necessity that private forwarding facilities be used to service shipments of relief cargoes. This point is so obvious as not to require discussion. On the Senate floor, Senator VANDENBERG clearly expounded the views of that body that private forwarders should and would be used to handle cargoes shipped under the ERP. For that reason I think it only necessary for me to mention that I clearly understand it to be the intent of Congress that private-enterprise freight-forwarding facilities be used to service these cargoes and that it is not contemplated that Government agencies will be established either by our Government or by the recipient nations to do the required forwarding work. In short, like Senator VANDENBERG, I feel that ordinary private-enterprise forwarding facilities should be utilized to do the forwarding required for these cargoes.

I urge the Members to reaffirm their position taken on February 24 when, with the full facts before them, they decided to call a halt to further transfer of American-flag tonnage to foreign flags. I urge the Members to vote to eliminate the provision of the bill now before them which would permit the transfer of an additional 200 vessels. I urge the Members to support an amendment which would require that half of the cargoes exported from this country be carried in American bottoms as long as those bottoms are available at reasonable rates.

Mr. VORYS. Mr. Chairman, I yield 22 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and place in the RECORD certain tables which I have personally prepared.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. Mr. Chairman, all of our national debt today is a carry-over directly from the two world wars we have financed since 1917. That debt today is costing us roundly \$5,500,000,000 a year in interest—which is more than the entire Federal budget averaged in the years between 1921 and 1933.

The American people will be saddled with this great burden of war debt for at least a century—or three generations. That means a terrible price to pay for two wars, which were approximately half paid for in cash as they were fought.

Our crusade in 1917 and 1918 to make the world safe for democracy left us with a national debt of \$26,000,000,000. Since that time democracy has all but disappeared in the world. Then, in 1941, we took up the New Deal crusade for the "four freedoms" and the Atlantic Charter. And when that war was won, the "four freedoms" were forgotten and our national debt stood at \$278,000,000,000.

The first crusade established the diabolical power of communism as a national government in Russia. The second crusade nurtured international revolutionary communism into the full stature of a world power—with a veto, if you please, over all the powers in the human family for peace, order, and law.

The American people are indebted to the one-time Postmaster General, James A. Farley, under the New Deal for his frank summary of the diplomatic history behind World War II, as presented on February 16, 1948, in a lecture at Colgate University. Said Mr. Farley:

I sincerely believe that many of the ills which beset the world today may be traced to the third and fourth (Roosevelt) terms, which brought a great mind, but one worn by the weight of years and cares of state, to the all-important conferences at Tehran and Yalta.

On that occasion, Mr. Farley expressed the conviction that every informed leader of opinion throughout the world concurred in his view regarding the historical significance of Tehran and Yalta. We have since learned that, at Yalta, neither the Secretary of State nor the Chief of Staff of the Army was currently informed of the commitments made by the late President Roosevelt in secret negotiations with Stalin and Churchill, although those secret agreements were sealed with the blood and treasure of this entire Nation. America had been told that the fine phrases of the Atlantic Charter measured and defined the nations' aims and objectives in the war, but at Yalta, we had no voice to support our noble pledges.

As Mr. Farley explained in his Colgate lecture:

Instead, we had a worn leader dividing the world in a series of concessions embodied in secret agreements, which, having arisen from the Pandora box of secret diplomacy, are plaguing the world's children with blood, death, and fears.

Such, he added, are the costs to the people when entrenched power declines to yield to oncoming leadership—"particularly where the hand is feeble and the mind is tired."

A second major item of cost carried over from the wars in today's budget is that of veteran care. This item now runs a little more than \$7,000,000,000 a year—and this cost will increase steadily over the next 20 years.

Well may we pause to inquire whether it is equitable now to call upon the American people to add to their tax burdens a new plan of European relief and assistance which will cost them almost as much over each of the next 3 years as they are paying for the aid and care of our own veterans who won the hard victory.

Is there not any area of demand upon our budget in which the needs and requirements of the American people may be said to merit priority over the pleas and supplications of other peoples the world around?

We are told on every hand that Europe's need for American aid is greater today than at the end of the war. If that be true, then our fumbling, stumbling, and inept diplomacy has lost the peace. If the natural forces of reconstruction cannot be set in motion in 3 years, with the aid of \$23,000,000,000 in American loans, gifts, and grants, who will promise that another \$20,000,000,000 will make the peace?

Have the American people been informed frankly and honestly that, of all the money spent abroad since the end of hostilities in Europe, in 1945, approximately 15 percent has gone in the form of direct aid and loans to Russia and her lawless police-state satellites?

I contend it is the duty of the Congress—a duty which cannot be longer evaded—to inform the American taxpayers why it is necessary in the consideration of this overseas program to now acknowledge that the Department of State is unfitted to handle the job. Instead, it would be administered by a new agency, which ultimately will become known as our international WPA.

The third burdensome continuing cost of blundering diplomacy under three Democratic wartime administrations is in our national defense program. The costs and sacrifices of both crusades were borne by the American people under the firm promise that the elimination of military establishments in the ensuing peace would more than compensate for the terrific war costs. But now our military budget has passed the \$11,000,000,000 mark annually, and we are urged to adopt universal military training, which President Truman estimated in his last budget would cost an additional \$2,000,000,000 a year.

Somewhere there is a fundamental conflict of policy touching our foreign relations under the Truman doctrine.

On the one hand we are told that, if we continue to spend five to seven billions a year on overseas relief and assistance, we may save an equivalent amount in defense expenditures.

Yet we have the recent report from our own Congressional Aviation Policy Board—Senate Report 949, Eightieth Congress, second session, March 1, 1948—which calls for steadily increased military expenditures through 1953. Two plans are submitted in this very valuable report. One calls for military expenditures increased from about \$10,500,000,000 in 1948, to \$18,700,000,000 in 1953, the total military outlay to level off at about that point. The second plan would increase total military expenditures to \$14,700,000,000 by 1953, and level off there. Whichever plan Congress may take, we would face an increase of 40 to 75 percent in our total military expenditures over the next 5 years.

What becomes then of the argument that all this overseas relief and assistance was to avert the threat of war?

If overseas relief and assistance serve only to make aggression more dangerous and more near to us, then perhaps the wise course would be to divert the relief funds over the next few years to our own Military Establishment.

In any event, it must be obvious to every Member of the House that we cannot work both sides of this spending street forever.

Mr. Chairman, if the solvency of this Nation is to be defended and preserved, the time has come when we must abandon fiction as the basis of our foreign policy and launch upon a program rooted in the sound common-sense and noble human instincts of the American people.

We cannot go on forever doling out billions upon billions for causes and slogans which have no relation to the hard realities of European power politics.

For our unselfish participation in World War I we gained the not too flattering sobriquet of "Uncle Shylock."

Today we are away out front for the new title of "Uncle Sucker."

The American people understand clearly that this Nation spent \$31,000,000,000 to win World War I. When the smoke of battle cleared, they discovered that the peacetime Federal budget had advanced from less than \$1,000,000,000 a year to an average of almost \$5,000,000,000.

Then the Nation was called upon to spend \$340,000,000,000 to win World War II. And when that victory was won, they found their annual budget of \$5,000,000,000 had advanced to an average of more than \$40,000,000,000 for the first three postwar years.

This is the true measure of our cash contribution to the age-old game of European power politics. I will later discuss other contributions we have made to the welfare of other nations.

Our common sense tells us that we have been following false prophets. We have forgotten our great heritage of freedom. Have we forsaken the Providential guidance which made us, for a time, the one nation in all human history which gave fair promise to develop the techniques of abundance, security, and peace?

Who has betrayed our great heritage?

Who were the authors of the secret diplomacy which delivered this Nation into the bogs of two World Wars within a single generation?

These are the questions which trouble the mind of every American today.

They must be answered.

The era of easy, airy fiction is gone.

The American people now are looking at the raw roots of their \$400,000,000,000 folly in two Democratic crusades.

Already on the lips of the cynical demagogues of the third party the new slogan is forming for the political canvass "Vote Democratic and Let's Have Another World War."

Great as has been the economic cost of war and peace under the leadership of the Democratic Party in two world wars, the American people have also carried an immeasurably greater burden in grief, bereavement, and anguish for those

killed and wounded in action. From the official reports of the military service, I summarize in table I the personnel losses of the two wars.

TABLE I.—Killed, wounded, and nonbattle deaths (all military branches)

World War I:	
Killed in action.....	39,400
Died of wounds.....	14,000
Nonbattle deaths.....	76,800
Wounded in action.....	204,000
Total World War I.....	334,200
World War II:	
Killed in action.....	232,700
Died of wounds.....	30,371
Nonbattle deaths.....	137,300
Wounded in action.....	660,800
Total World War II.....	1,061,171
Grand total 2 wars.....	1,395,371

DEFAULTS ON DEBTS FROM WORLD WAR I

Every debtor nation of World War I, with the exception of Finland, today is in default on its repayment schedule as accepted in the funding agreements of the 1920's.

The total owing to us on World War debts as of January 1, 1948, was \$15,460,248,348.03.

While the taxpayers of the United States have been paying the interest on an equivalent amount of our own national debt—which includes the above amount—for almost an entire generation, the debtor nations, with the notable exception of little Finland, long ago have forgotten these obligations.

Of 17 European nations obligated to the United States for World War I loans, 9 are now under the domination of Communist Russia. The combined World War I obligations of the eight Communist-dominated nations now in default under their funding agreements, amount to approximately \$700,000,000.

In addition, Russia and Armenia simply repudiated their World War I obligations, which were \$28,000,000 for Armenia and \$472,000,000 for Russia.

The following table II itemizes the amounts in default, by nations, as of January 1, 1948:

TABLE II.—World War I debt owed the United States as of Jan. 1, 1949

COUNTRY AND TOTAL INDEBTEDNESS	
Funded debts:	
Belgium.....	\$524,369,077.60
Czechoslovakia.....	186,541,050.65
Estonia.....	25,923,025.81
Finland.....	8,129,970.22
France.....	4,799,249,989.40
Germany (Austrian indebtedness).....	26,024,539.59
Great Britain.....	6,795,414,782.58
Greece.....	37,963,135.10
Hungary.....	2,906,863.47
Italy.....	2,064,667,784.34
Latvia.....	10,713,025.04
Lithuania.....	9,603,059.21
Poland.....	324,411,874.20
Rumania.....	79,435,017.34
Yugoslavia.....	64,167,031.28
	14,959,520,225.83
Unfunded debts:	
Armenia.....	28,685,358.70
Russia.....	472,042,763.50
Grand total.....	15,460,248,348.03

LOANS AND GIFTS, WORLD WAR II

During the years 1941-46 we gave away \$50,000,000,000 plus under the lend-lease program. The only offset against this vast expenditure was \$7,819,322,000

in reverse lend-lease, all of which also was plowed back into the war, either at home or abroad.

The following table III itemizes the principal lend-lease totals by nations, while table IV summarizes the British Empire's account for both wars:

TABLE III.—Lend-lease grants

British Empire.....	\$31,392,000,000
Russia.....	11,058,000,000
France and possessions.....	3,323,000,000
China.....	1,564,000,000
All 35 others.....	3,205,000,000
Total.....	50,692,000,000

TABLE IV.—British Empire's account

Lend-lease.....	\$31,392,000,000
Defaulted debt, World War I.....	6,795,000,000
1946 loan.....	3,750,000,000
Total.....	41,937,000,000
Reverse lend-lease from British Empire.....	6,752,073,000
Net total.....	35,184,927,000
Britain's contemplated portion of the Marshall plan.....	5,350,000,000
	40,534,927,000

POSTWAR GIFTS AND LOANS

Mr. Chairman, with the expiration of the lend-lease program, we began a new policy of separate loans and grants to various nations, plus contributions to launch several international organizations, such as the International Bank for Reconstruction and Development. At the same time, we expended the capital of the Export-Import Bank to make additional loans available to support international trade.

Most taxpayers in the United States do not realize that between the end of the war in Europe in May 1945, and May 9, 1947—exactly 2 years—the United States made available for foreign relief and assistance the astonishing sum of \$21,000,000,000. These special-aid programs overseas are itemized in the following tables:

TABLE V.—Postwar foreign aid by United States

Contributed to:	
United Nations.....	\$29,289,349
UNRRA.....	2,700,000,000
World Bank.....	3,175,000,000
World Fund.....	2,750,000,000
Lend-lease.....	2,163,000,000
Other advances by the United States to foreign nations:	
Surplus property.....	1,148,000,000
Loans to Great Britain and the Philippines.....	4,390,000,000
War Department grants.....	1,771,926,293
Export-Import Bank.....	2,931,209,176
Total.....	21,058,422,818

EIGHTIETH CONGRESS APPROPRIATIONS FOR FOREIGN AID

The Eightieth Congress, elected as the first postwar Congress in November 1946, already has approved \$2,000,000,000 in overseas aid and assistance, before taking account of the long-term Marshall plan, as now proposed.

Adding this total of the Eightieth Congress to the earlier postwar programs, we arrive at total grants and aids overseas since May 1945,—2½ years—of \$23,076,995,818.

These figures mean that in less than 3 years postwar, we have made available

almost half as much for overseas assistance as we shipped on lend-lease during the entire war.

Well may we pause to inquire, in the light of the \$17,000,000,000 additional proposal, whether there ever will be an end to this outpouring of America's wealth and resources abroad.

Adding the Marshall plan to the amount already made available for such assistance programs since the end of the war, we arrive at the grand total of \$40,000,000,000 in postwar relief and assistance abroad, through 1952.

The following table VI tabulates the principal overseas relief appropriations of the Eightieth Congress to January 1, 1948:

TABLE VI.—Eightieth Congress appropriations for foreign aid

(As of Jan. 1, 1948, the 80th Cong. had appropriated the following sums for foreign aid:)

Greek-Turkish loan.....	\$400,000,000
Liquidation of Lend-Lease.....	500,000
Relief of war-devastated areas.....	350,000,000
International Relief Organization.....	71,073,000
Military relief in occupied areas.....	600,000,000
Interim-aid bill of 1947.....	597,000,000

Total, Eightieth Congress.....	2,018,573,000
Total, table V.....	21,058,422,818

Grand total, postwar (to Jan. 1, 1948)..... 23,076,995,818

NO COLLECTION POLICY

The State Department acknowledges that it has no fixed policy to demand repayment of any funds spent abroad for assistance. About a year ago, on April 25, 1947, the Committee on Foreign Affairs submitted its report on H. R. 2616, authorizing \$400,000,000 for aid to Greece and Turkey—House Report No. 314, Eightieth Congress, first session.

In that report the policy of the State Department is set forth clearly on page 8. That policy provides that any funds spent for military purposes should be advanced as a clear grant. Financial assistance for civilian consumption also should be extended as a clear grant. It is the policy of the State Department to consider repayment arrangements only in the case of capital assets which increase production.

However—

The State Department added—

financial repayment obligations should not be established if there appears to be no reasonable prospect of repayment.

That is the sum and substance of the State Department's collection policy. The first two principal categories of overseas expenditures are not even considered as repayment items. The third category—capital tools—will be considered repayment items only when the Department decides that such repayment would be agreeable and convenient to the borrowing nation.

Considering the international defaults on United States loans during, and following World War I, the American people can easily calculate how much will be

repaid on this new outpouring of American wealth.

OVERSEAS LOANS AND GIFTS

Before we determine to approve further expenditure of American resources in the maelstrom of European power politics, we would do well, I think, to review our efforts in overseas relief and assistance to date.

An honest casting of accounts since 1917—a period of 30 years—raises grave question whether these programs are really helping the nations of Europe toward economic stability, representative government, and world peace.

We have financed and fought two world wars, and already are under great pressure to support an international police force to head off world war III.

Our net gain is a Federal debt of \$256,000,000,000, or about \$1,830 for each man, woman, and child in these United States.

Since 1917, our gifts and unpaid loans to the nations of the world, exclusive of direct commercial loans by nongovernment agencies, have reached the well nigh incredible sum of \$88,632,244,000—an amount which approximately equals the total Federal Budget for 18 years at the pre-New Deal average rate of four and a half billions a year.

The following table—table VI—summarizes our overseas accounts receivable plus all our public grants and gifts abroad since 1917, up to January 1, 1948, and including the proposed Marshall plan.

TABLE VI.—United States aid to foreign Nations

World War I debt owed	
United States, Jan. 1, 1948—	\$15,460,248,000
<hr/>	
Lend-lease aid to Sept. 30, 1946—	50,692,000,000
Foreign aid from end of World War II to July 26, 1947—	22,479,996,000
	<hr/>
	73,171,996,000
<hr/>	
Total United States aid—	88,632,244,000
Credit:	
Reverse lend-lease as of Sept. 2, 1945—	7,819,322,000
<hr/>	
Net United States aid to Jan. 1, 1948—	80,812,922,000
Marshall plan—	17,000,000,000
<hr/>	
Present net total of past and proposed United States aid—	97,812,922,000

If we add to this breath-taking total the \$5,000,000,000 recommended for special aid and assistance in South and Central America, we arrive at a grand total for overseas relief of \$104,000,000,000 since 1917.

That's how much we have given away—after financing and fighting the two wars.

Had we spent that one hundred and four billions at home, we might have provided a \$10,000 house for each of 10,400,000 veterans.

The chief difference is that the veterans would have repaid our Treasury in about 20 years.

Under present conditions and circumstances, we will receive microscopic payments only in return in five times 20

years. In the meantime, our people will carry the burden of debt and taxes that now make life a serious problem for a great majority of them.

Mr. Chairman, I sincerely believe that the issue at stake is the survival of American institutions. There is something so abnormal, so self-annihilating, about a program that calls upon a single country to take care of 20 others that I cannot believe that such a program originated in the United States. The fact is that during the past 10 years the country has been subjected to an incessant stream of propaganda in behalf of foreign interests, and I think it is time to call a halt.

Mr. Chairman, under unanimous consent to extend my remarks in the RECORD and include therein excerpts from a very fine article by Henry J. Taylor, appearing in the current issue of the Cosmopolitan magazine, I include the following:

WILL YOU BUY THE MARSHALL PLAN?

What are the chief arguments usually advanced for our buying the latest plan now that it is no longer merely an idea with good objectives but has become a specific piece of proposed legislation, presented on an all-or-nothing basis?

1. We must protect western Europe from the Communist menace.

2. Our own economic self-interest (i. e., avoiding a depression) is involved.

3. We can afford to be generous on this scale on a humanitarian basis.

Before we examine the validity of these arguments, let's see how and where the plan really began.

It began in London. I was there when it started. While it was being put together abroad, I journeyed to most countries involved: England, France, Italy, Greece, Switzerland, Belgium, Luxembourg, Holland, and Germany. I went to Paris while it was finally being thrashed out there. I came home and saw it finished in Washington, D. C.

Much of the European story behind the headlines and public speeches has not been told. The facts about the birth of the plan abroad, the inside inter-European commitments and cross trades, the amazing contradictions in the program itself—all are vital, but smothered. The effect on us in our homes and work places is certainly not clearly understood. So come to London for the real beginning.

In January 1947 British Foreign Secretary Ernest Bevin notified Secretary Marshall that new large-scale American aid for England was necessary, or Britain would suffer economic collapse by June.

He made a request that was kept top secret. He asked for the equivalent of \$5,500,000,000 over the next 4 years. The 1945 congressional grant of \$3,750,000,000 was being consumed at twice the rate anticipated. It was passing through the British economic system without long-term effect.

Bevin's preliminary appeal for a new loan was not made known to either the American or British public. Even the forthcoming crisis itself, foreseeable from the inside, was played down until it burst full-blown in July. Meanwhile, this is what was happening:

In a series of January dispatches to London, Secretary Marshall told Bevin that in his opinion Congress would not again appropriate a large, new fund for Britain except possibly as part of a general economic program for European recovery. Congress had objected to the original British loan because it did not represent a rounded European solution.

Throughout February, Bevin replied that the British Government understood this objection, in principle, but—as at the time

of the original 1945 grant—England could not wait for such a widespread program.

In London you could see that a feeling of being bogged down permeated the British Foreign Office. Bevin neded action. He got it. He implemented his claim for separate aid by suddenly announcing that Britain was so hard-pressed that she would have to withdraw immediately from Greece.

Bevin ruffled tempers in the State Department, for he announced this in Washington and London at the same time, and publicly. But the American agreement to take Britain's place in Greece (with Turkey later included), and to vote \$400,000,000 for this purpose, was the answer.

Revealed March 12 as the Truman doctrine, this was, in fact, a stopgap substitute for new, large and direct aid for England, which it was clear Congress would not grant.

Prospective British withdrawal from obligations in western Germany, and the assumption of these occupation costs by America were agreed to at the same time. But this part of the agreement remained "top secret," and announcement was withheld until November.

Nevertheless, British insistence on straight separate aid did not slacken. The pressure was increased throughout the spring, not only on President Truman and Secretary Marshall, but also on most members of the United States Cabinet, and especially on Secretary of the Treasury Snyder. That pressure had reached a climax by June 1.

On June 5 Secretary Marshall made his now famous commencement speech at Harvard. He was speaking primarily to England—a fact fully realized by Bevin but lost on the British and American public alike—when he said, in three sentences, that further large-scale American aid could be expected only as a part of a general coordinated European program. With that, Secretary Marshall dropped the subject. But when Mr. Bevin tagged it the "Marshall plan," the force of a great American name was lent to the subsequent European proposals.

I was in London when the British Ambassador in Washington confirmed the fears of the British Government that England had lost her priority on American assistance. At that point what has since been called the "Marshall plan" become really the Bevin plan. It became Secretary Bevin's responsibility to construct an outline for American aid to other countries in such a manner that approximately the same amount of aid would go to Britain as if the separate aid, asked for in January, had been judged agreeable to Congress.

This Mr. Bevin accomplished in the Paris meetings of 16 nations during July, August, and September, which I went to Paris to observe.

Mr. Bevin's January appeal to Secretary Marshall for five and a half billion dollars went into the Paris plan from the outset and stayed there.

France and Italy objected strenuously to the British proportion. But they played along with England's big long-term proportion in exchange for a "bird-in-hand" understanding that England would support immediate United States stop-gap aid for them amounting to \$685,000,000.

Mr. Bevin agreed. The British Government went on record with Secretary Marshall as urging \$685,000,000 American stop-gap aid for France and Italy, \$227,000,000 to Italy, \$458,000,000 to France. They got \$540,000,000 in stop-gap aid on December 19.

Now the time has come to act on the long-range presentation—predominantly aid-to-Britain, plus the additional collateral reliefs.

The overshadowing aid-to-Britain feature was kept carefully under wraps, a fact first noted by Washington newspaperman Peter Edson.

Page after page of other statistics are supplied in the official presentation to Congress. But in all the 131 pages, the percentages of American aid allocated to each country and the predominant share scheduled for England are not revealed. It required a separate investigation to obtain for this article the official figures showing where our billions would go country by country.

Here are the facts:

England-----	\$5,348,000,000
France-----	3,701,000,000
Italy-----	2,913,000,000
United States-British zone, Germany-----	2,499,000,000
Holland-----	2,436,000,000
Belgium-Luxemburg-----	1,419,000,000
Austria-----	713,000,000
Denmark-----	582,000,000
Ireland-----	497,000,000
Greece-----	473,000,000
Norway-----	234,000,000
Portugal-----	150,000,000
Iceland-----	38,000,000
Turkey-----	18,000,000

Total----- 21,021,000,000

Sweden and Switzerland are in for nothing. Actually they expect a favorable trade balance of about \$176,000,000. This means net requests for over \$20,000,000,000 from Uncle Sam. The difference between that figure and the announced seventeen billions is to be made up chiefly by the International Bank and Monetary Fund, which is also 80 percent United States taxpayers' money.

England's \$5,348,000,000, which is one-third of the seventeen billions in the Marshall plan, is exactly the amount asked for by Bevin in January, 6 months before Marshall attempted to answer England at Harvard University.

That, in brief, is the background of the plan. Now, let us consider the arguments advanced for its support.

Is the threat of communism in western Europe a valid argument. If so, Britain's 32 percent share in the funds must be automatically excluded from this claim. No one has even suggested that the British people are on the verge of voting Communist under any circumstances.

This is admittedly and equally true of 9 more among the 15 other countries involved: Ireland, Iceland, Denmark, Portugal, Belgium, Luxembourg, the Netherlands, Sweden, and Switzerland. These represent another \$5,000,000,000; a billion dollars to Ireland and Denmark alone.

The Communist problem in two other countries involved, Austria and Greece, is commonly conceded to be military, not economic. This means that anticommunism appeal to us to buy the plan, is largely confined to France and Italy, where communism has been consistently losing ground in the grass roots for over 2 years, and western Germany where the last Communist vote was 7 percent, Turkey 4 percent.

Once revealed on a country-by-country basis the anti-Communist angle in the overall "all or nothing" \$17,000,000,000 presentation takes on a different aspect. And, in any case, few military men would care to argue that dollars alone would be effective if the Red Army marched.

What about the argument that America's economic self-interest is involved, that we must export to avoid depression?

We are in a fight against inflation. Yet nothing could be more inflationary than vast exports at public expense, not repaid, striking us squarely in our shortages.

Our exports in 1947 totaled \$14,500,000,000, chiefly free. Our balancing imports were \$5,500,000,000; an overexport gap of \$9,000,000,000. We know, or should know, these exports are abnormal.

Our real trouble today is that the home demand—to say nothing of foreign gifts—is far in excess of our ability to produce.

We need not worry about a falling off in demand for things we can't produce. We should not buy that idea. If there is to be a decrease in our exports—and that appears to be the thing the foreign-relief planners and other prophets of our domestic doom seem to fear—this is the best possible time to absorb the reduction. They should either admit this fact or else not claim they are trying to fight inflation. Both contentions cannot be true. If there is really going to be boom and bust, all we have to do is ship enough goods abroad for which we won't be paid to assure it. We went on that ride once before—after the last war.

And the argument that we can afford to be this generous on a humanitarian basis? This is the major claim on which the issue must be decided and changes in the commitments made or not made in the plan.

It is the direct cost at home and the results abroad which must be considered.

Our civilization is founded on compassion and charity. The deep and honest desire of the American people is to help people abroad as much as we can within good and generous limits. No other nation in the history of the world has ever regarded the rest of the world in this light. That is another reason why we can be proud we are Americans. But this does not permit continually giving Europe a blank check on our resources or on our lives.

Further, why are we not told clearly a little-known fact about our official charity; namely, that our aid does not actually reach people abroad as a free gift, as millions of Americans suppose?

By and large, the people abroad buy from their governments or middlemen what our Government sends free. They do not receive our gifts as charity. Their governments and others overseas, pocket the difference. Practically none of the official donations of the United States Government end up as charity to the wretched. That is why so much of our vast aid is unknown to individuals in Europe.

Will the plan, if adopted, be ably administered? No one can say, but we will have to do better than we have been doing. Look at the way we have handled our No. 1 problem—Germany.

As working people in America, our dole to Germany is costing us about a billion dollars a year.

The Marshall plan countries surrounding Germany—Switzerland, Holland, Denmark, Sweden, France, Italy—whose economies are interwoven with Germany's productivity, suffer through the German paralysis. So most are among the 16 nations now asking us for aid. With Germany on a dole, they must ask us for a dole too.

Accordingly, in restoring the productivity of Europe, it is only common sense to begin with Germany—the sector most demoralized and over which we have large control—yet with all safeguards against German rearmament of any kind.

Since we say the Marshall plan is dedicated to European recovery, and Secretary Marshall himself speaks of German peace-production recovery as the crux of the problem, our public may suppose that at last we have changed our original scorched-earth policy in Germany. But fantastic as it may seem, at the same time that 1 set of hands in 1 of the 20 separate buildings that house the State Department in Washington was writing the Marshall plan for Congress, another set of hands in another building was writing a new and sweeping directive for further dismantling peace-production machinery in Germany.

In our western area over 600 nonwar German industrial plants are now to be dismantled, scrapped, or removed as reparations under this new 1948 dismantling policy. Some 30,000 German workers have been with-

drawn from production to carry out this new dismantling program.

The paralysis we are maintaining in Germany hits Italy more seriously than any other country in western Europe. Accordingly, Congress was called upon to vote Italy \$227,000,000 stopgap aid in December, and the Marshall plan emphasizes, with nearly \$3,000,000,000 more, the difficult situation there.

With one hand we choke off German peacetime productivity in the center of Europe and deal out a dole; with the other hand we enlarge the dole to Germany's neighboring countries. It seems one hand doesn't know what the other is doing. * * *

Europe's recovery problem is primarily a production problem. Any program we enact, in order to succeed, must be administered here and abroad by hard-headed, realistic, production-minded Americans especially qualified for the gigantic task and operating as a selected agency for this complex effort.

Instead, nine departments are directly involved in a set-up so confused, conflicting, intertwining, and unworkable that the official organizational chart itself is utterly bewildering—even to the men who drew it. Said one of them to me, "It looks like Gracie Field's 'Biggest Aspidistra in the World.'"

If we haven't learned anything administratively from the twenty-two billion we've already spent, we had better learn something, and make the necessary administrative changes, before we spend seventeen billions more; an amount equal to practically the entire profits of all American industry here at home last year.

Some form of aid to Europe is doubtless indicated, but is it not reasonable to suggest that any further congressional appropriation be limited to 1 year? We should not be committed for a longer program since we cannot know what our friends abroad may or may not do for their own self-help or what may develop here at home. Further bills can always be passed, when and if needed.

The Marshall plan means \$7,000,000,000 of taxes in 1948 from all of us beyond what we would otherwise pay.

Some say that if a billion dollars of the new aid is handled by the International Bank (80 percent United States money), the taxes may be "only" \$6,000,000,000 this year. But the plan calls for \$6,800,000,000 in the first 15 months. This sum is nearly two-fifths of the total sum paid in personal income taxes by everybody in America this year. It almost equals the income taxes paid by all American corporations. It is about 70 percent as large as our entire national-defense budget, already voted. Yet it excludes new and forthcoming "little Marshall plans" for Latin America, Asia, the Middle East, and Indonesia, the patterns for which it will establish.

It does not seem to take into account the fact that there is a limit to the number of failures America can absorb.

At some point our leaders failed, or we would not have suffered as we did in the depression. At another point our leaders failed, or we should have been so strong on land and sea and in the air that there could have been no war, and certainly no Pearl Harbor.

Now they fail again if they do not see that the future peace of the world depends on the internal strength of the United States. And they fail yet again if they squander our strength so we are weak when the chips are down.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Minnesota.

Mr. KNUTSON. What the gentleman has stated is absolutely true. Unfortu-

nately the same group is in control today and they are dragging us into World War III.

Mr. WOODRUFF. And their technique also appears to resemble very closely the techniques frequently used heretofore.

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. SADOWSKI].

(Mr. SADOWSKI asked and was given permission to revise and extend his remarks.)

Mr. SADOWSKI. Mr. Chairman, I hope it has not become a sin for a Democrat to criticize monopolists, cartelists, and international bankers. If it is, then some of us Democrats are in the wrong party, and I am sure that this Democrat, the Congressman from the First District of Michigan, is not one of them.

HOW ERP HELPS THE GERMAN WAR MAKERS

The best of America went into the fight against Hitler's Germany. Young Americans died all the way from the Normandy beaches to the Elbe River so that Hitler's bloody rule could be broken. All of America's vast industrial power was harnessed in the fight.

The fight was won. And now the victory is being thrown away.

Before our eyes, Germany is being rebuilt. It is being rebuilt for the same despicable pack of militarists, cartelists, and Junkers who made Hitler's war machine and who still remain in Germany. The process has been going on for more than 2 years. At first it was done in secret. Now with the ERP the rebuilding of Germany has come out into the open.

A reconstructed, cartel-ridden Germany is the very heart of ERP. Without Germany you would have no ERP. The matter was never stated more bluntly than by one of the men who drafted the Marshall plan, the former Under Secretary of State, Dean Acheson. On June 25, 1947, Acheson said:

Putting in working order the German production is considered by the American Government as the cornerstone of the plan which the European countries will be able to elaborate within the framework of the Marshall plan.

So the record shows that ERP is the capstone in the building of a new Germany which in every important respect is like the Germany which twice in our lifetime set loose untold destruction upon the world.

A CLEAN BILL OF HEALTH FOR CARTELS

During the war no one dared say a good word for the German cartels. The facts were too painfully clear. The cartels were the huge monopolies which strangled democratic life in Germany and turned a whole nation into a war machine. Hitler himself and the vicious thugs around him owed their jobs to the support of the cartelists.

Today the German cartels have been given a clean bill of health by our own Office of Military Government under Gen. Lucius D. Clay. It took a year and a half of military occupation before a law ordering the dissolution of the cartels was passed in February 1947. Now the law is set aside. All cartels, except those producing consumer goods, are to be let alone.

The branch of military government which was supposed to break up the cartels has been cut in strength from 150 people to about 25. A plan was ready for the breaking up of the Henschel Co. Henschel had a monopoly on railroad locomotives. They also produced tiger tanks and other weapons of war. Now by the new order, Henschel is to be let alone.

The man who is supposed to carry out this order which treats cartels so tenderly is named Richardson Bronson. The facts came out when he told his staff about the order and they could not stomach it.

Over Bronson is Phillips Hawkins. Hawkins is the son-in-law of Brig. Gen. William H. Draper, Under Secretary of the Army, about whom I spoke last July, and I shall have more to say later. The order which saved the cartels originated somewhere between Clay, Hawkins, and Bronson.

All these facts were broadcast to the world by Delbert Clark, reported for the New York Times. I regret to say that no congressional investigating committee saw fit to delve into these facts. It seems to me such an investigation should precede any serious attempt to render proper and effective aid to meet the needs of the peoples of Europe.

However, if a newspaperman whose statements have not been denied in any way is not sufficient witness, I have further evidence to offer. I have received, and I submit for the record, a memorandum signed by 19 courageous men and women. These 19 were members of the staff of the decartelization branch of military government. They felt so strongly about the outrage committed against the good job they were trying to do that they jointly signed a memorandum to General Clay setting forth the facts in the situation. It is interesting to note that the orders Bronson gave to his staff, saying they came from General Clay, were entirely oral. Apparently no one had nerve enough to put such orders in writing.

OFFICE OF MILITARY GOVERNMENT
FOR GERMANY, UNITED STATES,
Berlin, Germany, APO 742,
March 13, 1948.

Subject: Decartelization policy.

To: The military governor, office of military government for Germany, United States, APO 742, United States Army.

1. On March 11, 1948, Mr. Bronson called a meeting of all the members of the Decartelization Branch and read excerpts from a memorandum which he said you had approved and had been approved in principle by the State Department. This memorandum announced a new policy for decartelization. In the opinion of the members of the staff it virtually repeals the decartelization law and contravenes the July 15, 1947, directive. We asked Mr. Bronson to furnish us copies of this memorandum and he refused. Therefore, many members of the staff prepared memoranda and we herewith respectfully submit a composite version for whatever clarification you might consider necessary.

2. Mr. Bronson stated that your orders were as follows:

(a) No deconcentration action is to be taken against enterprises in the capital goods or heavy industry field but only against enterprises having monopolies in consumer goods.

(b) No action is to be taken against vertical integrations.

(c) The only standard to guide our future proceedings is a rule of reason.

(d) No action is to be taken against Henschel, although the Bipartite Decartelization Commission had found it to be an excessive concentration within the terms of law No. 56, and no action is to be taken against VKF.

(e) Enterprises against which no action is contemplated are to be officially given a clean bill of health soon.

(f) Violations against trade practices provisions of law No. 56 are to be pursued and eight such cases against now unknown companies are to be submitted by May 2, 1948.

3. It appeared to be the unanimous opinion of the staff of the decartelization branch, or at least no contrary opinions were expressed, that the order given by Mr. Bronson excludes from decartelization action the principal group of monopolistic enterprises which the law says must be eliminated. We do not believe that such amendatory restrictions should be made except by either repeal or drastic revision of the law itself. The law does not draw any distinction between capital goods industries and consumer goods industries. On the other hand, it is our view that monopolies in the capital goods industries are far more frequent and more repugnant to the purposes of the law than are concentrations in consumer goods industries. The effect of such an amendment, we believe, would be to leave the fundamental concentrations of economic power intact while engaging in little more than harassing attacks on the smaller companies. This, of course, aside from being in contravention of the law would tend to make its enforcement unpopular and completely ineffectual.

4. We also think there are very serious objections to giving immunity to "vertical integration" since the law makes no such exceptions; we believe that to give a "clean bill of health" to subjects of investigation is contrary to all established principles of law and law enforcement; and we think that being guided by a "rule of reason" rather than standards in the law offers many obvious dangers.

5. Since it is inevitable that such a new policy, given only by verbal instructions, has produced a state of demoralization throughout the staff we respectfully request that you give us a clarification.

6. It is of importance to add that no solicitation was made in behalf of this memorandum. The following members of the staff are among those who voluntarily asked to join in this expression.

Johnston Avery, Francis W. Laurent, John J. Barron, Charles Rotstein, R. R. Rathbun, David Denson, Charles C. Baldwin, Alexander Sacks, Fred Levy, Irene Ball, George J. Stanger, Samuel L. Kobre, Henry Heymann, Charles A. Dilley, Virginia M. Marino, Kathryn R. Beaty, Clifford A. Russell, Harry Gabermann, Leslie Grant.

Copies to: Hawkins, Bronson.

It is hard to realize that the men who are saving the German cartels once took orders from the wartime Commander in Chief, and the greatest American of our times, Franklin D. Roosevelt. To rescue the firm of Henschel which made Tiger tanks is an insult to the memory of Roosevelt. On September 6, 1944, the late President wrote to Cordell Hull, saying that action against monopolies was part of the best and strongest tradition of American life. He said:

Unfortunately a number of foreign countries, particularly in continental Europe, do not possess such a tradition against cartels. On the contrary, cartels have received encouragement from some of these governments. Especially is this true with respect to Germany. * * * The history of the use of the I. G. Farben trust by the Nazis reads like a detective story. Defeat of the

Nazi armies will have to be followed by eradication of these weapons of economic warfare.

So a great man's words go unheeded.

Let no one say that we have only just recently begun to go easy on the German monopolies. All this has not happened recently as part of the break-down of relations with the Russians. From the very beginning there has been opposition, in high places in our military government in Germany; to anything which would hurt Germany monopoly.

To take only one example from many: We have never touched the strangling grip of six big banks on German life. The six big banks, known as the "great banks," had great control over all industry in Germany. They grabbed off a lion's share of the loot of conquered countries. They had a key part in the operation plunder which so ruined Europe that it is necessary today to talk about European-aid programs.

And what did we do about the Big Six banks? After great effort, military government managed to get out reports of investigations of two of the six, the Dresdner and the Deutsche banks. None of the directors of those banks has been punished for war crimes, though we have had many of them in our hands and used them as advisers.

SAME CARTELS, SAME LEADERS

We are saving the cartel system in Germany. What is worse we are saving the men who built the cartels and made them work. Again, this is not something recent. If the orders of Roosevelt had been carried out, none of the industrialists who committed war crimes would be left in positions of trust in western Germany today. Yet in fact they are as firmly entrenched as ever.

Here are some of the cartelists who made the Nazi war machine run and who are back at the old stand today, ready for business:

Alfred Hugenberg. Hugenberg was a heavy contributor to the Nazi Party war chest. He was a member of the first Hitler cabinet. Since the defeat of Germany he has been very active in the German steel cartel.

Ernst Poensgen. He was chief spokesman for German heavy industry for more than 30 years. In 1943 he was retired on Hitler's orders so that he could be used in case of defeat. He is now the head of United Steel Works, the huge German steel trust.

Heinrich Dinkelbach. He was a notorious Nazi and a director of the steel trust. He is again a leader of the steel industry in Duesseldorf and he used his new authority to obtain the freedom of 27 steel officials who had been arrested because they were important Nazis.

For the record some of the others are:

Robert Pferdmenges. A leading Nazi. Once the richest man in Germany. Now member of the economic council for Bizonia, the combined British and United States zones.

Herman Abs. Head of the Deutsche Bank, one of the big six. Leader in the loot of Europe. Since the war's end, adviser to British officials in Germany.

Wilhelm Zangen. Leader of the Mannesmann combine. Active Nazi. Now

trying to revive the international tube cartel in Europe.

Wolf Witzleben. High official in the Siemens electrical trust. High in Nazi circles. Was found guilty of war crimes by a German denazification court, but has been returned to work by Allied authorities to coordinate Siemens operations.

Others with equally bad records, still in positions of great responsibility are—Johan Benkert, Bruno Pohlmann, Harald Rasch, Helmuth Vits, Reinhold Maier, Wilhelm Simfendorfer, Joseph Baumgartner, Hans von Schlange-Schoeningen, Gustav Kilper, Joseph Beyerle, Walter Widmann, Anton Pfeiffer, President Lahr, Wilhelm Schlieker, Paul Maulick, Friedrich Wesemann, and Herman Kellermann.

It might be said that most of the men I have listed were in the British zone. That is natural enough. The bulk of heavy industry in the west of Germany was in the British zone. But it was our military government which appointed Reinhold Maier head of the state of Wurtemberg-Baden. Maier was a member of the German Parliament in 1933 and voted to give Hitler full powers. He said at the time, "We feel ourselves as one with the views expressed by Hitler here today."

We appointed a man named Joseph Baumgartner as minister of agriculture in Bavaria. He said in a secret meeting: "Today only third- and fourth-rate Americans are here in Germany. It can be observed everywhere that the majority of important Americans here consist of Freemasons and Jews."

Hitler may be dead, but his voice echoes through the hills of Bavaria.

And what of Hitler's generals, the Junkers themselves? A handful have been tried for atrocious crimes. Most of the rest go free and unwatched.

Between the two world wars, the German general staff kept itself alive. It never stopped planning for the new campaign which came in 1939. This time we said we would put an end to their schemes.

I am not one who can easily forget those German people who went along with Hitler on his mad crimes against the world. Yet we cannot turn the blows of punishment mainly against the common people of Germany. The ordinary German can very well say to us today: You came here talking of democracy. You leave us in the hands of the same Ruhr magnates and militarists who led us to dictatorship and ruin. Why don't you give us the democracy you talk about?

EVEN THE NAZIS ARE NOT CLEANED OUT

Through denazification the Nazi party members were to be cleaned out of all important jobs in Germany. The actual story of denazification is one of miserable failure. It is important to note that the place where the greatest opposition to kicking out the Nazis developed was in the Economics Division of Military Government where General Draper's men claimed they needed Nazis to get the wheels of industry rolling again.

Within less than a year after the end of the war, the Office of Military Govern-

ment confessed to failure. It threw the whole problem of denazification into the hands of the German authorities which had been set up.

Toward the end of last year, military government issued a report on the progress made in cleaning up the Nazi party. Fully three-quarters of all those who were chargeable as Nazis had been amnestied. Less than 3 percent were found guilty of anything worse than thinking bad thoughts. The rest were turned loose.

Much more serious is the failure of the trials against cartellists who committed war crimes. One of the chief designers of Hitler's plan for world conquest, Hjalmar Schacht, was turned loose at Nuremberg. Flick, the steel baron who had a direct hand in atrocities, was given only 4½ years; two of his associates got lighter sentences and three others went scot-free. The trial of the infamous I. G. Farben and its directors is dragging and there are doubts now if punishment will be ever be meted out to the greatest of all the war criminals.

GERMANY AS THE CORNERSTONE OF ERP

Germany as a warmaker is still not cleaned up after two and a half years of occupation. Yet this is the Germany which Dean Acheson called the cornerstone of the plan. Secretary of State Marshall himself said on November 18, 1947:

Without a revival of German production there can be no revival of Europe's economy.

Why are some Americans so sure that the rest of western Europe wants and needs a rebuilt Germany? Why do not we let them speak for themselves on this question?

Western Europe is anxious for aid. Like all Europe which was crushed under the heel of war, it needs aid. The 16 western European countries seem so anxious for our aid that they will accept German domination as the price for receiving it. But I have scanned the records and I have yet to find a responsible leader in the 16 nations saying that revival of Germany is indispensable.

The truth is that the help they wanted from Germany was in the form of reparations. We said we would give them reparations, in the form of whole factories and equipment. Yet almost nothing was ever taken out of Germany. We talked about dismantling 1,500 plants. Then we cut the figure to around 600. But neither figure means anything because we actually took machinery from only a handful of plants.

When we did dismantle plants, we helped build German monopolies. As for instance when we took equipment for reparations from the independent Kugelfischer ball-bearing works. This left VKF ball-bearing trust without competition. Is it an accident that VKF is linked to SKF in this country?

As the plans for ERP now stand, it is estimated that Germany will receive 28 percent of all aid to Europe. With this share of the program going to the unreformed warmakers, there can be only one result: Germany again will dominate its neighbors.

The Wherry amendment, supported by VANDENBERG, best illustrates the true intentions of ERP; when it will send gift packages postage-free from New York to Germany, but your neighbor who has destitute relatives in Poland, Yugoslavia, Czechoslovakia, Ukraine, and the other countries in eastern and central Europe still has to pay 14 cents a pound postage. So, it has come to pass that the Germans are a preferred class over our own allies.

Before the war there was a European cartel for every major commodity. In almost every case the Germans ran the cartel. Through ERP this situation would be restored.

In some ways, the plans which have been made for ERP indicate Germany will lord it over her neighbors even more completely than before the war. When the 16 nations met in Paris to consider the Marshall plan, they were given figures prepared by our military government. One of the tables showed that it was planned to export 5,500,000 tons of coke from Germany in 1951. Now in 1929, 10,000,000 tons of coke were exported from Germany. In 1938, when the Nazis were feverishly preparing for the war, they still exported 6,000,000 tons. Yet we propose to leave the Ruhr magnates with all but 5,500,000 tons of their coke. This is done in the face of the fact that the greatest need in western Europe is for coal and coke.

The picture which emerges out of all this talk about ERP is a European economic system like that which existed before the war. That was a cartel system with Germany at the center, pulling the strings. Out of that system came World War II. There is the danger that the same system will produce world war III.

WHY ARE WE REBUILDING GERMANY THROUGH ERP?

We owe it to the people of the United States to look closely at the records of some of the men who have been making our policies toward Germany. I believe the record will show that many of them have had close dealings with German interests over a long period of years. The habits of years are hard to shake off.

I have mentioned Gen. William Draper. He headed the Economics Division of MG under General Clay and is now the Under Secretary of the Army. He was formerly with the investment banking firm of Dillon, Read. Our Secretary of Defense, James Forrestal, is the former president of Dillon, Read. Dillon, Read was one of the firms which made the loans to German industry which helped them rebuild after the First World War. Is it mere chance that Draper's policies in Germany encouraged rebuilding the cartels after World War II?

One of the strongest cases for giving Germany back to the German cartellists was made by Louis Brown. He is of the firm of Johns-Manville, which has been linked in official Government reports to the house of Morgan.

John Foster Dulles has taken an active hand in making American foreign policy. He is considered a close adviser of Mr. Dewey and Mr. Hoover. Dulles has had close dealings—never denied—with the London banking firm of J. Henry Schroder. The London Schroders have been

intimately linked with the Schroders of Germany. Baron Kurt von Schroder, of Cologne, was called the SS banker. It has also been charged—and never denied—that Dulles worked with American branches of the notorious I. G. Farben.

The exact amount of connection between certain American and German firms has never been revealed. The Kilgore committee revealed that American firms had controlling interests worth \$420,000,000 in 278 German corporations. With minority interests, the American business stake in Germany probably was more than a billion. And this leaves out the question of cartel connections.

I do not say that laws were violated when American businessmen entered into dealings with the German cartels. I do say it is not good sense or sound policy to entrust our relations with Germany to those men.

President Roosevelt left a clear message for us and the world. He said: "Break up the German cartels. Clean out the Nazis. Punish the war criminals. Rebuild a peaceful and democratic Germany."

RUSSIA ALSO GUILTY

The United States and Britain are not alone guilty of this courtship of Germany. Even before the war, Russia was aiding and assisting Germany. Russia preferred the Nazis to the western democracies and was willing to share the prey with the Nazis. And since the war Russia and the United States are both currying Germany's favor. Each is trying to make Germany its agent and to make her an opponent of the other partner. It truly would appear that Germany has divided the Allies into four zones.

Instead of the Big Four being strong enough to decide the fate of Germany, it is the Germans who in the long run will decide the fate of the Allies. It is sickening to see the victors themselves paving the way for the victory of their own defeated enemy.

FRANCE IS OUR REAL FRIEND

If we want a bastion in Europe, if we want to build up a powerful nation to keep the peace, a nation that we can depend upon, a nation that has been our friend throughout the centuries, then I say it is France and the French people and not Germany and the Germans. France has been our friend and ally in every struggle throughout the history of our Nation, whereas we received German hatred and opposition from the time of the Revolutionary War when paid Hessian-German legions came to fight on the side of the British Tories.

In 1936 France was a greater power than Germany, but American and British bankers, monopolists, and cartellists poured their millions into Germany and re-created the Frankenstein which set out to destroy us. At this time the same thing is happening—again the big bankers and monopolists are pouring billions of dollars of our taxpayers' money into Germany. If we were rebuilding a strong and powerful France, the people of America would have no fear, neither would the people of Europe, because France is inherently honest, decent, and democratic. The French people have enjoyed liberty, and freedom, and cherish

it just as we do. This is not true of the Germans. Germany will take everything we have at this time, and when they have bled us white they will betray us to the Russians, or to some other power for a return of their expansion and "drang nach Osten" program.

DO BUSINESS ON A BUSINESS BASIS

After we passed the \$3,750,000,000 British loan, most Members of Congress felt like I did—that this was the end of the free gift money program for Europe; that all future loans and credits would be made on a business basis and go through the International Bank or the Export-Import Bank; and that we would resume peaceful international trade and commerce with all nations on the basis of equity and fairness. But instead, we are placing restrictions and embargoes against half of the nations of Europe, and at the same time we continue to throw away billions of our taxpayers' dollars in order to carry on the psychopathic program that our Wall Street bankers and militarists have pushed us into. For my part I am all through with this business; I do not fear the terrific propaganda that has been unleashed by the press and radio commentators. The truth will out, and the people of America will rise in their wrath and put through such a political house cleaning as we have never witnessed before. I predict that one of the two great parties, now engaged in this bipartisan program of bankrupting the American people, will go to political oblivion after the election of 1948.

REBUILD OUR OWN ECONOMY

It must have been a severe shock to the boys who want war and militarism to learn that this past week Turkey rejected our offer to send her \$100,000,000 worth of military supplies and instead requested aid to build up her internal economy. This, of course, is the best way to stop communism. That, by the way, is what we should do for ourselves. We have a shortage of school teachers, because salaries are too low. Thousands of Veterans' Administration employees to be laid off because of insufficient appropriations, school-lunch program curtailed, no money for old-age pensions for our own citizens. Factory workers, Government employees, white-collared workers, Government employees, white-collared workers generally have already cashed in their savings in war bonds because of inflation and the high cost of living. Small merchants and businessmen complaining that business is bad and getting worse because of lack of purchasing power among the people. Yet no attention is paid to these conditions in our domestic economy. Federal appropriations are being cut for projects and programs that would build up our own people and our own domestic economy, yet when it comes to dumping billions of our tax dollars in Europe and Asia, do not say a word, because you will be called a Communist.

Last week it took the House Foreign Affairs Committee only 30 minutes to approve the additional sum of \$570,000,000 for China when that committee studied this proposal. It will take years for the American taxpayers to foot the bill for

this additional gift. During this same 30-minute period, the committee also approved \$275,000,000 more in military aid to Greece and Turkey. This in addition to the \$5,300,000,000 for ERP.

Then let us take a look at the shocking contrast when it comes to appropriations of money to take care of our own people here in the United States who are in dire need of assistance. Our war widows and dependent children, for instance.

At the present time, a war widow without a child receives a Government pension of \$60 monthly; with one child, \$75.60; and with two children, \$93.60—\$1 a day per person to pay for rent, food, light and gas, medical care, life insurance, clothing, and other necessities.

And yet Congress has failed to take action on proposed legislation to increase the amount to as much as \$1.50 a day per person. They say we cannot afford it.

TAXPAYERS BEING BLED TO PAY OFF BANKERS

Look in the CONGRESSIONAL RECORD for Monday, March 8, page A1489, showing some of the debt claims filed with the Alien Property Custodian by J. P. Morgan & Co., Guarantee Trust of New York, Lee Higginson & Co., Claus Light, Bank of America, Manufacturers Trust Co., National City Bank of New York, National Shawmut Bank of Boston, New York Trust Co., Silesian-American Corp., and others, and then you will understand where this great pressure to put over the Marshall plan is coming from. Then you will see that all these billions are not just to bail out some poor Europeans and Chinese. A big portion of it will go to bail out international bankers and international speculators, and will be squandered by further building up monopoly and cartels. I am not going to bleed the American taxpayer, and cause greater shortages and greater inflation and wreck our economy at home in order to fatten international bankers, monopolists, and cartelists.

Here in the United States we have a shortage of steel. We need scrap iron to mix with the raw ore in order to make steel. We do not have the scrap iron. Our mission to western Germany has reported huge tonnages of surplus scrap iron and steel over there, something around 10,000,000 tons of surplus scrap iron is available. But these powerful German industrial war lords are sitting tight on this heap and will not permit its export to the United States. It will be interesting to find out just who are the powerful and influential friends who are aiding these German moguls. We have sent billions of dollars worth of food, material, and manufactured goods to Germany, but we cannot even get scrap iron in return.

I shall repeat again and again that our foreign policy must be changed so that we give aid and assistance first and foremost to those of our allies who were the most devastated by war. Justice demands it. To gain the confidence and respect of the people of the world we must do it.

MARSHALL PLAN IS NOW VANDENBERG PLAN

When Secretary Marshall announced his plan at Harvard, it was announced as a plan to unite and rebuild all of Europe,

east and west. Today Marshall is out of the picture. It is now the Vandenberg ECA—Economic Cooperation Act—and with the Knowland amendment, to which VANDENBERG agreed; it places an embargo against the countries of eastern and central Europe. Now is this the road to peace? You cannot have peace without trade. You cannot have peace in a divided Europe. Since the war, 71 trade agreements have been signed between all the countries of Europe, east and west. Now Senator VANDENBERG's ECA calls for an American embargo against the eastern and central European nations. We can now understand why they did not want the Marshall plan to go through the United Nations. Russia's policy was to keep the nations of eastern and central Europe dependent upon her. Now this ECA is following the same destructive line with the approval of the Senate. Will this work for world unity and give independence to the smaller nations?

I realize that any program must be political, but it is the wrong kind of politics that only breeds further misunderstanding, distrust, hate, and disunity. That is why I shall insist that loans be made through the International Bank in which we have 70 percent of the stock, but the other nations are members. If a nation defaults on its obligations it will lose standing and credit in the whole family of nations. It cannot just say "Oh, rich old Uncle Sam, he did not suffer during the war and he does not need the money." Also, I insist that we tie our every action around the United Nations Organization so it does not perish as did the League of Nations after the First World War. The UN is the only hope for peace in the world. We will have another war if Russia and the United States continue to play power politics and create world blocs. The United Nations should not be used merely as a spare tire. The UN should not be kicked around by the powerful nations and only used when they want to gain a selfish advantage.

We must remember that the British Labor Government had valiantly fought for nationalization of the German mines and the heavy industry in the Ruhr. The German people themselves demanded nationalization and insisted that the German war baron families like Krupp's Von Bohlen Und Holbach, Mannesman, Stinnes, Abs, Dinkelbach, and others, be divested of their power over the lives of the German people and the nation. But we insisted that these German war moguls retain private ownership over this vast war potential. But the Marshall plan was dangled before the British and they capitulated.

Certainly it is not the desire of the American people, German people, and especially those people of Europe, who suffered so much from these desperadoes, that they retain their power and might.

We must remember that in the eyes of the Europeans, how we handle the Ruhr and the German war potential is the test of our intentions.

PROFITEERING BROKE THE PEOPLE

One person recently wrote me:

We fought the War of 1776 to free ourselves from British taxation, and we have

been taxing the American people ever since to support the British.

Yes, and he says "How about a Marshall plan for our own people?" Last year the big boys squeezed out seventeen billions in profits out of the American people. That is above taxes. This is nearly double the net profits that they should have made. The lemon was squeezed so dry that the people have cashed in most of their war savings bonds in order to live. Last November I asked my branch bank manager, "Why the big rush of business? Why so many people waiting in line?" He answered, "That's a sorry business: Those people are waiting in line to cash their war savings in order to live. Their wages are insufficient to make ends meet under present high prices." I estimate that the public was skinned out of at least \$20,000,000,000 last year. That amount includes the excessive profits plus the taxes on these excessive profits that the corporations paid.

All of this money was taken out of the hides of the American consumers by the greedy profiteers. It is time that we drive this rapacious horde of profiteers out of the temple of democracy.

Is it any wonder that the merchants report that Easter business was bad when the purchasing public has no money and they have killed the goose that lays the golden eggs?

Another fellow wrote me:

It's marvelous how our Government works its bookkeeping. You give away six billion to Europe and Asia and then give the taxpayers five billion rebate. It's marvelous and mysterious. I wish I could run my books and business that way. But it's no use—my creditors would force me into bankruptcy.

Our policy reminds me of the fellow who has been out on a bad drunk, gets up the next morning feeling woozy and shaky, so in order to cure himself he drinks another quart of whisky and gets drunk all over again.

TAX DOLLARS GOING FOR WAR ARMAMENTS

Today, we are spending 79 cents out of every tax dollar for war or for war purposes, or for the aftermath of war; only 21 cents out of a dollar goes for education, rural electrification, highways, forests, parks, airports, commerce, industry, health, pensions for the aged and peaceful pursuits. Now, we will be asked to make more appropriations for war, militarism and destruction. I take my positive position against it.

During the campaign of 1938 I came out openly for the draft, military training, all-out armament. I said I could hear the clanking of the swords in Europe, I could feel and smell a war brewing. I was called a militarist, a war monger. I was defeated. I came back to my people with no apologies for my stand, and was reelected three times since, and in 1944 by the biggest majority of any Congressman in the United States.

DO NOT IMITATE THE HESSIANS

Today I see and smell no war. There is no clanking of swords, except those that we are furnishing. People have suffered too much; they are tired of war; they beg for peace. They beg for trade

and commerce, a chance to rehabilitate their war-devastated economy. Just like after a sickness, the fever in the body will throw out pus and corruption, so in Europe the same thing is occurring. Let us not be mislead. I can never forget the words of my father, when he retired and I suggested that he visit Europe. He replied, "Europe is still the same. Nothing to see there, except misery, poverty, hunger, and destitution. No black slavery, it is true, but classes and divisions among the people nevertheless." Corrupt governments, militarism, aristocracy, intrigue. There is so much to see that is beautiful in America.

Why do we insist on meddling in the internal politics of Europe, Asia or South America? Why do we send them guns, bullets, tanks, and bombers? These actions will only come to plague our children just as certainly as the sins of a father are visited upon his children. I would never refuse to send bread, clothing, medicine, and plows to help the needy people anywhere. For these gifts we will receive God's blessings, but it is a crime to send guns and bullets to Asiatics and Europeans for them to kill off their own brothers and relatives.

We had our renaissance with the American Revolution. We discarded royalty, classes, and European economic chains.

Europe has not had its renaissance yet. After the First World War they dumped the Hohenzollerns, the Hapsburgs, the Czars, and the Ottoman rulers, but the cleansing was not completed. The inherent rottenness and disease remained. At this time, let us remember how we resented the Hessian Legions horning in on our fight against the British Tories in 1776.

It is disgusting to see kings, queens, decrepit royalty, defunct European militarists, and Tories flocking to the United States, and our doors are still closed to the oppressed and homeless DP's who fought and opposed nazism, fascism, and communism. America, the land of freedom and liberty, the refuge for the oppressed and persecuted, has put on a high silk hat, tails and white tie and is now scraping and bowing to the politically degenerate of Europe. The Statute of Liberty must look down with amazement and horror at the new immigrants coming to our shores.

It is now evident that the Marshall plan, Truman plan, Churchill plan, the Hoover plan, the Colmer committee report, together with the recent moves in Palestine and Trieste, are all part of the big plan to scuttle the United Nations, to embark on a big military and armaments program, to rebuild Germany and to play power politics all over again. We are back on the merry-go-round for a bigger and more destructive world war III.

I shall vote against ECA and this whole evil business, although I know that it will be passed overwhelmingly on April 1, 1948. I cannot help but think what a tragic April fool's joke this will be on American people and all peace-loving people throughout the World.

Our policy for peace and prosperity should be to strengthen the United Na-

tions and give our efforts to building up our domestic economy at home to stop inflation and profiteering before it buries us in a panic and depression as we had in 1932.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SADOWSKI. Mr. Chairman, can the gentleman from West Virginia yield me more time?

Mr. KEE. I am sorry, but I have no time unallotted.

(Mr. SADOWSKI asked and was given permission to revise and extend his remarks.)

Mr. BLOOM. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

MARSHALL PLAN IMPERATIVE—UNITED NATIONS MUST BE STRENGTHENED

Mr. HOLIFIELD. Mr. Chairman, I have pledged the people of my district that I will support the Marshall plan. I had hoped when I made the pledge that I would have the opportunity of voting for a plan for European recovery similar to the resolution passed by the Senate. I regret that the bill before us has been changed and that additional legislative matters have been introduced. I shall vote against certain provisions of this bill, at the proper time. I shall support amendments which will strike out title 3, which provides for military aid to Greece, Turkey, and China, because I believe that the principle of military aid should be channeled through the United Nations Organization.

We should not do as Russia is doing: Namely, furnish to countries which we hope will be friendly to us, military supplies to wage either internal wars or wars against their neighbors.

In my opinion, such unilateral aid as was advanced last year to Greece and Turkey and is now proposed in title 3 of the present House bill is the wrong approach to the problem of securing world peace.

I voted against the so-called Truman doctrine last year, and I shall vote against the section of the bill which seeks to further military aid to Greece, Turkey, and the added country of China. If I am given the opportunity, and I hope that I will be given such opportunity, I intend to vote for a motion to recommit this bill, providing it has instructions to bring back the bill to the floor with section 3 deleted therefrom, I fervently hope that such a recommittal motion will be offered and will be accepted by this House. I do not believe that we are following good legislative procedure in taking two separate issues and combining them in one package, thereby forcing upon the Members of this House the inevitable choice of voting for that which they do not want, in order to get that which they fervently believe is necessary.

Unfortunately, we seldom have the choice in our votes on legislation between an ideal bill and one which we are totally against. Most of the legislation presented is a mixture of many ideas, many purposes, from many sources. We are therefore faced with the problem of evaluating the total contents of the bill and in the last analysis, voting for the bill if we believe its good

points outweigh its bad points. We are faced with such a situation in the House version of the European recovery plan.

It is my fervent hope that the objectionable features in this bill, the House bill, if not deleted, by amendments or recommittal, will be deleted in conference with the conferees of the Senate. I am sure that some of these objectionable features will be deleted in conference, as we know that both the ranking members of the Senate Foreign Relations Committee, Senator Vandenberg and Senator Connally, are agreed that the Senate version is the wise version for European recovery. We know that they are sustained in this position by the bulk of the testimony which was presented in the Senate hearings, including the testimony of our Secretary of State, Gen. George C. Marshall.

And so, it is with the hope of facilitating this legislation through the House in order that it may be perfected in conference that I shall support this bill even though section 3 to which I am violently opposed, remains in the final form when passed by the House.

There are many reasons why we should support the objectives of the European recovery plan. There is, of course, the humanitarian aspect of 16 western European nations which have been devastated by war, which have had their cities and their transportation systems destroyed on the battle grounds of World War II. We asked our allies, European allies of World War II, to destroy their power plants, their bridges, their railroad stations, and in fact every facility which would be of advantage to the on-rushing Nazis and Fascist army. We promised them that if they would do these acts, which were destined to handicap and slow the march of the Nazi hordes in their attempt to conquer the world, that when the war was over and when the Allied Nations had won the war, we would return and help them restore their shattered factories, bridges, homes, and transportation systems. We have the moral obligation of making good on that promise.

It was only one of the fortunes of fate that caused England, France, Italy, and the other nations of Europe to become the battleground of World War II. This fate, which chose them as the battleground, caused the destruction which we know occurred. Had the battleground been chosen by fate, or strategic necessity to be a location in the Western Hemisphere, in our own United States, then we too would have been in the devastated condition of the western European nations.

Therefore, as allies in World War II, our obligation to continue sharing the sacrifices which made the World War II victory possible, continues. The Marshall plan is a fulfillment of moral obligation to those people who fought by our side on the battleground of Europe.

We could not have won the war against nazism alone. We had to have European help. The mutual help of our allies and ourselves, made victory possible. It is only through further mutual help and cooperation, between the 16 western

nations of Europe and the United States, accomplished.

As an ardent supporter of the United Nations, I hoped with millions of other people throughout the world, that the United Nations could be used as the vehicle to accomplish the acts necessary to rehabilitate the world and to establish first, economic order, and second, political order, and third, world order and peace.

We thought, that in the United Nations, a proper mechanism for solving problems between nations by the use of international law, instead of national force, had been created. I still believe that if we had had proper leadership in strengthening the United Nations, that by this time, 3 years after its birth, the United Nations would be capable of handling international problems, but we have not had that leadership nor have we had cooperation among the Big Five in the Security Council. I could devote the rest of my speech to placing the blame on the different leaders of the great nations, and I honestly believe that a failure to strengthen the United Nations cannot be assessed to any one nation.

I believe that all of the leading nations have been responsible for the failure to strengthen the United Nations. I, naturally, do not blame them all equally. I think that the present time is no time to assess the blame. It is a time when we have to recognize the real situation as it exists. And that situation is as follows: The United Nations have been paralyzed by the use of the absolute veto. We know that the use of the absolute veto was advocated by the United States, Russia, Great Britain, France, China, and approved by all the other signatory nations. The record shows that the veto has been used 24 times. The record further shows that the veto was used by the Union of Socialist Soviet Republics 22 times out of the 24. Remember that each time the veto was used it was used against the majority opinion of the other members of the Security Council.

We faced then the realistic situation where international problems have been brought to a stalemate 24 times by the use of the single-nation-absolute veto. Another factor which has weakened the United Nations is its lack of ability to enforce a majority decision of the nations comprising the General Assembly.

We have recently seen the result of the lack of enforcement power in the Palestine partition decision, and likewise in the decision to set up a constitutional government in Korea. We have failed to provide the international police force called for in the Charter, and we are in the same position in regard to the enforcement of international decisions that the League of Nations was in when it lacked the power to enforce its sanctions against the international aggressors of its day. I speak of the aggression of Japan in Manchuria and the aggression of Italy in Ethiopia. Because the League of Nations did not have enforcement power it went to pieces and the hopes of collective security were dashed to pieces and the prelude to World War II began.

I say in all seriousness that unless an international police force is formed for the enforcement of majority decisions of the United Nations, and unless the absolute veto is modified so that no one nation can obstruct the will of the majority of the nations of the world, then we shall see the United Nations go on the rocks of disintegration just in the same manner which the League of Nations was destroyed.

In July of 1947 I introduced House Concurrent Resolution 116, which sought to obtain an expression from Congress in favor of amending the Charter of the United Nations so that these basic defects could be removed.

The authorization for my resolution is found in article 109 of the United Nations Charter, which provides the procedure whereby the Charter of the United Nations may be revised and amended. It, in common words, says that it is the sense of the Congress that the President of the United States shall immediately take the initiative in requesting a general conference of the United Nations, for the purpose of making the United Nations capable of enacting, interpreting, and enforcing world law to prevent war.

The General Conference shall, after proper study, recommend to the General Assembly for consideration, amendments to the United Nations Charter. The purpose of such amendment shall be to strengthen the United Nations in order that international peace shall be established and maintained between the nations of the world.

My resolution asks that specific studies and recommendations be made on the following matters:

(a) The establishment of an international legislative body for the purpose of enacting legislation solely on international matters, representatives serving on such a body, shall be elected on a proper proportional basis by the people of the member nations.

(b) The development of an effective and functioning international judicial body whose purpose shall be the adjudication of international claims through the interpretation of international law.

(c) The establishment without further delay of the International Police Force provided for by chapter 1, article 1, and chapter 6, article 43 of the United Nations Charter. It further states that such force shall have adequate power to enforce international law throughout the world. The fourth section—

(d) Requests that the veto provision as now provided for in chapter 5, article 27 of the United Nations Charter, be amended or eliminated. And my last section, asks for the consideration of such other matters as may be deemed necessary by the General Conference for the purpose of preventing atomic war between nations and for the guaranty of the peace of the world.

Mr. Chairman, I believe that sooner or later such a conference will be held, and I want to urge at this time that the proper committee immediately begin consideration of this important resolution. I point out in all seriousness that the passage of the European recovery

plan is but a step toward achieving our desired goal of economic stability and world peace.

Unless proper steps are taken to strengthen the United Nations the money which we are appropriating will be lost in another "operation rathole." It will be just as futile as the Truman doctrine was last year in sending military aid to the unhappy land of Greece. We see, after a year's application of the Truman doctrine in Greece, that the constitutional Government of Greece is no more secure than it was before we donated the supplies and money which represented a total of \$350,000,000.

We must go further than men, munitions, and dollars. We must go into the realm of ideas. Again and again I have said that you cannot feed, buy, or fight the world with the men, money, and resources of the United States alone. Whether we secure peace for the world or whether we divide into armed camps, we must have other nations who will act in concert with us.

Realizing that no longer could we obtain our own national security alone, we took the lead in forming the United Nations because we knew that the security of peoples could no longer be maintained on the basis of national sovereignty. In the atomic age, national boundaries are of no importance, if we establish security for ourselves, it must be established for all, and it must be maintained on an international plane. In order to eliminate atomic war, and achieve world peace, we must have an effective, functioning international organization.

At this point many will rise and say, "The United Nations has failed in its purpose. The United Nations is too weak to function." And my reply to them is, "It is true that the United Nations is not a perfect mechanism, it has failed to fulfill all the hopes of the millions who yearn for peace." The experience gained through function, however, has pointed the way toward improvements. I believe that my resolution outlines the only way in which we can now proceed.

We cannot allow time to drift ceaselessly by without doing that which is necessary to be done. Every day brings the world closer to the chaos of atomic warfare. We are working against the deadline of atomic discovery in the laboratory of foreign nations. That is why I say that the Marshall plan is only a step. It is in effect the buying of time to establish the economies of devastated nations whose participation is vital for a functioning United Nations.

So, I intend to support the Marshall plan in the hope that the proper committees will give hearings to the resolution, or failing such action by Congress itself, that the President of the United States will, through our delegate, the Honorable Warren Austin, issue a call for another conference such as we had 3 years ago at San Francisco. That conference gave us the framework of an organization. It showed the willingness of the people of the world to participate in an international organization for the

establishment of peace through international law, it showed their willingness to desert the old, unilateral, national-sovereignty, military, national-force way of trying to obtain peace.

I believe that that desire on the part of the nations of the world is stronger today than ever before. I believe that they see that they are in more danger today than in the days before the atomic bomb destroyed the two Japanese cities.

We know that the United Nations has never functioned as originally planned and we know that Russia and her satellite nations have not cooperated to help make the United Nations function. I believe that this call for a conference should be to every nation in the world. I believe that we should proceed even though Russia and her satellite nations refuse to come and participate in the conference to make the United Nations a functioning organization.

At this point the plea might be raised that we must have one world, and I will agree that we must have one world, but I point out to you that we do not have one world at the present time. We have a disorganized, divided world, and we see the nations of the world forming themselves into two armed camps, or remaining for the time being neutral. I say that the time is too late for either neutrality or drifting. Either we provide a functioning international organization, through which the majority of the nations can function, or we are faced with a disorganized world that cannot establish universal peace, but can only degenerate further into the chaotic jungle of national sovereignty or power alliances throughout the world. Let us move then during the time which we are purchasing with the Marshall-plan funds to do that which is more important than anything else for world collective security. Let us move with as many nations as will move with us, toward the perfecting of this international organization.

When we have established a functioning organization participated in by the majority nations of the world, let us still keep the door open to Russia and her satellites, even though they have failed to help us form this functioning organization. Let us at that time invite them again to participate in a functioning organization which will be ruled by majority vote and will not be obstructed by a single nation absolute veto. It is my hope that at that time Russia and her satellite nations will see that the majority of the nations of the world want to establish peace and that she will come into the family of nations.

Every peaceful means should be used to persuade her that it is the only course left open to obtain universal peace. If all our efforts fail at that time, then we are faced with another problem. And that problem is the atomic problem. It is a problem which cannot be solved as long as any nation in the world refuses to enter into an agreement whereby they will open their country for international inspection. The world peace depends on constant international inspection within the boundaries of each and every nation in the world where uranium ore can be

mined, and where facilities are located which can transform that uranium ore into the finished substance which we call atomic energy. I emphasize that it is only where international inspection can be obtained that assurance can be given to every nation in the world that clandestine operations which endanger the rest of the world can be discovered and stopped.

This is the essence of the Baruch proposal which was made over a year ago to the United Nations through the United Nations Atomic Energy Commission. This is the essence of the plan which Russia has refused to accept. There have been no alternative plans suggested, except the plan which Russia suggested which was that we sign a treaty pledging ourselves to destroy atomic energy and not to try to discover further atomic secrets in the laboratories of the world.

This is so ridiculous that even the Russians are ashamed to try to put such a plan over. Paper treaties and written promises are no longer, if they have ever been, any assurance against war. When the will to war arises, paper treaties are torn to pieces and pledges are broken. The victim of the aggressor would perish in the smoke of an atomic bomb without regard to paper pledges. The advantage of surprise attack has been increased a thousandfold by the multiplication of destructive power in the atomic bomb. Without international inspection, nations can only live in fear, one toward the other, of such a surprise attack. Once the attack is unloosed, the victim may not be able to retaliate, because his basic industries and his most populous cities may be destroyed overnight.

These are not carelessly spoken words. These are facts which the people of the world must believe or die. They are substantiated by every worth-while scientist throughout the world, and every military man that has a reputation for coolness of judgment, admits that there is no tactical defense against the delivery of atomic bombs.

They admit that no nation regardless of how strong their armed forces may be, can defend itself completely against the surprise attack of atomic bombs, unless complete defense is obtained, the degree of destruction will be so much greater than in previous methods of warfare that it will be impossible to survive the shock. Civilization will perish if we have an atomic war.

Now if these statements which I have made are true, we should waste no time in perfecting an international organization to do the job which nations cannot do, be they ever so strong and be they ever so rich. If I have established a factual base, a logical base in the reasoning which I have given you up to this point, the point of inviting Russia to participate in an international organization, then you are entitled to ask me: "What shall we do if Russia refuses to enter such an international organization which we have brought to a functioning basis?" And my answer to you is this: "Russia must come into a functioning international family of nations or be declared an outlaw among the family of nations.

She must be looked upon as a potential aggressor, as a danger to civilization and we must take steps to eliminate that danger in the family of nations, just as we take steps to eliminate and outlaw what is dangerous to our local society." This is the only realistic position to take. After having exhausted all peaceful efforts to obtain Russian cooperation, and if we are faced with continuous refusal to open her boarders for inspection, to lift the iron curtain so that normal intercourse with the rest of the world may be established, we are faced with no alternative in the atomic age. I know that every visionary, every pure idealist, every pacifist, will turn from this realistic proposal with horror and I certainly do not make it as a war monger, and I do not make the recommendations lightly. I make it because, as a Member of the House and Senate Joint Committee on Atomic Energy, I have had access to the realities of atomic-energy production, the preparation for atomic war, and the scientific knowledge of the devastation which faces millions of people throughout the world in case of atomic warfare. I make this statement with a heavy heart, but I make it seriously, and with full regard to my oath of office which I took when I was sworn in as a Representative of the people of the Nineteenth District and my Nation. I swore at that time I would do all in my power to protect the people of the United States from enemies without and within. It is in the light of my oath of office and the realities of the situation that I have made this grave statement.

I shall continue to press for a peaceful world. I shall continue to do everything in my power to establish universal peace, but with the knowledge that only through complete participation of every nation in the world in a functioning international organization, I shall from time to time, while there is yet time left, speak that which, according to my knowledge, is the true facts regarding the establishment of universal peace. It is because I know the futility of unilateral military action in Greece, Turkey, and China that I oppose the "rat-hole operations" that have existed and will continue to exist under the appropriations contained in the European recovery plan in title 3. It is because I know that our only hope is in establishing a functioning United Nations that I shall support the Marshall plan notwithstanding the section which I deplore. I will support the Marshall plan because I believe that it will give us at least one more year to strengthen the 16 European nations who have volunteered to participate in this plan, who have volunteered to cooperate with each other, and with the United States in re-establishing their economic stability. I will support the Marshall plan because I know that if economic chaos takes place in western Europe, that western Europe will go behind the iron curtain, and that there will be no possibility of cooperation in the establishment of a functioning United Nations.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Chairman, one of the more unfortunate tendencies of men in public life is to seek to govern by going backward.

In the period between the two world wars, this Nation and the world spent altogether too much time, money, energy, and human life trying in the face of all realities to restore the conditions of 1913.

These attempts met worse than failure; they created the great depression and the war which followed.

Now, there is visible in the world a distressing attempt to restore the conditions of 1938.

Even European recovery aid is being sold to us in some quarters as an attempt to restore the world-trade conditions of 1938.

But who wants to go back to 1938. Who wants to lay the groundwork of World War III?

Fortunately, we need not take this road today, though there are those, apparently, who wish us to take this road to war hardly later than tomorrow, if, for no better reason than the fact that the hysteria of war offers a convenient refuge to thoroughly discredited politicians.

For the European recovery program, together with suitable aid to China, can, if properly administered, lead us to a lasting peace. Properly administered, the \$6,000,000,000 Economic Cooperation Act of 1948 grants the world a much-needed choice between the economic stagnation offered by oppressive communism and the economic dynamism guaranteed by a free democracy.

But it can offer this choice only if it is properly administered, both in Washington and abroad. In the light of past history, I think we can safely say that the question of whether the plan will be properly administered abroad can be solved properly by the Economic Cooperation Act of 1948, which quite effectively tags every dollar of aid from source to destination. Whether the money will be wasted, once it goes abroad can best be determined, I think, by pointing out that the sum contemplated for expenditure during the first 12 months under this act—about \$5,000,000,000, or an extreme range of between four and six billion dollars—is very nearly the probable difference between our own world exports and imports over the identical period.

Much potential waste in the program, I hope and believe, can and will be checked by the actions and vigilance of the democratic peoples who are to receive the aid.

But there is another source of waste which might mar this program, and I have no assurance at present that this source of waste will be barred. The quality of leadership which the Truman administration has displayed in handling economic aid since the war, has been a wretched portent for the success of the Marshall plan. UNRRA aid for Yugoslavia produced Tito's menacing army; the Marshall mission to China wound up by advocating, and, to a certain extent, aiding an abject surrender to the Chinese Communists; Treasury Secretary John W. Snyder wasted a third of the British loan in 2 months while trying to prove the pleasant but highly erroneous fiction that the British pound is worth \$4.03 in a free market—see exhibit D.

I am not criticizing overmuch the fact that the British chose to lose \$1,500,000,000 in world trade dollar receipts by not decontrolling export prices or devaluing the pound sterling during 1947; what the British do, even with the money we give them, is, to a very large extent, their own business and they have, in fact, spent their money reasonably well during recent years. But I bitterly criticize the apparent conviction of the Truman administration that, what has not worked in this country, is bound to work abroad. At home, the Truman administration has been consistently wrong on the post-war effects of price control, industrial conversion and taxation; yet, it consistently advocates or compels abroad the identical discredited policies; indeed, as in the case of the British loan, it sometimes acts to thwart the better judgment of the aid recipients. Too often, I fear, does the Truman administration yield to and encourage the psychology which counsels, "Let us solve the wheat problem by hiring an expert to fix a maximum price," when it might better choose the prosperity producing alternative of raising more wheat.

So, the weakness of the Marshall plan lies in Washington; and the weakness had better be removed in Washington, or a remedy will have to be sought through the November elections.

But what are the strengths of the Marshall plan?

First and foremost, the plan offers the key to a new orientation in world trade, and with it, the key to a new orientation in world thought. Both objectives should be firmly pursued; and I am inclined to

believe that, as of this moment, at least, Europe is much farther towards this goal than the administration here in Washington. Symptomatic of the difference is the fact that Europe has organized "western union," a group of five nations pledged to a common economic destiny, while the administration still talks of restoring 1938 world trade channels as if that restoration were either possible, necessary or desirable. The role of Germany in 1938, as a world supplier is now filled, to some extent, by Great Britain, and, to a large extent, by the United States; Japan has been replaced by India; the Soviet Union, twenty-first in world trade in 1938, remains as insignificant as ever, if not more so, because its only marked exports—with the exception of management—can now be supplied from other sources until it develops a more cooperative attitude. So far, the seemingly permanent conquests of Soviet communism have been the Balkan empire of Nazi Germany and the gutted industrial remnants of what was once Japan's Manchuria; as of today, the western world has lost scarcely anything which it held securely in 1938.

Mr. Chairman, I have prepared certain exhibits containing information concerning world production, trade and exchange rates, together with an analysis of the distribution of the proceeds of the British loan. I ask unanimous consent that these schedules be printed in the RECORD at the end of this statement.

So, all things considered, I believe the long-range foreign-aid programs point toward peace if we can accept two assumptions; namely, that the funds will be properly administered in Washington, and that what we shall find in due time, even if our present leaders do not seek it, it is a new orientation of trade in a democratic western world. By the latter, I mean, for example, that so long as Moscow maintains an uncooperative and even hostile frame of mind, Alberta and Kansas and the Argentine will have to replace the Ukraine as an emergency source of wheat for Europe. So long as this is true, of course, the United States will have to continue to subsidize world trade from taxes to the extent of from three to five billion dollars annually; and, barring an unprecedented increase in our own imports, this condition will persist, not for 4 years, but probably for many years afterward. But I believe that, given the assumptions I have stated, this will not be too great a price to pay for a peaceful and prosperous world.

EXHIBIT A

Production in two worlds, 1940-1947-1951

(Source: Business Week)

	Steel (millions of tons)	Coal (millions of tons)	Grains (millions of tons)	Electric power (billions of kilowatt- hours)	Textiles (billions of yards)	Population (millions)
United States:						
1940.....	67	503	121	145	10.5	132
1947.....	85	616	151	250	11.1	142
1950.....	90	600	165	285	12.0	145
Marshall-plan Europe:						
1940.....	60	607	71	140	10.0	261
1947.....	33	483	54	170	6.3	270
1951.....	61	642	72	222	10.1	290

Production in two worlds, 1940-1947-1951—Continued

	Steel (millions of tons)	Coal (millions of tons)	Grains (millions of tons)	Electric power (billions of kilowatt- hours)	Textiles (billions of yards)	Population (millions)
Soviet Union:						
1940.....	20	183	118	48	4.5	193
1947.....	19	196	100	50	2.8	197
1950.....	28	275	126	82	4.6	205
Soviet satellites in Europe:						
1940.....	5	90	75	17	1.8	121
1947 ¹						

¹ Chief difference is doubling of steel production, mainly in Bohemia and western Poland.

Special note should be taken of fact that in obtaining effective control of Manchuria the Soviets have sharply increased their steel potential; only comparable production areas in Asia are Japan and India.

EXHIBIT B

World-trade statistics, 1938-46

25 LEADERS OF WORLD TRADE

[Values in millions of dollars]

Country	1936-38 monthly rate			January to August 1946 monthly rate			
	Total	Exports	Imports	Total	Exports	Imports	Rank
1. United Kingdom.....	606.5	223.4	383.1	716.8	305.6	411.2	2
2. United States.....	448.9	243.8	205.1	1,170.7	787.2	383.5	1
3. Germany.....	344.7	176.7	168.0		(¹)	(¹)	
4. France.....	205.3	77.7	127.6	210.1	52.7	157.4	4
5. Japan.....	190.3	93.4	96.9		(¹)	(¹)	
6. Canada.....	134.9	76.9	58.0	313.4	174.4	139.0	3
7. Belgium-Luxemburg.....	131.0	62.8	68.2	118.4	44.6	73.8	5
8. Netherlands.....	110.3	46.8	63.5	85.3	15.7	69.6	6
9. British India.....	104.9	57.7	47.2		(¹)	(¹)	
10. Italy.....	89.7	41.1	48.6		(¹)	(¹)	
11. Australia.....	84.2	45.1	39.1	107.2	58.3	48.9	10
12. Argentina.....	83.3	47.7	35.6	122.5	79.7	42.8	7
13. Sweden.....	79.0	37.8	41.2	105.6	47.9	57.7	11
14. British Malaya.....	62.1	34.0	28.1		(¹)	(¹)	
15. Czechoslovakia.....	57.9	30.4	27.5	23.8	13.1	10.7	
16. Denmark.....	55.7	26.9	28.8	64.9	23.4	41.5	
17. Switzerland.....	56.0	24.0	32.0	112.4	48.7	63.7	9
18. Netherlands Indies.....	54.1	34.2	19.9		(¹)	(¹)	
19. South Africa.....	50.2	14.3	35.9		(¹)	(¹)	
20. Brazil.....	49.7	26.6	23.1	120.0	72.8	47.2	8
21. Soviet Union (NB).....	44.8	23.2	21.6		(¹)	(¹)	
22. China.....	42.0	19.0	23.0		(¹)	(¹)	
23. Korea.....	38.6	17.2	21.4		(¹)	(¹)	
24. New Zealand.....	36.6	19.5	17.1	46.7	28.7	18.0	
25. Mexico.....	30.0	18.4	11.6	66.1	27.2	38.9	
Total of 25.....	3,190.7	1,518.6	1,672.1				
84 other nations.....	720.3	365.6	354.7				
Total of 109.....	3,911.0	1,884.2	2,026.8				

¹ Not available.

² Benelux.

³ Probable.

⁴ Including gold exports.

Source: Encyclopedia Britannica, 10 Eventful Years.

Proportion of world trade by United States, 25 percent; proportion of world trade by Marshall plan countries, 25 percent; proportion of world trade by commonwealth dominions, 15 percent; proportion of world trade by Latin America, 10 percent; proportion of world trade controlled by Soviet Union, 10 percent. (These estimates, based on 1946 data, exclude former Axis territory. Actual proportion of world trade in Soviet hands may run as low as 3 percent; prewar share (1938) of Soviet Union in world trade was about 2 percent. 10 percent is potential estimate from Manchurian and east European resources now under Soviet control.)

EXHIBIT C

Leading commodities in 1938 world trade

[Values in millions of United States dollars]

"10 EVENTFUL YEARS"

Commodity or group	World export, 1938	Leading exporters (at least 75 percent of total)
1. Machinery.....	1,595	United States, Germany, Great Britain, Switzerland.
2. Iron- and steel-mill products.....	1,226	Germany, Britain, United States, Belgium.
3. Textile fabrics.....	1,008	Britain, Japan, Germany, Italy, France, India.
4. Chemicals and related products.....	807	Germany, United States, Britain, France.
5. Cotton.....	600	Egypt, India, United States.
6. Wheat and wheat flour.....	569	Argentina, Australia, Canada, Hungary, Rumania, U. S. S. R., United States.
7. Coal.....	530	Germany, Britain, United States.
8. Automobiles including parts and accessories.....	490	United States, Britain, Germany.
9. Crude petroleum.....	448	United States, Venezuela, U. S. S. R.
10. Wool.....	435	Australia, Uruguay, Argentina, South Africa.
11. Gasoline.....	394	United States, Aruba, Curacao, Iran, Iraq, Netherlands Indies.
12. Tobacco.....	359	United States, Turkey, Bulgaria, Greece, Cuba, Netherlands Indies.
13. Paper and manufactures.....	356	Canada, Germany, Britain, United States, Sweden.
14. Sugar.....	340	Cuba, Philippines, Netherlands Indies, France, Australia, South Africa.
15. Copper.....	325	Mexico, United States, Chile, Belgium.
16. Butter.....	304	Denmark, Netherlands, New Zealand, Australia.
17. Natural gas and fuel oil.....	298	United States, Netherlands Indies.
18. Rubber.....	287	Netherlands Indies, British Malaya.
19. Yarns and threads.....	281	Britain, Italy, Belgium, France, Germany, Japan.

Leading commodities in 1938 world trade—Continued

[Values in millions of United States dollars]

"TEN EVENTFUL YEARS"

Commodity or group	World export, 1938	Leading exporters (at least 75 percent of total)
20. Coffee.....	263	Brazil, Colombia, Venezuela.
21. Beef, lamb, mutton.....	222	Argentina, Australia.
22. Maize (corn).....	220	United States, Argentina.
23. Pork and products.....	216	Canada, Denmark, Hungary, Poland, Netherlands.
24. Tea.....	202	Ceylon, India, Netherlands Indies.
25. Rice.....	197	Indo-china, India, Siam.
Total of 25 commodity groups.....	11,972	
Total world exports.....	21,824	

Observe that the Soviet Union and its satellite countries supply in significant amounts only wheat, wheat products, and crude petroleum: products which can just as well be supplied by the United States and its middle eastern associates.

Source: Encyclopedia Britannica.

EXHIBIT D

THE DISTRIBUTION OF THE BRITISH LOAN

(Sources: Treasury Bulletin; British Information Services)

The British loan, as made effective by Congress on July 15, 1946, consisted of a credit of \$650,000,000 to be applied against lend-lease goods contracted for but not yet delivered, and a credit of \$3,750,000,000 intended to finance British dollar purchases for a period of 36 to 60 months, terminating at some point between July 1949 and July 1951. Repayment of this portion of the loan at moderate rates of interest is supposed to begin at the latter date.

At some point during the loan Great Britain was to make pounds fully convertible into dollars.

This was the rock which sank the loan. There was a certain amount of waste in purchases by the British, but major responsibility for expending the loan prematurely must rest within the American Treasury, which wasted one-third of the loan on premature convertibility.

In the first 3 months of the loan the British drew \$400,000,000.

In the first 8 months \$900,000,000 was drawn.

In the next 4 months—the period of preparation for convertibility—another \$1,150,000,000 was drawn.

In 7 weeks from July 1 to August 20—the period of unlimited convertibility—the further sum of \$1,300,000,000 from the loan was drawn down to uphold the erroneous thesis that a pound sterling which might well be worth \$2.25 ought to bring \$4.03 on the open exchange market.

Because it proved impossible to redeem upward of \$15,000,000,000 in foreign-held sterling debt balances with the available funds, operation of the loan was suspended from August 20 to December 1. The last \$400,000,000 of the loan was drawn between December 1, 1947, and March 5, 1948.

Up to August 20, 1947, \$1,350,000,000 of the loan was spent in the United States. About one-fourth of this went for food for Britain, and about one-eighth for food for Germany. Raw materials for Britain accounted for another fourth; one-sixth went for machinery, one-tenth for tobacco, one-fourteenth for ships, and one-twenty-fifth for films.

Of the \$960,000,000 spent in the Western Hemisphere during this period, \$360,000,000 went for Canadian wheat and timber, \$360,000,000 for Central American oil and sugar, and \$240,000,000 for South American meat, corn, hides, and linseed oil.

The remaining \$1,040,000,000 represents most of the direct "convertibility drain," and includes \$620,000,000 paid the "sterling area" countries, \$150,000,000 spent outside the Western Hemisphere and the "sterling area,"

\$235,000,000 drawn but not spent by August 20, 1947, and \$35,000,000 paid to the International Bank.

Had it not been for the ill-advised convertibility adventure, the British loan would have lasted as long as originally planned.

EXHIBIT E

Marshall-plan aid and foreign-exchange rates

Country	51-month dollar aid (ERP and AMG)	Currency	Exchange rate		Free market
			1939	1948	
1. England.....	\$5,348,000,000	Pound.....	\$4.00	\$4.03	\$2.25 (black).
2. France.....	3,701,000,000	Franc.....	.0227	.0047	\$0.0033.
3. Italy.....	2,913,000,000	Lira.....	.0514	.0018	
4. Western Germany.....	2,499,000,000	Mark (free).....	.23		
5. Netherlands-Belgium-Luxemburg (Benelux).....	3,855,000,000	Guilder.....	.53	.3782	
6. Austria.....	713,000,000	Franc.....	.17	.0229	
7. Denmark.....	582,000,000	Krone.....	(2)	(2)	
8. Eire.....	497,000,000		.19	.2090	
9. Greece.....	473,000,000		(3)	(3)	
10. Norway.....	234,000,000	Drachma.....	.0046	(4)	
11. Portugal.....	150,000,000	Krone.....	.23	.2020	
12. Iceland.....	38,000,000	Escudo.....	.0366	.04	
13. Turkey.....	18,000,000		(5)	(5)	
		Lira.....	.77	.3775	
	21,021,000,000				
14. Sweden (no aid asked).....		Krona.....	.24	.2785	
15. Switzerland (no aid asked).....		Franc.....	.23	.2432	
16. China, grant by Congress (\$570,000,000 up).....		Dollar.....	.067	.0000041	NIL.

¹ \$0.39, not traded.

² See quotation for Germany.

³ See quotation for England.

⁴ Practically nil.

⁵ See quotation for Denmark.

Sources: March Cosmopolitan (article by Henry J. Taylor), Will You Buy the Marshall Plan; Encyclopedia Britannica (Ten Eventful Years); Wall Street Journal.

Only the British pound and the Netherlands guilder appear to be conspicuously overvalued in terms of world-trade requirements. Suitable devaluation (by about half in the pound, and perhaps a third in the guilder) might trim eventual aid costs in these instances by \$3,000,000,000 (first-year savings would be about \$500,000,000).

(Mr. COLE of Kansas asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, the House of Representatives used to be known as the greatest deliberative body in the world, but I am afraid that under the New Deal it has degenerated into a rubber-stamp organization. Here we are considering a measure that is going to cost at least \$17,000,000,000, yet there is only a handful of Members present to deliberate. That is a sad commentary.

We now have a Government by bureaus, yes, I may say a Government by hysteria. When Bruce Barton left this House after an honorable service of some 6 years, he announced that he had kept track of the emergencies that had arisen under the Roosevelt administration. There were 39. When Mr. Barton left,

I took up the job and I kept a faithful account of the emergencies that were reported to us by the White House until I became chairman of the Ways and Means Committee. Then the task became too great. At that time the emergencies numbered 78. We have been going from crisis to crisis and from one emergency to another.

Mr. Chairman, you heard the gentleman from Michigan [Mr. WOODRUFF] state that the recent war had cost us \$340,000,000,000, how we had advanced in one form or another, aside from our war effort, something like \$90,000,000,000, making a total that exceeds the valuation of our whole country—mines, factories, farms, and forests.

Mr. Chairman, I am wondering how much longer we can keep on the trail we are now traveling without bringing on national bankruptcy.

We were a rich country at one time, but we are rapidly becoming a "have

not" nation. I can recall not so many years ago when he had the greatest and the richest iron deposits in all the world up in northern Minnesota, in the so-called Mesabi and Vermillion ranges. We thought at that time that our iron reserves in the ground would last for a hundred years but, thanks to the last war, we will be importing ore in about 15 years.

Now let us see how some of that money I just referred to has been spent and what has been accomplished. As I recall, we put something like \$300,000,000 into Czechoslovakia on the theory that it would stop the Communists. Did it stop the Communists? No. They went right in and took over the country just as though we had not put a single penny in there. Then we were told that we would have to dump hundreds of millions of dollars into Greece if we were going to hold the Communists at that point. We did so. Only about 2 weeks ago Governor Griswold, our representative in Greece, issued a report stating that conditions over there were infinitely worse than they were a year ago, and were steadily worsening. You know, Phineas T. Barnum, the great showman, discovered that the American people liked to be humbugged, and he made a fortune out of the discovery. He started in as a poor man, but when he found out how gullible we Americans were and how we liked to be fooled and humbugged, he proceeded to capitalize on his knowledge, just like an inventor would capitalize on an invention, and Mr. Barnum became one of the country's rich men. His favorite expression was that the American people loved to be humbugged, and he humbugged them and fooled them every day, day in and day out, year in and year out, until he died, and still the suckers kept coming.

Look what we have done. First we had the Dumbarton Oaks Conference. That was followed by Bretton Woods, both of which were going to bring on a long period of peace. They were just plain nutty ideas. Of course, you would not expect to get anything but nuts from oaks and woods.

Now there is an election coming on over in Italy on the 18th of April. They tell us that we have got to put hundreds of millions of dollars into that country between now and the election. We have already put a lot of money into Italy, and we are going to put in more. I am willing to bet that Italy will vote anticommunist. If there is any Member in the House that would like to bet a new hat for Easter, I will be glad to wager the price of a hat.

What you are going to do here is just set up a glorified world-wide WPA. Unfortunately, you will not have Harry Hopkins here to spend the money, so probably it will last a little longer than it would if he were here to look after the distribution.

Then you remember we gave Britain \$3,700,000,000. We did not loan it to her; we gave it to her. Of course, she was short of dollars. Well, at the rate we are going, it will not be long before we will be short of dollars; in fact, they are getting pretty short now. Just pre-

cisely what did that \$3,700,000,000 accomplish in Britain? Why, it accelerated the socialization of industry. That is what they used it for. In the Senate debate it was stated on several occasions that Senators had talked with Sir Stafford Cripps, who announced that they wanted the money that they are going to get out of this WPA bill to develop Africa. Now, whoever gave us money to develop America?

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Mississippi.

Mr. RANKIN. I just heard that there was going to be a demand for another \$5,000,000,000 to be taken from the taxpayers of the United States for certain South American countries.

Mr. KNUTSON. That reminds me. Mr. Marshall does not understand this bill himself. He was at a dinner the other evening and the gentleman from Wisconsin [Mr. BROPHY] sat next to him. He said, "Mr. Secretary, how come that you are going to give Ireland \$400,000,000 and Portugal \$300,000,000? Neither of them was in the war." Said Mr. Marshall, "I think you are mistaken."

"Oh, no," said Mr. BROPHY. So Mr. Marshall turned to his aide, and he said, "Is that right?" He said, "It is, Mr. Secretary." So we are following a man who does not know what it is all about, the great Secretary of State. He is about as successful as a Secretary of State as he was in composing the differences between the two factions over in China and in bringing Russia to a realization of her responsibilities as a member of the United Nations.

What did Britain do with the money we gave them? They used it to live on, while they were having 30- and 35-hour weeks in effect. Coal miners would mine only so much coal, because they said there was no use working more hours because the Government would take it away from them in the form of taxes. I do not blame the English miners. They refused to be milked. They do not take as kindly to the process as the Americans do.

Mr. RANKIN. Is it true that the British took that money and bought up the coal mines and the railroads and other industries?

Mr. KNUTSON. Yes, they used it for socializing the United Kingdom. They socialized the mines and the railroads and the banks, and now they are going to take over the steel industry and some other industries, just as soon as they get some more money from Uncle Sam.

Mr. RANKIN. I have been told that a good many of the stocks in those concerns were owned in New York, and that that money either did not get out of the country or just came back to New York.

Mr. KNUTSON. I think it is about time the Congress looks into where the money is going. As I recall, we appropriated \$11,000,000,000 last year for national defense. If I am wrong, I want to be corrected. Where did that money go? We spent \$11,000,000,000, which is 11 times as much as it cost to run the Government when I came here in 1917. Yet they tell us that our Air Force is

way down, that our Navy is way down, that our whole defense program is such as to lay us wide open to attacks from any quarter. I think we should find out where that money goes to before we appropriate any more money. We ought to find out how Britain spent the \$3,700,000,000 we gave her a year ago.

Mr. RANKIN. If we would spend a reasonable amount of this money to build up an air force and turn the atomic bomb back to the military, where it belongs, and let the world know we are prepared to take care of ourselves, we would do a great deal more to maintain peace.

Mr. KNUTSON. That would not be neighborly. We have to be good neighbors, no matter what it costs us.

In closing, let me suggest this to the House: If we have so much money to give away, let us give some of it to the people who are 65 and 70 years and over in this country, who are living on a mere pittance of \$25 or \$30 a month. It is an outrage the way we are neglecting the aged people of this country, and at the same time are shoveling money out by the scoopfuls to other countries who refuse to help themselves.

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. BLATNIK].

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Chairman, the hopes of a hungry and war-weary world were awakened last June when Secretary of State Marshall proposed his plan for the relief and recovery of Europe. This proposal, as enunciated in his Harvard speech, was based upon the humanitarian principle of extending American financial aid for the reconstruction and rehabilitation of Europe's war-torn economy, and relief for her poverty-stricken people. Such a proposal was the logical answer to a Europe whose industries had been destroyed and whose agriculture had been devastated as the result of war. And just as important, Mr. Marshall seemed to repudiate the ill-advised Truman doctrine in favor of a positive, constructive forward-looking policy of international cooperation when he said:

Our policy is not directed against any country or doctrine but against hunger, poverty, desperation, and chaos.

From the very beginning, I welcomed the Marshall proposal as a major turning point in American foreign policy, and as a partial return to the good neighbor policies of Franklin Roosevelt, and his ideals of international cooperation. Since I had observed first-hand the economic plight of Europe, I was naturally in wholehearted support of this program to feed hungry people and hasten their economic recovery. Such a position is consistent with my past declarations of policy—I favored UNRRA and was opposed to its discontinuance; I supported the European relief bill of 1947, and urged that funds for this program be increased; and I voted for the European emergency recovery program last December. I have always favored American aid to fight hunger and poverty and to assist in the economic rehabilitation of our war devastated Allies,

and I know that the generous American people share my views and stand willing today to make additional sacrifices to help needy people everywhere.

The idea of the Marshall plan had no sooner been planted, however, when the shabby and underhand work of the Wall Street and military clique got under way to pervert its humanitarian purposes and transform it into a negative program of political and military intervention and domination. The process began when former President Herbert Hoover was invited to participate in the writing of the Marshall plan. As a result of his shaping hand, the rebuilding of the war potential of Germany became the first requisite of European recovery, and the cornerstone of the plan itself. Then the economy bloc slashed the amount of funds far below the minimum requested by the 16 European nations with this cut falling most heavily upon expenditures for capital equipment needed to restore European industrial production. Finally, on March 11, the House Committee on Foreign Affairs completed the process of transforming the Marshall plan of economic assistance into a Hoover-Wall Street military program by including millions for military aid to the reactionary and corrupt Greek Monarchy, and the equally corrupt and reactionary Chinese Government of Chiang Kai-shek.

In other words, Mr. Chairman, the passage of this so-called Marshall plan means that a colossal hoax has been perpetrated upon the American people. The high ideals and noble sentiments of the original Marshall plan have been grossly distorted—in effect, they have been discarded. This proposal—which has been sold to the public as a peaceful plan for European relief and recovery—is designed to bolster political reaction throughout the world, and to rebuild primarily the war potential of Germany. Instead of aiding European recovery, it gives only lip service to such recovery, and seeks to keep western Europe in a dependent position to the United States by hindering its industrial rehabilitation. It is an unworkable program because it breaks the economic balance of Europe by making East-West trade almost impossible. Furthermore, it does not even give lip service to the United Nations—the world's one hope of peace.

Let me preface my discussion of this House proposal with a brief summary of its contents. This bill has three major features: First, it provides \$4,300,000,000 in financial grants, and an additional \$1,000,000,000 for loans, to be made available to the 16 Marshall plan countries subject to the drastic terms imposed by the bill and by an American administrator, who will direct the program; second, \$275,000,000 in military aid is granted to Greece and Turkey; and third, \$570,000,000 in military and economic aid is granted to the Chinese Government. An additional \$60,000,000 is authorized for the International Emergency Children's Fund. The total expenditure for the entire program will be \$6,205,000,000.

In the final analysis the House proposal—S. 2202 as amended—is a political and economic contradiction—it is

neither relief nor a plan for recovery, but a curious mixture of military aid, unrealistic economics devoid of all humanitarianism, and a blueprint for a revived Germany which may again menace world peace.

In my opinion, this measure under consideration is subject to the following five fatal defects: First, it provides for the continuation of our unfortunate and thoroughly discredited policy of military aid to Greece; second, it extends and enlarges the Greek policy by providing military aid to bolster an already-defeated Chinese Government in direct contradiction to the policy previously established for that country; third, it is a blueprint for the revival of Germany's war potential; fourth, it breaks down the economic interdependence of Europe as a whole, and upon which the complete recovery of that continent depends; and, fifth, it completely bypasses the United Nations. I would like to devote the few remaining minutes at my disposal to discuss each of these objectionable features in turn.

REPEATS GREEK MISTAKE

My first major objection to this bill is its military-aid provisions to continue our present policy in Greece—a mistaken policy which has proved to be a complete and utter failure. One year ago the Congress appropriated \$300,000,000 for military and financial aid to bolster King Paul's Fascist Greek Government. During the debate, the supporters of this now-bankrupt policy argued that this unilateral action in violation of the United Nations Charter was necessary to stop communism. On the other hand, a handful of other Congressmen and myself opposed this fateful step; we pointed out that this plan to back a reactionary monarch would neither extend democracy nor stop communism, that it would only spread communism and lead to endless civil war and bloodshed in Greece. We urged that the correct approach to the problem of Greece was to grant real economic aid and relief, and to use the United Nations and our own good offices to establish a middle-of-the-road progressive democratic government which would command the support of the majority of Greek citizens.

The record of 1 year of the Truman doctrine in Greece demonstrates the correctness of the later approach, which went unheeded by a majority of the Congress. This record has demonstrated the glaring weakness of our Greek policy and proves beyond doubt that it has been a colossal blunder. The following facts will emphasize this inescapable conclusion:

Our military aid in Greece has not checked communism but has spread it. Last year there were 10,000 guerrillas in the hills; today there are 30,000, and the guerrilla army is steadily growing in numbers and controls more Greek soil than it did a year ago. The Greek Army, which has been expanded from 120,000 to 200,000 men, shows neither interest nor inclination to use the arms we have sent them.

American economic aid has not stabilized the Greek economy; the situation today is worse than a year ago, and the

country is in economic chaos. Its people are starving—400,000 workers are unemployed. Inflation is worse than ever before—the value of the drachma has fallen from 500 to 12,500 to the dollar. The average Greek worker is receiving only \$50 per month in wages, although the price of necessities is three times as high as prices in the United States.

The effect of the American policy has destroyed all semblance of democracy and only strengthened the dictatorship. The dungeons are overflowing with political prisoners—15,000 political exiles are dying of starvation and mistreatment on barren islands. Over 17,000 Greek soldiers of the Royalist Army and 500 officers have been imprisoned at Macronisi because they are suspected of having democratic leanings. Sixty sailors of the Royal Greek Navy have just been arrested on the same suspicion. Over 1,000 Greeks have been officially executed for political reasons since the United States action, and this does not include those who were unofficially murdered nor the battle casualties.

I have recently learned an interesting sidelight on the nature of the Greek Government which is being supported by American arms and money. There are now some 1,300 Greek resistance fighters who had been captured by the Nazi Army of occupation in Greece some 3 years ago. They have been in prison ever since, and could not possibly have participated in the present civil war. These men have now been sentenced to death and 50 of them have already been executed. The Greek Government justifies this action on the grounds that the Truman doctrine means extermination of all suspected leftists. What a harsh commentary against the Truman doctrine—the patriots who fought Hitler and Mussolini, and who were imprisoned by the Axis now are being executed by Angelos Evert, the Athens chief of police during the Nazi occupation, and today, chief of police under the government of King Paul.

It is also interesting to note that the Greek Government has decreed the death penalty to any worker who participates in a labor strike. The Taft-Hartley law is bad—but repressive as it is—it is a most mild measure compared to the law of the Greek Government.

Mr. Chairman, these are facts, facts which have been documented, and which demonstrate the nature of the present Greek Government. This is the type of Greek Government that we have been supporting for 1 year with arms and money; this is the government which we have chosen to fight communism in Greece, and to represent the cause of democracy. This is the government whose repressive policies are making more Communist converts day by day than it can kill. Now, the Congress is asked to appropriate more money to continue a policy which is spreading communism in Greece, and discrediting the cause of democracy throughout the world.

It is high time for the United States to abandon this criminal policy in Greece, transfer the power of government to a liberal coalition government, and spend our funds for a genuine program of re-

lief and rehabilitation of that country. Unless we reverse our policy in Greece, the economic, political, and military situation will continue to deteriorate, the civil war will continue to spread and become more bloody, and the existing reactionary and corrupt government will become ever more repressive, and continue to perpetrate crimes and atrocities against a defenseless people in the name of democracy but to the shame of decent Americans.

CHINA: OPERATION RAT HOLE

Unfortunately, the makers of American foreign policy have not learned the tragic lessons of Greece, and now propose the same kind of a policy to China by providing \$570,000,000 in military and economic aid to the fast-collapsing government of Chiang Kai-shek. This proposal amounts to a tragic turn-about from the China policy of the late Franklin Roosevelt, and a complete reversal of the policies formulated by Secretary of State Marshall himself with respect to that unhappy country.

Describing the proposal for military and financial aid to China, those who drafted the House bill for the European recovery plan have made a frank statement of the relationship between the Truman doctrine and the Marshall plan. I hope that every Member of Congress has had time to read this committee report carefully.

According to the committee report—page 56—the distinction between the Truman doctrine and the Marshall plan is the difference, and I quote, “between the fence and the corn. It is equally valid for China as for Europe.” Carrying this illustration still further, I will say to the gentlemen of the Committee on Foreign Affairs that the cows are already in the corn. The fence that they propose to erect in China will not save Chiang Kai-shek's corrupt and feudalistic regime from the rising tides of the peasant revolution. The only alternative to a government of the left in China would be a liberal and democratic government which would seriously tackle the problem of land reform which is the cause of the current revolutionary unrest.

As Secretary of State George Marshall told the House Foreign Affairs Committee on February 20, and I quote:

The political, economic, and financial conditions in China are so unstable and so uncertain that it is impossible to develop a practical, effective, long-term over-all program of economic recovery.

According to published information in the Foreign Policy Association Bulletin, over \$4,000,000,000 in American aid has gone to China since VJ-day—over three billions being military supplies—to little effect. That is \$135 out of the pocket-book of every taxpaying family in the United States. But this enormous amount of money has either been eaten up by inflation or has gone into the pockets of corrupt officials. Even huge quantities of American arms have been sold to the Communist armies by corrupt civil servants.

“Operation rat hole” is the name popularly applied to our China-aid program. A former teacher and Protestant missionary in China, the Reverend J. Spencer

Kennard, Jr., observes that “operation rat hole” is aptly named, and explains that “1948 is known in the Chinese calendar as the year of the rat. The rat is also the symbol for the hour of midnight; and truly, affairs in China have never been darker than at the present hour. If there is significance in these symbols let us take courage that the rat is followed in Chinese chronology by the faithful, hard-working ox, the herald of the new day.”

Reverend Kennard, who has spent many years in China and studied her politics, warns:

At this juncture neither dollars nor munitions will avail. Only a policy that bypasses the government in Nanking can stabilize the peace, build a prosperous economy, promote friendly commercial relations, and protect the work of Christian missions.

Edgar Snow, writer and associate editor of the Saturday Evening Post who is now in the Far East, also warns of the waste involved in further aid to Chiang Kai-shek. In a statement released to the press March 6, Snow predicted:

Nothing less than a major American military operation, carried out by American troops and costing billions of dollars, to end in making a colony of China, can save this hopelessly corrupt regime. Even General Marshall knows that. * * * American funds sent to Chiang will line the pockets of Chinese gangsters, profiteers, and black-market operators.

Enactment of this proposal to grant further military aid to the present Chinese Government is to only entangle our Nation still more in the hopeless morass of Chinese politics, and to lose forever the “reservoir of good will” created for us in Asia by our fight against Japan. The war in China, as Madame Sun Yat-sen, widow of “China's George Washington,” has observed, is not a war between communism and democracy. It is a conflict in which the Chinese people seek to shake themselves free of feudal oppression and the exploitation of the landlords. The 20-year rule of Chiang has brought no democratic elections, no democratic constitution, and no civil liberties. Even intellectuals of the moderate Democratic League, long a center party, have recently suffered jail and torture in the hands of Chiang's government. In China, as in Greece, our dollars are buying dictatorship, not democracy.

Authorization of these funds for China will not alter the present deteriorating situation in China—even outright military intervention will not do that. The solution in China—as in Greece—is a coalition government based on moderate and democratic elements who will command the respect of the majority. Efforts to bolster the present corrupt and reactionary government will only lead to complete collapse of the Chinese economy, and a major diplomatic defeat to the United States, and the loss of national prestige.

HOOVER PLAN TO REBUILD GERMANY FOR AGGRESSION

Turning now to the so-called economic aid provisions of this measure, let me point out some of the fatal weaknesses inherent in the whole plan. One of the most serious defects in this measure is

that it incorporates the Hoover plan to rebuild the heavy industry of western Germany without adequate safeguards, and in this manner restores to Germany a dominant place in the European economy. This bill would provide \$1,058,000,000 for Germany, which is nearly 20 percent of all funds authorized under this program, and in striking contrast to the \$34,100,000 allocated to Norway—one of the chief victims of Nazi aggression in World War II.

This decision to rebuild the war potential of Germany makes one of the most sordid stories of international intrigue. In February 1947 ex-President Herbert Hoover, the man who once stated that the United States should never have declared war against Hitler, was sent to Germany as a special agent. Upon his return, he presented a report to the President in which he urged that German heavy industry be rebuilt, and that these industries be returned to the ownership of the cartelists—to the very men who engineered Hitler's rise to power and financed his war machine.

Since that time the Hoover recommendations have become the core of the administration's program for Germany. Our denazification of Germany has been sabotaged, and recently abandoned altogether, thus giving these war criminals a green light to prepare for World War III. What consolation will France, the Lowlands, Norway find in this dominance of a feared and hated neighbor? A few months ago plans were approved to allow Germany to raise the level of iron and steel production in the Ruhr from 5,800,000 to 10,700,000 tons per year, which is the peak production level reached by Hitler in 1936 at the height of his “guns instead of butter” military rearmament program. American policy makers also decided that German coal should be retained to rebuild the Reich's heavy industry instead of being furnished to France, Norway, and the Low Countries to rehabilitate their war-devastated economies. Within the last month Gen. Lucius Clay has given secret orders to cease our policy of breaking up the German cartel system, and thus returning control over German industry to the hands of those who precipitated the war.

Now, I do not question that Germany should have its proper place in the European economy. But the proper place for a nation which has twice overrun its neighbors since 1914 is not a dominant one of complete control over the European industrial heartland which has formed the basis of German imperialism. German heavy industry should be used to rehabilitate Europe and to build the industry of France to at least parity with Germany. German coal and steel should be used, not for the profit and benefit of the German cartelists, but to help the suffering people of Norway, Denmark, Holland, France, and the other victims of German aggression. We should do a job of denazification and break up the German cartels, and adopt effective control over the entire heavy industry of that country as guaranty that another German war machine will never again roll over neighboring countries.

Taken in the light of recent developments in Germany, this feature of the

measure under debate to grant 20 percent of all economic aid to Germany becomes cause for real alarm. To rebuild the German Ruhr, without internationalizing it, as the first requisite to European recovery means that we are placing the needs of the German aggressor above the needs of the victims of the Nazis. I cannot go along with this kind of a betrayal—I will never condone this sacrifice of the other nations of Europe, and place them at the mercy of a rebuilt and dominant Germany. I condemn this Hoover scheme to protect the I. G. Farben, the Krupps, and the Thyssens, and to perpetuate their rule over the common people of Germany who are seeking a return to democratic government.

PLAN IGNORES ECONOMIC REALITIES

Another major weakness of this bill under consideration is that it completely ignores several economic realities which make the program self-defeating. One example is the failure to recognize the fundamental role of trade between western and eastern Europe in any plan for European recovery. In fact, the necessity of such east-west trade is not only ignored, but the bill contains provisions to prevent the development of trade between the two regions, and thus makes the economic division of Europe into an eastern and western bloc a certainty.

Section 117 (d) of title I provides that the American Administrator is directed to refuse delivery to Marshall-plan countries of any commodities or products which go into the production of other commodities for export to those nations who are opposed to our European policy.

What the gentlemen on the House Foreign Affairs Committee obviously do not understand is that Europe is—and always has been—an economic unit which cannot possibly achieve recovery if divided. Western Europe in the past has never been able to live without eastern Europe's natural food surpluses and raw materials. Eastern Europe, on the other hand, can only with difficulty recover without the manufactured goods of western Europe. In other words, the normal pattern of east-west European economic relationships is that the west imports food and raw materials from the east for its finished manufactured goods.

The dependence of western Europe on eastern Europe becomes more obvious when one considers certain specific commodities. Before the war, the east supplied 5,000,000 tons of grain to western Europe each year—an amount equaling over one-third of the United States annual grain crop—and the east can do it again if sufficient fertilizer and farm machinery is made available. But this bill will halt this east-west grain trade, and the United States will be forced to make up the deficit by shipping our own wheat to Europe at \$2.54 per bushel.

Coal is another item eastern Europe can supply to the west. Polish coal can be laid down in Italy at \$12 per ton, as compared to \$22 per ton for American coal—a saving of \$10 per ton. If Poland were furnished with some mining machinery, much of western Europe's coal

needs could be met with a real saving to the United States.

Of course, the authors of this bill do not want eastern European wheat or coal. They will say that trade across the iron curtain is contrary to United States policy. Permit me to remind them, however, that during the last few months Gen. Lucius Clay, United States military governor for Germany, has concluded trade agreements with Czechoslovakia, Finland, Yugoslavia, Hungary, Bulgaria, and Poland for the exchange of special commodities in mutual demand.

I would also like to point out to the House that one of the major premises underlying the original Marshall plan was that European east-west trade would be revived as a necessary step in European recovery. The Harriman report pointed out that the importation of potash and fertilizer from eastern Europe was necessary. The Krug report said: "Eastern European coal, particularly Polish coal, is essential to the integrated development of a reasonably balanced European economy." The Paris report of the 16 Marshall plan nations assumed that annual imports of Polish coal to western Europe would rise from eight to thirty million tons by 1951, thus reducing dependence on the United States from 41,000,000 tons in 1948 to 6,000,000 tons in 1951.

Now wheat is wheat and coal is coal, and it will allay hunger and cold regardless of the political complexion of the regimes under which it is produced. It would be to our advantage to ignore ideological differences to the extent of furnishing some farm and mining machinery to eastern Europe in return for their surpluses of wheat and coal. Our military Governors in Germany have recognized the necessity of East-West trade, and if they can justify it to feed Germans, such a policy can be justified to feed Frenchmen and Englishmen.

I will also say that the expansion of East-West trade will help the common people of eastern Europe. Why should the common people of Finland—who have suffered greatly during recent years from invading armies—be penalized for the cold war and political prejudices? Why should the people of Yugoslavia and Poland, victims a few years ago of the Nazi invader, now become the victims of a policy that permits no trade between the two regions of Europe?

The authors of this bill, by forgetting the basic economic realities of East-West trade relationships, lay the basis for the bill's complete failure. Unless the trade of the west is integrated with the trade of eastern Europe, the Marshall plan countries will have to import all commodities from the North American continent, and export to our market. Their exports are mostly competitive with those of the United States, and I do not believe that they can meet this competition, or that we will permit them to do so. This will mean, therefore, that western Europe's current dollar deficits will become a permanent feature of the

economic life of those countries. In short, it seems that the Western economic bloc that we are erecting can live only on a more or less permanent dole from the United States.

In other words, the over-all effect of this provision, and the policy which it establishes, is to create an unstable and unnatural western European combination which will only be held together as long as large-scale American funds are forthcoming. This kind of a policy does not make sense under any circumstances.

This proposal to destroy the essential trade between East and West is only one of the economic defects of this bill. There are plenty of other jokers which distort the original objectives of the Marshall proposal. This bill has been sold as a measure to bring recovery to Europe. To do this western Europe needs machinery and steel to expand its industrial and agricultural production. But this bill only gives lip-service to recovery. The plan presented by 16 western European countries provided that 32 percent of all funds should be used to purchase capital goods and steel-making materials. But the State Department has cut this request to 14 percent, and insists that western Europe spend \$265,000,000 for tobacco. It is difficult to imagine how the dumping of American tobacco surpluses into Europe will aid recovery.

Furthermore, the allocation of economic resources under the plan contains many glaring inequities. Just to mention one example, Norway, with a population of 3,100,000 and who suffered great devastation from the Nazis, will obtain \$36,000,000 from this bill. This amounts to \$12 per capita in economic aid. But Iceland, with 125,000 inhabitants and who was not touched by the war, will get \$13,000,000, or \$104 per capita. And Germany will get \$1,016,000,000, or 20 percent of all economic aid. This means that our German enemies in World War II will get over \$25 per capita as compared to \$12 per capita for the Norwegian victims of Germany.

In my opinion, any fair and just program for economic recovery should distribute funds in accordance with the needs of the countries involved, and priority should be given to those nations who were our allies during the war. But this bill does just the opposite. It ignores the needs of many of our wartime allies, and gives top priority to the rebuilding of Germany.

UNITED NATIONS BYPASSED AGAIN

Aside from all this—from the fact that this proposal rearms Germany, bolsters reaction in Greece and China, and erects trade barriers between eastern and western Europe, this so-called Marshall plan represents another unilateral act by the United States, and strikes another blow at the United Nations by completely bypassing it. In discussing the Marshall plan in the New York Herald Tribune, Sumner Welles asks the question:

Why should this Government which continues to proclaim its faith in the United Nations have again ignored that organization? Last March the Economic and Social

Council of the UN established the Economic Commission for Europe. It was the United States which first proposed its creation. The Soviet Union, after some opposition, voted for its establishment. There is a Russian member on it. All the European states are represented. Since no veto right exists in the Commission, no one power could block approval of a reconstruction program satisfactory to a majority of the European countries. * * * The failure of this Government to approach the problem through the UN has already done much damage. There is no doubt that the division between the west and the east has been accentuated.

The United Nations—the world's hope for peace, and the dream of the immortal Franklin D. Roosevelt—has suffered set-back after set-back during the last year. A year ago the Congress adopted the military-aid-to-Greece program, which was a flagrant violation of the provisions and the spirit of the UN. There have been the Russian vetoes which have rendered the international Organization impotent on so many occasions. During the last few weeks—in rapid succession—our administration has delivered two blows which have further weakened its prestige. One was when we abandoned the Palestine decision, a decision which we ourselves supported last November, and by so doing we sacrificed the Jewish people and our national honor on the altar of oil profits. Last week the decision on Trieste was discarded for the sake of Italian votes. Now we propose again to bypass the United Nations. Step by step, act by act, the United Nations is being reduced to a mere debating society, just as the League of Nations was reduced to impotence 20 years ago.

Proponents of this bill apparently support the European recovery program with mixed emotions. Some call it a peace measure designed to save the world. Others frankly admit that ERP is a war measure and support it as such—as a program to stop communism.

In my opinion, however, this measure will achieve none of these objectives. It is not a program of recovery, because it will prevent the recovery of Europe by destroying the economic unity of that continent—its only recovery feature is that it restores Germany to her former dominant economic position in Europe. It will not contribute to world peace, but just the opposite. The rebuilding of Germany and the weakening of the United Nations can only bring new wars.

It will not encourage democracy but bolster political reaction everywhere.

Neither will it prevent the growth of communism. I predict that its effect will be just the opposite, and that it will spread communism, just as our Greek policy has caused the growth of communism in Greece. The only logical way to prevent the growth of communism is to create the conditions for democracy. As Supreme Court Justice William Douglas stated in a recent speech, the way to check the growth of communism is to "adopt practical measures which recognize the human rights of all citizens, and raise the standard of living of all sections of society."

If the Congress were interested in creating the conditions of peace and

stopping communism, it would reject this measure and instruct the House Committee on Foreign Affairs to draft a substitute bill eliminating the military-aid provisions and providing a program of genuine relief and rehabilitation to be administered through the European Economic Commission of the United Nations. Only such a program will feed hungry people and aid world recovery. Only such a program will create the economic conditions for peace and the growth of world democracy. Such a program would have my whole-hearted support.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield.

Mr. HOLIFIELD. I agree with the gentleman in his statement regarding the so-called Truman doctrine in Greece and Turkey. Does not the gentleman from Minnesota believe that if this distinguished committee wanted to put this particular section of the bill, title 3, on its merits, they would have brought that to the floor in a separate bill and allowed the membership to work its will on that question separately, so as to clearly define the issue of military aid as distinguished from the balance of the Marshall plan.

Mr. BLATNIK. Absolutely. I certainly agree with my friend.

Mr. HOLIFIELD. Does it not betray the weakness of this particular section of the bill and show that they were afraid to subject it to a test on the floor of the House, and so put it all in one package so that those of us who are sincerely in support of the Marshall plan are forced to swallow the section of the bill that we are violently opposed to?

Mr. BLATNIK. I certainly agree with the gentleman. I should like to supplement your statement by calling attention the title of the bill which refers to necessary economic and financial assistance to foreign countries. This is a gross falsehood. The title should also include the term "military aid" as well as the terms "financial and economic assistance," to correctly identify the bill.

Mr. HOLIFIELD. Is it not true that the bill as it came over from the other body did not have these sections in it and also that the ranking members, both of the majority and minority, on the Committee on Foreign Affairs of the other body have expressly stated that they did not want military aid in this bill? Also is it not true that Secretary of State Marshall has also spoken against military aid in this bill?

Mr. BLATNIK. That is correct.

Mr. HOLIFIELD. And notwithstanding all of the testimony and the judgment on the other side of the House, we are forced to take a section of the bill which should not be in it?

Mr. BLATNIK. That is correct. I agree with the gentleman.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I should like to finish and my time is running out. I have been waiting all afternoon for these few minutes. Even then I will not be able to complete many of the points I should like to present.

Mr. VORYS. Mr. Chairman, I yield myself such time as is necessary to make

the following statement and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, in the first draft of the Foreign Assistance Act of 1948, the so-called package bill which was prepared by the State Department at the request of our committee, there was contained a title V, entitled the "Government, Relief, and Rehabilitation Act of 1948." This title contained legislative authority for the occupation and necessary rehabilitation of Germany, Japan, Korea, and the Ryukus. Hearings were held on this title on March 5, 1948—see page 2125 of the hearings. At that time it was contemplated that the State Department would administer the occupation in Germany instead of the Army, and as it was obvious that this raised a controversial question, I made a motion at a later session of our committee that title V be omitted, and the motion prevailed.

Since that time the announcement has been made that the Army is to continue the administration of the German occupation, a type of administration that has been so successful in Japan. This eliminates much controversy from the question of occupation legislation.

In view of the Communist propaganda line that we are going to withdraw from Germany, it might be helpful to make clear by legislation now that we are staying on.

In view of the fact that the House has promised a complete package of our present necessary foreign-affairs legislation, it might be well to include Japan and Korea in this legislation, as Mr. Herbert Hoover suggested in his letter yesterday.

I therefore intend to propose to the Committee on Foreign Affairs at its meeting Monday morning to review amendments, that title V to be called the Occupied Areas Act of 1948 be offered as a committee amendment. For purposes of information of the House, the text of this proposed new title is as follows:

TITLE V

SEC. 501. This title may be cited as "Occupied Areas Act of 1948."

SEC. 502. (a) Recognizing that the interest of the United States requires that its armed forces continue the occupation of those areas in foreign countries now occupied by such forces until the economies of such areas are rehabilitated sufficiently to enable them to resist internal and external aggression and to prepare their people to carry out successfully the responsibilities of representative government dedicated to peaceful aims, the Congress finds that the successful completion of the missions assigned to the armed forces of the United States in such areas is necessary to the national security. The United States under international law and the laws of humanity is obligated to take appropriate measures for the maintenance of public order and safety in foreign areas which are occupied by its military forces. Although the President as Commander in Chief of the Army and Navy has authority to govern such areas by virtue of the powers conferred upon him by the Constitution of the United States, there is no express legis-

lative authority to appropriate funds for the economic rehabilitation of such areas and for the reorientation and reeducation of the peoples thereof. It is declared to be the policy of the United States to sustain and strengthen principles of individual liberty and free institutions in the areas occupied by the military forces of the United States by assisting their peoples to attain to self-government and security in order to terminate the moral and financial obligations of the United States in such foreign areas.

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material or financial assistance to the occupied areas in such a manner as to aid them to become independent of extraordinary outside assistance.

SEC. 503. The President is authorized, under such regulations as he may prescribe, and through the exercise of any functions necessary for the accomplishment of the purposes of this title and authorized by this or any other law, to carry out the responsibilities, obligations, and objectives of the United States in connection with the government, control, or occupation of occupied foreign areas, and areas occupied by other powers to the extent necessary to permit carrying out such responsibilities, obligations, and objectives, including such measures as may be deemed necessary for the relief and reeducation of the civilian populations and the rehabilitation and reestablishment of the economy in such areas; payment, subject to such authorizations and limitations as he may prescribe, of tuition, personal allowances (not to exceed \$10 per day), traveling expenses (not to exceed those authorized for like United States military or civilian personnel), transportation, fees incident to instruction in the United States or elsewhere of such persons as may be required to carry out the provisions of this act, contingencies, and expenses incident to the operation of schools for children of military and civilian personnel.

SEC. 504. There are hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary and not otherwise provided for, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That the amount so appropriated for the fiscal year 1949 for economic rehabilitation of occupied areas in Japan, Korea, and the Ryukyu Islands shall not exceed \$220,000,000: *Provided further,* That expenditures from appropriations made to carry into effect the provisions of this title may be made when necessary to carry out its purposes without regard to section 14 of the Federal Employees Pay Act of 1946 and to sections 355, 1136, 3648, 3709, and 3734, Revised Statutes, as amended, civil-service or classification laws, or provisions of law prohibiting payment of any person not a citizen of the United States.

SEC. 505. Funds appropriated pursuant to the authority of this act, and unexpended at the time of termination of the occupation by the United States of any area for which funds are made available under this act, may be expended by the President for the procurement of such commodities and technical services as he shall determine to be necessary to assist in the maintenance of the political and economic stability of such area: *Provided,* That before any such assistance is made available under the provisions of this section, an agreement shall be entered into between the United States and the recognized government or authority with respect to such area containing such undertakings by such government or authority as the President may determine to be necessary in order to assure the efficient use of such assistance in furtherance of the purposes of this section: *And provided further,* That such agreement shall, where applicable, include requirements

and undertakings corresponding to the requirements and undertakings specified in sections 5, 6, and 7 of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.).

Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. SMITH].

Mr. SMITH of Kansas. Mr. Chairman, what does the Marshall plan mean to the average American? That would be very difficult to determine.

But for the past 3 months, through the press, radio, magazines and every means of communication, there has been aimed at the American people a withering blast of propaganda to show that this Marshall plan is a relief plan—and relief to the average American means giving something to somebody who is in dire distress from starvation or is naked and cold and needs shelter and clothes. Now the propaganda artists have quit using the Marshall plan terminology and are simply calling it ERP—European relief plan. They do this, in my opinion, to get away from the word “Marshall” which is beginning to have not as heroic a meaning as it once had—but a major reason is to get more sentimentality behind this aid program.

Does the average American know that only 20 percent of all these billions you are asked to give to the world will be used for food? The other 80 percent will be used to buy articles in short supply in this country and these articles will range from locomotives, trucks, tractors, fertilizer, steel products, electric ice boxes, automobiles, and almost every article in your hardware store.

At the close of the World War the Bretton Woods agreement was made. This was a creation of a World Bank with billions as capital and the United States put in most of the dollars. The purpose of this bank was to assist the world in getting back to normal trade and aid in the reconstruction of the world. The proponents of this World Bank said, “If we establish this bank we will not have to make relief loans to the various countries?” Has this come about? No. Because this bank is just like all banks—they are in the business of making money out of their loans. This World Bank now says these European countries are a bad risk and we cannot take the risk of loaning them money. So we are asked to make these countries a direct loan, and I am sure there are not many who believe it should be classed as a loan. Stripped of its high-sounding altruistic language, it is a gift.

This campaign to sell this so-called European relief program takes on all the earmarks of the ballyhoo propaganda of the past few years—with promises for all. The farmers are promised high prices, labor higher wages, manufacturers big profits, and, above all else, a sickly sentimental rainbow-hued peace and the only possible way to keep the peace of the world. Will Russia believe this, when we have loaned enemy countries money to pay Russia reparations. Do we owe anything to Ireland, who did not lift a finger to help in the last war? Yet Ireland is in the program for help.

Where does this doctrine come from that the victors must come to the aid of the defeated in a war? When we all

sacrificed a lot as the price of our victory.

I do not remember from history that victors were required to support the vanquished. Which, of course, means imposing taxes upon Americans to support those who would have destroyed us if they could.

I do not suppose there is any country in Europe any more severely damaged than was our own southern States in the War of the States. Did the Northern States tax their people to help reconstruct the terrific damage to the southern economy? The Northern States did not help. These great States and their people by hard work, production, and suffering rebuilt their own war damage. They slowly dug themselves out and their loyalty and patriotism has manifested itself in two world wars, probably more so than any other section of our country and remember we did not buy this patriotism and loyalty with loans or grants. And today we witness this great section of our country made up of superbly patriotic men and women being maligned and told how to conduct their own private affairs.

We Americans are now asked to destroy ourselves by excessive taxation in order to restore a socialistic Europe. We are simply being blackmailed by a threat of communism.

When I was a small boy I used to go to town on Saturdays. The town boys teased me and I used to walk up the alleys to the stores but I finally came to realize that this was not getting me anywhere because they caught me in the allies. So I reached a decision and boldly walked up the street and held my ground and after a few fights I could go any place without being molested. Nations are like boys. The only way to defend ourselves is to be adequately prepared and able to fight. The same thing is true of Nations. We are not scaring the international bully if we try to buy our way with dollars.

The most common argument used to put over this European relief program is to keep Europe from going communistic. We cannot sign a peace treaty with Russia in regard to Germany and Austria. Of course we cannot because I submit that the meetings at Yalta and Tehran were where Russia got what she wanted. These meetings were the only peace treaty Russia wanted.

They say this relief program will keep Europe from going communistic. Since England is to get about \$5,000,000,000; is she going Communist? Holland is to get \$2,400,000,000—is this thirfty, hard working country going Communist? Little Denmark is to get \$500,000,000 with a population about like that of Missouri and Kansas. Is she going Communist?

Is Ireland going Communist that she needs \$400,000,000 to keep her from still being Irish?

And then Iceland is to come into the program for \$38,000,000 when she does not have as many people as Topeka, Kans. There must be quite a threat of communism in Iceland.

Then there is Norway for \$234,000,000 to keep her from being a Communist state.

And in Portugal where they do not allow Communists she is to get \$150,000,000.

There probably is a valid threat of communism in Italy.

But there is no more threat of communism in England, Ireland, Netherlands, Denmark, Norway, Portugal, and Belgium than there is in Mississippi going Republican.

And do not forget that \$6,000,000,000 of this grand give-away plan goes to enemy countries—Germany, Italy, and Austria.

We Americans who remember after the First World War will recollect all about the Dawes plan, the Young plan, and so forth, which plans were to put Europe back on its feet. We gave them our dollars and we did not get our dollars back but we got a World War II with all its casualties at home and abroad.

If this is a defense plan for America, why not tell the truth about it. I believe the people should be told by their public officials. I can see no reason for secrecy. The more I listen under the dome to experts on this and that, the more respect I have for the people's judgment back home. If we are as near to another war as some think, it seems to me plain foolish to allocate our tax dollars to international charity. We should be spending these dollars here in America for defense.

If this is operation Europe, why not get something for our dollars we are going to give away? Why not say to France, we want adequate air bases in Algeria along the Mediterranean Sea; why not say to England for this loan, we want islands in the Caribbean Sea to protect the Panama Canal; why not say to Norway we want minerals to build up our stock piles; why not say to the Netherlands, we want your minerals and products from the East Indies for our stock piles. Get something valuable from each of them to strengthen our own economy and build up our own national defense—instead of scraping our own cupboard bare. The great bear in Moscow who walks like a man would understand this sort of a program.

If we believe in our free enterprise profit and loss system of capitalism why do we want to help socialism. All seem to say that our American way is correct; then why do we want to finance socialism?

And do not ever lose sight of the fact that Hitler and Mussolini started out as Socialists.

The President's latest message simply means that he considers Russia a menace. Why would he then recommend wealth-consuming activities to deal with this menace? Would it not be better just to tell Russia quietly, without so many messages on the state of the Union, you must stop where you are, not one step farther.

Everyone knows that a military commander will lose when he spreads his forces too thin. We cannot develop sufficient forces to be effective in Europe, the Near East. Africa, Manchuria, China, Korea, and other widely scattered points. We must adhere to one basic military doctrine, seek out the base of the enemy, and destroy it.

This Marshall plan is the result of a weak and vacillating policy of using indirect methods to do a job that should be done by direct methods. This Marshall plan can almost be called a bribe. Everyone knows what happens when you start paying the blackmailer. We in America enjoy all our high standards of living by a harder group that preceded us. We are living off capital produced by our forefathers.

It is common saying we now live from one crisis to another. It does not make any difference how these crises are produced—by mere stupidity or from some perceived planned economy—the results of this incompetence are the same.

This same stupid group that has been in control for the past 16 years now tries to bribe Europe to stop Russia with American taxpayers' dollars. I do not believe there is any legal right for Congress to spend tax dollars for a foreign country.

Europe should federate and join together and take in each other's washing and by self-help get back to the production of things they need. We cannot give them our standard of living by our own production.

The Marshall plan is a culmination of views of those intellectual planners of the New Deal who sought to make us over. Someday history may even record them as traitors to their country instead of misguided planners of the more abundant life.

America was built on the freedom of the individual. Those who came over on the *Mayflower* had a lot of hazy notions about everything belonging to the group and there was to be no private property. But even these stalwart individuals soon changed their ideas and they decided those that do not produce for themselves would not share from those who do the work. These pioneers discovered that giving things away to those able to produce was corrosive and to do so softened the individual recipient. This same rule applies to nations.

After listening for months to the barrage of propaganda that has been leveled at the American public for the so-called Marshall plan, I began to wonder where England got its start to expand its Empire. I went to the Congressional Library and I finally got back to year 1601 in the reign of Queen Elizabeth. I got the charter of East India Co. and read it. I found that this great company was built upon private enterprise. Good Queen Bess saw with a clear eye the necessity for granting incentive to private enterprise. And I find these words in this historic charter.

This charter—granted unto them that they, at their own adventure, costs and charges, as well as the honor of of this realm of England, as for the increase of our navigation and advancement of trade of merchandise. Know ye therefore that we greatly tendering the honor our our nation, the wealth of our people, and the encouragement of them, and others of our loving subjects in their good enterprises—to the benefit of our common wealth.

The charter also provided that on the first four voyages, no duty on exports or imports would be collected and that all goods going out or coming in were to be "free of subsidy, custom, or poundage."

As further incentive all goods brought back from India and sold to buyers in England could in turn transport them in English ships free of duty or custom.

So here is the first big trading company that was built on purely private enterprise. The company was given the incentive of four trips to India with six ships to bring back goods and merchandise before any duties or customs would be collected. And from such a beginning followed by others such as the Hudson Bay Co. a private-enterprise system grew that later made England the dominant nation of the world. All firmly built on the stable foundation of private enterprise.

It is impossible to buy or bribe people as to their thinking. This is distinctly what the Marshall plan proposes. A much better approach would be to implement projects along the outline of the free-enterprise system as employed in the United States. This would demonstrate the effectiveness of such democratic processes and at the same time prove that such are not imperialistic.

This procedure would tend to sell Europeans on a fundamental that made America great. It should be more effective than the attempt to buy and bribe, and most certainly would not be a drain on our national economy.

And now the chief proponent of this plan is going to stop communism in Ireland and Portugal—by doles and WPA projects. This modern seer, late out of uniform, was present at Yalta and Tehran but could not recognize that it was a peace treaty given to Russia on a silver platter. This treaty enslaved countless millions of Poles and other peoples of Europe. It gave Russia Manchuria and the best part of China and Korea. He now recommends that we extract \$17,000,000,000 out of American pocketbooks to stop communism, but a few months ago he recommended to Chiang Kai-shek that he take Communists into his government.

If this is to aid in the defense of our country why do not these proponents of this "give-away plan" look at a map of Europe?

Ask any schoolboy if we were compelled to fight Russia in Europe, whether or not Spain would be advantageous to us. To look at the map one can see at a glance that if Joe Stalin were to occupy Spain such would be a serious menace to our safety.

Why do not these proponents of this "give-away plan" want to help Spain? Because the leftwingers and pinks would say we cannot help Franco; he is a Fascist. So, it is not an honest defense program or they would put Spain into the program. Yet, military experts tell us the Russians can overrun Europe in 6 weeks. A first-class army in Spain could make an invasion most costly.

Other great generals of the past have tried to cross the Pyrenees. Honest military experts will tell you this Pyrenees line is one of the best defensive lines in the world. Yet, our State Department and the proponents of this plan turn up their noses at the best defensive position in Europe. If Franco would tell them he had some Communists he wanted them to help feed with American tax-

payers' dollars the ardent disciples of this Marshall plan would probably cut him in on this "give-away plan" for a few billion dollars. And, of course, there is probably another reason Spain is not considered and that is because the Spanish Government is not socialistic. And since Franco is not a Socialist he could not joint the Communists at the first sign of trouble.

We should not adopt the Marshall plan. Let us stick to what we have learned from our own experience. Let us not invest America's free-enterprise earnings in socialistic schemes in Europe. We can be sympathetic and generous but let us do it on an out-and-out charity basis—such as Hoover administered relief after World War I with funds donated by the generous people of America.

Now, after 16 long years, the Republican Party gives its support to this misguided leadership of yesteryears and joins in the chorus singing "Bo boo boo—we have got to go along because there ain't no other road we can travel." But there is another road that men of courage can travel; Oh, I grant it is not a four-lane highway with clover-leaf intersections, but it is the open road of free enterprise, opportunity, stretching from Portland on the east to Portland on the West, from Duluth on the north to Galveston on the south. Along this road American people live. They will stand up and cheer for anyone who will travel this American road with a banner which reads:

We stand first for America, and for those citizens who pay their taxes, support their church, help with Community Chest, pay their bills, fight for their country when need be, ask nobody to protect them from the cradle to the grave, and who want to maintain the American Republic for their children and their children's children, and who want to keep their eyes ever fastened on the light of American liberty—that concept of the sacredness of the individual in the eyes of a sovereign God.

The way to help Europe is to deal with them on a business basis. Restore private capital with incentives so men will produce and work for themselves and their children. We should keep our lights burning brightly in America with a strong internal economy so that all the world may see a country dedicated to free enterprise, freedom of the individual, freedom to produce without restrictions—that we Americans will not tolerate the gigantic apparatus of compulsion and coercion commonly known as the socialistic state.

I believe the people of America have had enough of our top-flight policy makers looking at the far-off horizon of foreign shores. Let us start looking about us and build up the internal economy of our own country by reducing public spending, cutting taxes, and paying off our debt. In short—we have had enough of foreign star gazing.

(Mr. SMITH of Kansas asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. O'HARA].

[Mr. O'HARA addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. O'HARA asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. LARCADE].

Mr. LARCADE. Mr. Chairman, the time allotted to me, of course, is not sufficient to discuss such an important bill; however, I would like to make a few observations and discuss one provision of this bill briefly.

Mr. Chairman, since I have been in the Congress I have seen the Congress appropriate billions of dollars for almost every country in the world, without any concern for the economy of our own country and without any consideration for the security and welfare of our own people and taxpayers who pay the bill.

Since the termination of the last World War, I assumed the position that while I fervently hoped and prayed that the United Nations Organization would bring peace to the world that history had disclosed that all such organizations, agreements, covenants, and so forth had never been successful, and that this country had permitted itself to be caught unprepared in the past two World Wars, and that it was my opinion that we should profit by that experience and retain all of the bases and islands both in the Pacific and elsewhere for which our men in the armed forces shed their blood to obtain, and to acquire by purchase or otherwise any and all other bases in the Pacific and Atlantic and elsewhere necessary to build an impregnable ring of steel around our country, and to have a strong Air Force, a strong Navy and Army, with a trained reserve, keep the atomic bomb, and that then in that position we would be in a position to defend and protect our own country, as well as be an instrumentality to help keep the peace of the world.

Unfortunately, this was not done and we find ourselves, to our disgrace, totally unprepared and on the verge of another war, caught in the same position as we were for the First and Second World Wars.

Ever since the end of the past World War I have been one of the most severe critics of our Government in its domestic and foreign policy, and have not hesitated to bring to the attention of the Congress on the floor and in the CONGRESSIONAL RECORD my views with respect to mistakes of our Government, and have consistently opposed and voted against the giving away of the resources and substances of our country to foreign nations without regard to the economy of our country and without any consideration to the welfare of our own citizens who have been and are overburdened with taxes, to pay for these appropriations for the billions of dollars appropriated since the termination of hostilities, to say nothing of the tremendous public debt on the shoulders of our people which will take generations to pay.

Since I have been here I have worked to have the Congress provide a military organization which would be adequate for the protection and preservation of our Nation, and have spearheaded that campaign by introducing bills for appropriations for our Army and Naval Air Forces, and have consistently supported universal military training, which I consider the foundation to the success of any program which will furnish an adequate military organization.

Today, we find ourselves without any effective military organization, and notwithstanding that we have scuttled approximately twenty-eight billion of our taxpayers' money to foreign countries, plus millions spent for foreign relief by the Catholics, the Methodists, the Lutherans, and other religious and civic organizations, the package concerns, and private citizens, the Government has herded up most of the cows, horses, mules, sheep, farm machinery, automobiles, trucks, petroleum, grains, fats and oils—all in short supply in this country—and all the critically scarce heavy machinery, and have sent these resources also to foreign countries, all at the deprivation and expense of our own country and its citizens, notwithstanding that the war has been over for almost 3 years.

I am not opposed to helping any country which is starving or in distress within reason or within the capacity of this country, and I think that we should furnish all the surplus food possible to countries in need; however, I believe that we should provide for our own citizens and our own country first, last, and all of the time.

Last year I charged the State Department and the Department of the Army with being responsible for the increased high cost of living to the American people as a result of their short-sighted and intransigent policy of sending to foreign countries in the relief programs only the basic, select, and scarce foods at the deprivation of the American householder who was unable to compete with the Government in the increasing and high price for these commodities, who with their limited incomes were unable to buy these necessary basic foods, and my charges have been fully borne out by private sources and by investigations made by the committees of the Congress.

The State Department and the Department of the Army, notwithstanding the protests of the Members of Congress and of the congressional committees, have continued this policy further, notwithstanding that there were available millions of dollars of surplus foods of nearly nutritional value which were, and are still, in the hands of the American producers and processors, and without consideration to the fact that these surplus foods had been produced and processed at the urgent request of governmental agencies who called upon the farmers to produce any and all kinds of food to be used in the foreign-relief programs. The reason given for not utilizing these foods was that they did not contain enough calories.

As a result of this policy there has been, and there are still, millions of dollars of

canned and other food available which could have been, and which can still be, utilized in these programs, and many of those who processed these foods and many of the industries will be seriously affected and many citizens will be ruined financially due to the fact that the Government has not made use of these fine nutritious foods.

Nearly every State in the Union has available surplus agricultural canned foods which are yet available, and unless the same are disposed of within the year these precious foods will spoil and be wasted, and millions of dollars will be lost. Of course, this affects only the United States, so the bureaucrats pay no attention to this serious matter.

Nor are they concerned with the continued high cost of living to the American people—the good old taxpayers who “gets it in the neck twice.” First, the taxpayer puts up the money for the program, and, second, when he makes an attempt to purchase the basic foods, due to the Government competition, the price is doubled and trebled, and, in most cases, he cannot compete with the Government, and has to do without, otherwise the cost is two to three times as much as would be paid if the Government would not be buying up the major portion for relief purposes.

While it is true that some of the Government officials have promised the Members of Congress to purchase most of these surplus agricultural and other canned foods, a reading of the bill now under consideration, S. 2202, discloses that the same old provisions and conditions that the State Department and the Army have used on those who have surplus agricultural products to sell are still contained in the bill, and a further perusal of the hearings would indicate that the same old bureaucratic yardstick of amount of calorie content compared to dollar value will be invoked in regard to the purchase of surplus canned foods, unless the Members of this House approve an amendment to remove these restrictions from the law in order to protect their constituents and countrymen.

I was advised that it was the intent of the Senate who insisted upon section 112, paragraph (e), (f), (g), and (h) of S. 2202, that this section was intended to make it mandatory that the governmental agencies purchase these surplus agricultural canned foods in distress in the United States to be used in the program. However, I am sorry to say that upon discussing the provision in the bill with one of the agencies concerned they advise that they do not interpret this section as making it mandatory that they shall purchase any surplus food product except those which come specifically under the terms of the Steagall amendment.

Mr. Chairman, in view of the fact that the amount authorized under the bill under consideration is \$6,250,000,000, to be, in my opinion, wasted like other appropriations, I think it would be a crime, and nearly high treason, if this Congress would vote out this bill without amendment stipulating and spelling out the necessary language to at least provide for,

and make it mandatory upon the administrators of this legislation to buy all of the surplus agricultural products, canned and uncanned in distress in the United States as intended by the Senate. Otherwise would be unthinkable.

Mr. KEE. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. DORN].

Mr. DORN. Mr. Chairman, one of the greatest sages and philosophers I have ever known, my own father, has said to me on numerous occasions, and I quote, “Son, if the crowd goes this way, you go the other way around and you will be right ninety-nine times out of a hundred.”

Mr. Chairman, in my life so far, I have found this to be true. I believe this Congress and this Nation are being propagandized and stampeded today into a plan that they do not understand and that has only a small chance of success. I will admit that it takes some courage to stand alone, to stand in the face of organized propaganda such as is being poured over this country today, but I believe in taking the stand that I do. The only think I consider in this Congress is whether I am right or wrong. I only choose between these two courses. In this instance, I sincerely believe myself to be right.

Lincoln said upon one occasion, “To keep silent when one should protest makes cowards of men.” This is true with many Americans today. They are failing to speak out in this hour of crisis. Also, may I say that I discussed some of these problems with the boys in Europe during the war, problems that I knew the world would have to face in this post-war period. Upon one occasion my commanding officer, after overhearing me, said that if I continued to express my opinion I would be imprisoned but, gentlemen of the committee, now that I have the opportunity to talk to a limited extent on this floor, and as long as I have the opportunity to speak before the country, I am going to express my opinion and do what I think is proper, political expediency notwithstanding.

The world today is crying for leadership, men who can see ahead, men who can lead us out of this wilderness of confusion. As I stand here today, I proudly represent the district in this Congress which was once represented by John C. Calhoun, whose monument is just outside in the Hall of Fame. He was a man who did not equivocate, who did not vacillate and was not burdened by indecision. He was the kind of man who could see ahead. As Secretary of War in 1820, he advocated national defense measures that were adopted a hundred years later. He could always unfold the veil of the future, lead his people, and act accordingly. My prayer today is that God give us such men today, the kind to lead the people and tell the people the truth, and not wait for public opinion to form and then say “me too.”

I have been opposed to this European relief program since its inception. I was opposed to the withdrawal of troops from Italy recently. The first step that a governor of a State takes when a city is hit by a tornado or a hurricane is to first

declare martial law, call out the National Guard, get the city under military control, and then the doctors and relief immediately follow. This is a sound policy as it prevents stealing, looting, and robbery, and insures that the relief will get to the people who need it. We have consistently poured money into countries where there was practically chaos with no guaranty that the people who needed the relief would get it.

Now as to this so-called Marshall plan, I am against it for many reasons, the first and most important of which is incompetent leadership. I cannot trust \$17,000,000,000 of the American taxpayers' money to the disposal of men who have demonstrated their inability to cope with world problems. I cannot conscientiously do so and be fair to myself and to the American people. Let us look at the record, as Al Smith used to say. I admire the Secretary of State as a military man and as a Christian gentleman but is it not true that he was with the President when the Atlantic Charter was being discussed, and with the President at Quebec, Tehran, Yalta, and Potsdam, conferences at which future historians probably will write was the beginning of the end, where America was unwittingly sold out to communism and socialism, and where Russia received every request in the form of territories and future bases to launch attacks against civilization? Some of the most infamous examples of appeasement, indecision, and feasting in all the history of the world. The world does not yet know the full extent of these secret agreements and commitments which have advanced the case of the enemies of American democracy. The record goes further in the recent history of the Chinese Nationalist's government fight with communism. If the policy of the Secretary of State had been adopted in China, there is no doubt in my mind today but that the great Chinese Republic, the key area of the world, would be under the domination of the hammer and sickle, with all its manpower, all its resources and potential possibilities, working hand in glove today with the planners of world domination in the Kremlin.

The Secretary of State and the President reversed themselves on Palestine within a very short while, a policy which when first instituted might easily have involved the world in another war. It was a mistake in the beginning, and only promulgated by those men who wanted certain minority American votes at the risk of endangering the rest of the world and the loss of millions of lives. They have reversed their positions on Trieste, and I think they are right, but why make all these mistakes to begin with which have brought us so close to the brink of war? Also, the Secretary of State, at Harvard University on June 5 of last year, when this plan was first announced to the world, did not exclude aid to Russia or Russian controlled countries. This record that has been made the last few years is a record of uncertainty, reversal of position, tragic mistakes, and with little insight into the real evolving world situation. Again may I repeat I cannot conscientiously trust so huge an expend-

iture to such indecision and failure to promulgate a definite foreign policy. In fact, if you would call up these men today, they could not tell you what our foreign policy is. I cannot, you cannot, and we have not known for the last 10 years what objectives we had in the foreign field.

I have no personal differences with the leadership. I only disagree with many of their policies. There are those who say that such criticism of our leadership gives comfort to the enemy. I disagree, because Russia knows this leadership well. They have met them before at many conferences, and know their weaknesses. Also, there are those who say that after the November elections, there will be another leadership to administer this plan anyway. I have not seen anyone on the Republican side who, I think, would measure up to the proper administration of this type of foreign policy with the single exception of Gen. Douglas MacArthur, and I am not sure he would be elected.

My second objection to this Marshall plan is on military grounds. It has been said that this is a war measure, that it would embrace military aid. If it were the right kind of military aid, and truly a military-aid bill, I would support it. I do not believe, and many military experts do not believe, that western Europe can be defended successfully, strategically or tactically, by this Marshall plan. In fact, we are placing the few soldiers that we have in Europe in an unsound position tactically. We have too few troops in Europe and they are facing great combat armies. We are told that Russian troops massed on their western front are combat-trained, and commanded by some of the world's greatest generals, Rokossovsky, Zhukov, Koniev, and Timoshenko, and, incidentally, based largely on territory surrendered to Russia at Yalta. They are in a position to launch a sudden blitzkrieg across Europe. It is estimated that they could reach the Channel in 3 weeks and the Pyrenees in 2 months. They are in a position to call the shots. They know their objectives well and they have a powerful fifth column in western Europe to aid them. Why place American troops in a position for a second Dunkerque? In this connection, there are those who believe that we could build up a big enough land Army in western Europe to defeat and occupy Russia. Let me say that on June 22, 1941, Hitler invaded Russia with the largest and best equipped land army the world has ever known, with its bases and jumping-off points bordering on Russia itself, with its industrial factories close by. The farthest this horde was able to advance was to the gates of Moscow, Leningrad, and Stalingrad, which is a long way from defeating and occupying Russia. I do not believe the world could ever again assemble in western Europe an army as large as that, which was inadequate, to defeat and occupy Russia on land. Also, I would like to point out that Napoleon Bonaparte went into Russia with over 600,000 picked troops, won practically every battle, even captured Moscow, but was forced to retreat in the face of Russian weather, lack of com-

munications, and the vast expanse of territory. I do not believe we can succeed in such a program where those men failed.

The only alternative, in my opinion, is to deal directly with Moscow itself. We cannot bribe Horatio to hold the bridge. We are only postponing the reckoning day and prolonging the agony of Europe and the rest of the world. We cannot deal with Moscow through Rome, Paris, London, Brussels, or even Munich. We must deal directly with Moscow itself. I do not believe that Andrew Jackson, Theodore Roosevelt, Douglas MacArthur, or George Patton would advocate such an indirect, passive, defensive policy of dodging the real issue, of getting a second to stand between you and the bully. I believe they would adopt a better policy—that is, dealing with the Kremlin directly, face to face, in no uncertain terms. In view of the military aspects of the Marshall plan, its inability to stop Russia when they start to move, then I advocate spending this money on a large portion of the money, on a firm policy I have mentioned—that is, air power, the greatest air force in the world, and then tell the Communist masters in no uncertain terms that any further advance will mean war. We are not dealing through third parties but we are talking to you directly. In the face of American industrial capacity along airplane lines, I do not believe Russia will move. We could even pour planes and bombardment squadrons into western Europe at Le Bourget field, at Rome, Munich, and other great air fields, loaded with the atomic bomb, and warn Russia in no uncertain terms. Then if their land army did move, this force could hold up and possibly paralyze their advance, and if not, they could be evacuated easily and there would be no Dunkirk. Better still, they would be in position to bomb the heart of Russia and then retire to bases in North Africa or England for a second strike. Then, too, there is a psychology connected with having a great air force in western Europe, or flying in great waves over Italy on election day. It would have a tremendous psychological effect on the people of western Europe if they decide to change their form of government.

I can speak from personal knowledge when I say the German people and the children of Europe in general were more impressed and were more afraid of American air power than any other one thing. They had nightmares even after the war was over, dreaming about the horrors of American air power. They lived in constant dread of the great waves of planes which droned constantly over Europe. There were great air parades after the war which impressed the people like they had never been impressed before. I have heard for 24 hours the constant drone of American bombardment squadrons flying toward their objective in Germany, and men in the American lines lost sleep because of this constant roar. It was impossible for German morale to long endure this raining death. I am told that when General Eaker, commanding the Mediterranean air fleets, decided to bomb the German oil fields in the Balkans, he asked on several occasions for

Russian cooperation, always with a negative reply. Finally, Eaker informed Russia that he was going to bomb these oil fields and was coming on to land at certain air fields and to be ready when he got there. Russia immediately acquiesced. That is the only language they understand.

I believe today we are missing a golden opportunity in not spending this money on a great air force. The British fleet for generations controlled the seas and put fear into the hearts of dictators and kings. We have that opportunity knocking at our door today. May I again repeat the statement I put in the RECORD last year, made by General Koller, commander of the German Air Force at the end of World War II. He said, "we are decimated, eliminated, and defeated, but it will be interesting to watch the game of power politics from the side lines, to see if the great powers make the same mistake over and over again." He said that the nation that controlled the air over the world, would control the lands of the world, would control the seas of the world, and would dominate the world.

My third objection to this plan is that it will not accomplish its humanitarian goal. We know there has been hunger and suffering in Europe but has the \$22,000,000,000 we have spent over the world since the end of the war greatly alleviated this condition? The cold fact is that political cliques and socialistic groups control the countries of western Europe. Politics and black markets are still the order of the day. It is only human nature that these political regimes will use this money for their own political advantage and the people who need the relief do not get it. Ration cards must be obtained in many countries. These ration cards are issued by the political henchmen of the government in power. There are those who even advocate sending relief to Russian satellite countries. Anyone should know that one in Russian-dominated countries cannot secure a ration card who does not cooperate with the government in power. That is the way they control the people, through their stomachs. Then, too, America must consider human nature, its inclination toward ingratitude, frustration, and inferior complex. This is a condition which is widespread in western Europe today regarding American relief. I believe in aid to Europe, but along the lines of the Friendship Train, along the lines of this Care organization, the Red Cross, Salvation Army, through church organizations, and so forth. If the American people were told the facts, and told how many bodies could be rehabilitated through their personal contributions, I believe the American people would rise to the occasion valiantly and give this aid directly to the people of Europe who need it, and not turn it over to a government bureaucracy or political clique to administer as it sees fit. Then, too, by voluntary methods, direct from the hearts of the American people, we could imbibe the people of Europe and China with that love and spirit which comes from such a program, and at the same time we could save Government appropriations for air power, aircraft carriers, and so forth.

My fourth objection to this plan is on economic grounds. The proponents of this bill admit that the key to European recovery is Germany. Then why, in this bill, does France and England receive more money than the so-called key to European recovery? At the same time, I understand factories in Germany are still being dismantled, and some of their military leaders are still being tried for obeying orders, which every military man is trained from the cradle to do. They are still being tried at Nuremberg under an undemocratic, retroactive policy. Some of the leaders of Nazi Germany should have been tried but professional military men and some of the great scions of industry had to go along with the program whether they wanted to or not. We might need the support of the German people in this postwar world, and a policy of vindictiveness will not create that spirit of cooperation. It failed to unify this country after the War Between the States. It has always failed wherever employed.

I do not see how the world economy can be bettered and uplifted by weakening American economy to strengthen an economy in western Europe, which, in my opinion, cannot be done under this Marshall plan. The trouble with England, the greatest recipient of this aid program, is that her civilization has run its course, her resources are exhausted. There are no deposits of oil and other resources that make modern civilization tick. The same is true of some of the other western European countries, particularly Italy. They were great in Roman days but never since that date. The key economic areas of the world are those with vast, undeveloped resources, such as China, India, Africa, South America, and Russia, and we should build our foreign policy accordingly. Then, too, suppose we do build up the industrial power of western Europe. It will then be used to compete with America, and we both might be forced into a depression, which is what the enemies of our philosophy really want.

It is my personal observation that Europe's trouble is moral and spiritual. They do not, on the whole, have today the will to resist, the burning desire for freedom, which is the only thing upon which a civilization can be built. When a nation goes morally and spiritually, then no economic aid or humanitarian ideas can build it up. Those pioneers on the *Mayflower* who left England and came to America had a definite objective. They were coming to worship God as they pleased, they were coming for freedom, and they had the will and moral and spiritual stamina to endure anything to obtain that goal. Half of them died the first year on the bleak shores of Massachusetts but their colony survived. They had the determination to stick it out. How much are the people of western Europe willing to sacrifice today for this same type of freedom?

Mr. Chairman, communism is a religion, the wrong kind of religion but nevertheless a religion. It is a powerful ideology. They go about their work with a song on their lips and zeal in their

hearts, with a consuming passion to spread their doctrine throughout the world. They have a definite goal, a definite objective, they have not wavered or hesitated since the inception of communism, they have been moving relentlessly, steadily, as a great torrent forward. The only force that can meet this insidious, mystic ideology on anything like an equal ground is the force of arms and a counter ideology just as powerful. I believe that the answer is Christianity. If all of America and the western world would rededicate themselves to the principles of Christianity, and went about our work with the same missionary spirit that our forefathers had when this country was founded, we could stop communism cold. I believe that every dollar spent by the American people on foreign missionary work, to rehabilitate the hearts, mind, and souls of people, as well as their bodies, would be worth more than \$10 spent abroad by the Government for temporary physical relief and political expediency.

I think it is high time today that all Americans rededicate themselves to the Christian religion. We cannot refrain from seeing about us this feeling of helplessness. We must in all our deliberations also rely on a higher power to guide our hand today as our early forefathers asked for His guidance in the early days of the Republic. My friends, peace will not be accomplished so long as there is argument in the United Nations and at meetings of the Big Four over prayer, and no permanent peace will be secured for this world by a meeting of three or four people. The peace of this world will be won in the hearts, minds, and souls of all people everywhere, rising up and demanding peace. My friends, we cannot buy lasting love or lasting friendship with money. All great civilizations and great nations of the past have had crises, and they have fallen, many of them, from the face of the earth to be remembered only in history. I think that America today has reached that point. Either we go forward or we fall as a civilization and pass from the face of this earth. This decision must be made now. The next 5 years is most critical. I must say that defense is a bad policy. It is a policy of those with inferior complexes. Passive resistance will not stop a militant force moving across the face of the world. An indirect policy will not stop the neighborhood bully. He will not be stopped by sending your wife or your children to confer with him. You can only iron out your differences by meeting him face to face in no uncertain terms. This Marshall is only postponing the show-down. This situation must be met now, or our civilization will fall. The story is told of George Patton in Normandy that his lead tanks in the great onslaught below St. Lo wired him and asked him the question, "Shall we retreat or stand still? We only have 15 minutes supply of gasoline left." George Patton's reply was "do neither, move forward." The last echelon of German defense was breached with those 15-minutes-remaining gasoline and the German armies crumpled in confusion.

Gentlemen of the Committee, we are in that position today. We have only a few years left, or maybe months or days. We cannot stand still and we cannot fall back. We must move forward and deal with dictatorships in the only language they understand—that is, with the most powerful air force in history, a counter ideology based upon the principles of Christianity, and an end to this wave in America of indifference, complacency, immorality, love of money, and indecision. This decision will have to be made sometime, someday, somewhere. Five years from now it will be too late. This Marshall plan is only delaying the issue. I think this decision can be made today, and made favorably by going straight to the masters of the Kremlin and asking them if they want war or if they want peace, and telling them that we will stand up for western Europe, for all freedom-loving people, and we are going to do it if it means bombing Moscow. We cannot build a bigger land army than Russia but we can build a bigger and larger air force, and we already have the best Navy in the world. To me, there is only one course—decision now. The late Ben Hill, of Georgia, once said:

He who saves his country, saves all things. All things saved bless him. He who lets his country die, lets all things die, and all things dying curse him.

Mr. Chairman, the distinguished gentlemen of the Committee on Foreign Affairs have done a good job on this bill. I think they are sincere, and I should like to add my word of praise at this point.

Mr. Chairman, I hope at sometime, some day, somewhere, I may have the opportunity to talk before this House for about 15 minutes and give my observations of Europe as I saw it in the cow barns and the homes of the people of Europe for 18 or 19 months.

Mr. Chairman, far be it from me to say anything about the distinguished gentleman from New York [Mr. MARC-ANTONIO]. I believe he is sincere. He is not here. I will not at this late hour take advantage of his absence. I did hear his speech today, however, and I should like to say this: You can talk about Wall Street all you want to; you can talk about Standard Oil all you want to, and so-called big business, but in spite of that, the American people today have 25-cent-a-gallon gasoline, whereas in Russia gasoline is \$2 a gallon, and the poor people cannot buy it at all. In England it is 54 cents a gallon, and the common man cannot buy it at all.

In the United States we have more radios in the homes of the American people, more refrigerators in the homes of the American people, more automobiles in the homes of the American people than the rest of the world combined, and more telephones in New York State than they have in the entire continent of Europe. We have more of these luxuries than all the rest of the world combined. That is an argument that no Communist, no Socialist, no star-gazer has ever answered yet.

In many States of this Union when they have open forums they ask these questions, but they have never answered

that one question yet. I leave it to the Chairman and the gentlemen of the Committee today that our American system, even with its faults, if Wall Street is a fault, has given to the American people the highest standard of living and more civil rights, if you please, Mr. Chairman, more of everything, highways and railroads, than practically all the rest of the world combined. I am proud of America as it is under the present Constitution and under the present system of free enterprise. I might say to the star-gazers, like Mr. Wallace and some of the others that have tried to head my party lately along the road toward socialism and state control, that there is no other system in the world that can compare with the American system as it is and as it has existed since 1787.

Mr. Chairman, I am going to oppose the Marshall plan. I am doing it for the reasons I have outlined heretofore. If you would put that money into air power and ask the American people to donate from their hearts, along the Friendship Train line, the CARE line, the Salvation Army line, and the Red Cross line, they would do it, and you could save Europe and also build up the greatest air force in the world, which is the one thing that those in the Kremlin really and honestly fear. Some day within 5 years, Marshall plan or no Marshall plan, you are going to have to face Soviet Russia and the men in the Kremlin. You are going to have to put the cards on the table. The sooner you do it the better. I say let us do it now. If there is a bully in the neighborhood, you would not send your children or your wife to talk to him. That is what the Marshall plan is. It is a diversionary tactic. It is passive. It is defensive. It is not aggressive. Let us go and talk to the bully face to face and tell him now that it will be war or peace.

(Mr. DORN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. If there are no further requests for time, the Clerk will read, and, under the rule, the Clerk will read the committee substitute as an original bill.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Assistance Act of 1948."

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD and include a memorandum in connection with the remarks he made this afternoon.

COMMITTEE ON THE JUDICIARY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight Saturday night to file a report on House Joint Resolution 9.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AUTHORIZING SPEAKER OF THE HOUSE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. SCOBlick (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD.

Mr. WOLVERTON (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an article.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the committees on Calendar Wednesday of next week may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. FULTON (at the request of Mr. VORYS) was given permission to extend the remarks he made in Committee of the Whole and include the statement of Admiral Cooke.

Mr. VORYS asked and was given permission to extend his remarks in the RECORD and include the text of a proposed title 5 in the bill now pending.

Mr. REES of Kansas (at the request of Mr. VORYS) was given permission to extend his remarks in the RECORD immediately following the discussion of the conference report on the rent-control bill.

Mr. GAVIN (at the request of Mr. VORYS) was given permission to extend and revise his remarks made earlier today.

Mrs. ROGERS of Massachusetts asked and was granted permission to extend her remarks in the RECORD and include a letter received from the Lowell Hebrew Community Center.

REREFERENCE OF A BILL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs be discharged from further consideration of the bill H. R. 5515 for the relief of Mr. and Mrs. Albert Chandler and that the same be re-referred to the Committee on the Judiciary.

The SPEAKER. Has the gentleman conferred with the chairman of the Committee on the Judiciary?

Mrs. ROGERS of Massachusetts. I have not, Mr. Speaker.

The SPEAKER. It is customary to consult with the chairman of the committee to whom the bill is to be referred. No harm will come if this matter is delayed until Monday.

Mrs. ROGERS of Massachusetts. I withdraw the request, Mr. Speaker.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 5 minutes.

VETERANS' ADMINISTRATION PERSONNEL

Mrs. ROGERS of Massachusetts. Mr. Speaker, it is very late and I rise only to make this very brief statement, that on tomorrow numerous persons employed by the Veterans' Administration will be dismissed from that service, due to the fact that General Gray has said he does not have the money with which to pay them.

I rise to ask the membership to join with me in asking the Committee on Appropriations to report as soon as possible the deficiency bill, which I hope will carry an appropriation in order that these people may be retained, in order to give essential service to the veterans and widows and dependents of veterans, in connection with contacting, processing of claims of all kinds, rating and adjudication appeals, and in connection with medical care of all kinds and other services for the veterans. Many of these persons, themselves disabled, will be dismissed.

I appeared, with the gentleman from Massachusetts [Mr. McCORMACK] before the Deficiency Appropriation Committee which handles these matters to ask for the passage of a bill which would make payments to the Veterans' Administration of \$6,000,000 which would enable General Gray to restore to the Veterans' Administration rolls some 8,600 persons. We were very cordially received, and I am hopeful, and I have the feeling that the Appropriations Committee will do something. But every minute counts.

Mr. CASE of South Dakota. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. CASE of South Dakota. The gentleman from South Dakota is not authorized to speak for the committee, but the gentlewoman started her remarks by saying she hoped Members would join her in asking that the committee report out the deficiency bill at an early date. The majority leader has already announced that immediately upon the

completion of the bill which has been occupying the attention of the House—the foreign-aid bill—the deficiency bill will be considered. I may say to the gentleman that the Subcommittee on Deficiencies has prepared a bill which will be reported to the full Committee on Appropriations, and it will be ready for consideration as soon as the pending bill has been disposed of. That is just about as rapidly as it is possible to act.

Mrs. ROGERS of Massachusetts. I thank the gentleman very much. The committee gave us a very complete hearing. I only rose at this time because, as I say, every day counts. I know it does in foreign relief, and it does in urgent relief for the veterans of our own country as well.

The following is a resolution passed by the National American Legion Rehabilitation Conference. Every State in the Union was represented at this meeting.

The resolution is as follows:

RECOMMENDATION NO. 32 ADOPTED BY NATIONAL REHABILITATION CONFERENCE OF THE AMERICAN LEGION MARCH 11, 1948

Since it is common knowledge that the VA is being forced to reduce its personnel by approximately 8,500 because of lack of funds to operate, and since this conference is cognizant of the fact that a deficiency appropriation bill of \$6,000,000 for the purpose of furnishing sufficient funds to the VA to complete the present fiscal year is being considered by the Congress of the United States, it is recommended that we respectfully urge all Members of Congress to support the deficiency appropriation bill pending for maintenance of an adequate number of personnel to properly render needed services due the veterans and their dependents.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2182. An act to extend certain provisions of the Housing and Rent Act of 1947, to provide for the termination of controls on maximum rents in areas and on housing accommodations where conditions justifying such controls no longer exist, and for other purposes.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly the House (at 5 o'clock and 54 minutes p. m.), pursuant to a special order heretofore entered, adjourned until Monday, March 29, 1948, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1414. A letter from the Attorney General, transmitting a request for withdrawal of the case of Mario Mendonca from those 298 cases involving suspension of deportation referred to in letter of January 15, 1948; to the Committee on the Judiciary.

1415. A letter from the adjutant general, Veterans of Foreign Wars of the United States, transmitting the proceedings of the Forty-eighth National Encampment of the Veterans of Foreign Wars of the United States, held in Cleveland, Ohio, September 4-9, 1947 (H. Doc. No. 581); to the Committee on Armed Services, and ordered to be printed, with illustrations.

1416. A letter from the Librarian of Congress, transmitting the annual report as Librarian of Congress for the fiscal year ending June 30, 1947, as well as a complete set of the Quarterly Journal of Current Acquisitions; to the Committee on House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WOLVERTON: Committee on Interstate and Foreign Commerce. Report relating to public aid to air transportation (Rept. No. 1612). Referred to the Committee of the Whole House on the State of the Union.

Mr. GILLETTE: Committee on Interstate and Foreign Commerce. H. R. 5623. A bill to amend the Interstate Commerce Act, as amended; with amendments (Rept. No. 1613). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNGBLOOD: Committee on Post Office and Civil Service. House Joint Resolution 340. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one hundredth anniversary of the founding of the American Turners Society in the United States; without amendment (Rept. No. 1614). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of Illinois: Committee on the Judiciary. House Joint Resolution 9. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; without amendment (Rept. No. 1615). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 6004. A bill to provide for a preliminary examination and survey of Jules Creek, Westmoreland County, Va., and of channel connecting said creek with Nomini Creek; to the Committee on Public Works.

By Mr. PRESTON:

H. R. 6005. A bill to amend section 77 of the Judicial Code, as amended, to create a Swainsboro division in the southern district of Georgia, with terms of court to be held at Swainsboro; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 6006. A bill increasing the immigration quotas for Greece; to the Committee on the Judiciary.

By Mr. WOLVERTON:

H. R. 6007. A bill to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CASE of South Dakota:

H. R. 6008. A bill to amend the Internal Revenue Code by providing a synthetic liquid fuel plant amortization deduction and a percentage depletion for certain materials used in the production of synthetic fuels; to the Committee on Ways and Means.

By Mr. MORRISON:

H. R. 6009. A bill for the purpose of erecting in Baton Rouge, La., a post-office and courthouse building; to the Committee on Public Works.

By Mr. WEICHEL:

H. R. 6010. A bill to provide for retired pay for enrollees of the United States Maritime

Service on active duty; to the Committee on Merchant Marine and Fisheries.

By Mr. BOGGS of Louisiana:

H. R. 6011. A bill to amend the Railroad Retirement Act of 1937 to make employees eligible for annuities after 30 years of service regardless of age and to make widows eligible for annuities regardless of age; to the Committee on Interstate and Foreign Commerce.

By Mr. CASE of New Jersey:

H. R. 6012. A bill to amend section 77 of the Bankruptcy Act; to the Committee on the Judiciary.

H. R. 6013. A bill to amend the Tariff Act of 1930 to provide for exemption from duty of certain metallic impurities in tin ores and concentrates, when such impurities are not recovered; to the Committee on Ways and Means.

By Mr. GEARHART:

H. R. 6014. A bill to terminate the war tax and defense-tax rates on admissions and dues; to the Committee on Ways and Means.

By Mr. LANE:

H. R. 6015. A bill to make the Smaller War Plants Corporation a peacetime agency of the Government with power to make loans to small business concerns and to insure loans made to such concerns by banks; to the Committee on Banking and Currency.

By Mr. LARCADE:

H. R. 6016. A bill to amend section 421 of the Internal Revenue Code, relating to income taxes of members of the armed forces dying in service; to the Committee on Ways and Means.

By Mr. BOGGS of Louisiana:

H. R. 6017. A bill to amend the Social Security Act, as amended, so as to increase the amounts of Federal contributions to the States for old-age assistance, aid to dependent children, and aid to the blind; to the Committee on Ways and Means.

By Mr. BRADLEY:

H. R. 6018. A bill increasing the immigration quotas for Greece; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Commonwealth of Massachusetts, memorializing the President and the Congress of the United States to provide for Federal housing projects in the city of Boston; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAMP:

H. R. 6019. A bill for the relief of Joe D. Dutton; to the Committee on the Judiciary.

By Mr. CHAPMAN:

H. R. 6020. A bill for the relief of John Haggin Cooper; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 6021. A bill for the relief of Garnet Green Morris III; to the Committee on the Judiciary.

By Mr. MASON:

H. R. 6022. A bill for the relief of certain postal employees; to the Committee on the Judiciary.

By Mr. NORBLAD:

H. R. 6023. A bill for the relief of Urho Patokoski, his wife, and their three children; to the Committee on the Judiciary.

By Mr. POULSON:

H. R. 6024. A bill for the relief of Mrs. Ethel Bloom; to the Committee on the Judiciary.

Calendar No. 1068

80TH CONGRESS
2D SESSION

S. 2393

[Report No. 1026]

IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 15), 1948

Mr. VANDENBERG, from the Committee on Foreign Relations, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "China Aid Act of 1948".

4 SEC. 2. It is the purpose of this Act to provide immedi-
5 ate aid to China to relieve human suffering, to assist in
6 retarding economic deterioration, and to afford the people
7 of China an opportunity to initiate measures of self-help
8 necessary to rebuilding the bases for more stable economic
9 conditions, such aid to be provided under the applicable
10 provisions of the Economic Cooperation Act of 1948 which
11 are consistent with the purposes of this Act. It is not the

1 purpose of this Act that China, in order to receive aid
2 hereunder, shall adhere to a joint program for European
3 recovery.

4 SEC. 3. (a) In order to carry out the purposes of this
5 Act, there is hereby authorized to be appropriated to the
6 President for aid to China a sum not to exceed \$363,000,000
7 to remain available for obligation for the period of one
8 year following the date of enactment of this Act.

9 (b) There is also hereby authorized to be appropriated
10 to the President a sum not to exceed \$100,000,000 for
11 additional aid to China through grants, on such terms as
12 the President may determine and without regard to the pro-
13 visions of the Economic Cooperation Act of 1948, to
14 remain available for obligation for the period of one year
15 following the date of enactment of this Act.

16 SEC. 4. An agreement shall be entered into between
17 China and the United States containing those undertakings
18 by China which the Secretary of State, after consultation
19 with the Administrator for Economic Cooperation, may deem
20 necessary to carry out the purposes of this Act and to
21 improve commercial relations with China.

22 SEC. 5. Notwithstanding the provisions of any other
23 law, the Reconstruction Finance Corporation is authorized
24 and directed, until such time as an appropriation is made
25 pursuant to section 3, to make advances, not to exceed in the

1 aggregate \$50,000,000, to carry out the provisions of this
2 Act in such manner and in such amounts as the President
3 shall determine. From appropriations authorized under sec-
4 tion 3, there shall be repaid without interest to the Recon-
5 struction Finance Corporation the advances made by it
6 under the authority contained herein. No interest shall be
7 charged on advances made by the Treasury to the Recon-
8 struction Finance Corporation in implementation of this
9 subsection.

80TH CONGRESS
2D SESSION

S. 2393

[Report No. 1026]

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

By Mr. VANDENBERG

MARCH 25 (legislative day, MARCH 15), 1948

Read twice and ordered to be placed on the calendar

80TH CONGRESS
2D SESSION

S. 2393

IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 15), 1948

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BRIDGES to the bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China, viz:

1 In section 3 (a) of the bill strike out "\$363,000,000"
2 and insert in lieu thereof "\$313,000,000".

3 Strike out section 3 (b) and insert in lieu thereof the
4 following:

5 “(b) There is also hereby authorized to be appropriated
6 to the President a sum not to exceed \$150,000,000 for
7 military aid to China through grants on such terms as the
8 President may determine and without regard to the pro-
9 visions of the Economic Cooperation Act of 1948, to remain
10 available for obligation for the period of one year following

1 the date of enactment of this Act: *Provided*, That military
 2 aid shall not be made available hereunder until the Republic
 3 of China requests such aid: *Provided further*, That no per-
 4 sonnel of the armed forces of the United States shall per-
 5 form combatant duties in connection with the granting of
 6 such military aid."

80TH CONGRESS
 2D SESSION

S. 2393

AMENDMENTS

Intended to be proposed by Mr. Bridges to the bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

MARCH 25 (legislative day, MARCH 15), 1948
 Ordered to lie on the table and to be printed

a system, and the thought is inevitable that she has at all times been carrying out orders, whereby the Department was staffed with a strange mixture of ardent, fervent pro-Sovieters, starry-eyed one-worlders, and general incompetents. Public organizations whose representatives were brought to the Department to help put over one or another Department plan always had a generous shaving of front organizations or worse. She was responsible for bringing around the Department a few years ago representatives of some of these organizations to meet division chiefs and questioning them on foreign policy under the pretense of selling the policy of America. Some division chiefs were shocked at the bold pro-Soviet questions put to them. It was only natural, because of Mrs. Rommel's control of administrative machinery that she was in a position to exert a great deal of pressure and intimidation on these chiefs because she could hurt them when the budget came up annually if they did not go along.

Public protest over the appearance of Schuman and Lattimore under her auspices caused her to go under cover temporarily. Her connection with the Miller case and the mention of her name by Congressman DONDERO in March 1946 also caused her to be more covert, but to this day, to my knowledge, she has never altered her plans.

The machine she set up remains and it is so cumbersome and complicated that it baffles investigators. One has the feeling that the administrative structure of the Department, particularly the Office of Budget and Planning, is an extraordinarily large and expensive group, but one does not realize this was done deliberately to confuse investigators by dividing authority so that no one knows all the answers.

Rowena Rommel is probably as responsible as anyone for the huge cost of administrative machinery but her real contribution has been the clever, subtle, insidious setting up of unnecessary groups and offices, inexcusable enlargement of already existing offices, and introduction into the Department of ardent Russia-firsters.

All of the matters mentioned herein are either the product of Mr. Hamilton Robinson's "administrative ability" or his lack of capacity to recognize the gravity of the situation as far as security is concerned and to take corrective action.

The evidence developed in the hearings before the Subcommittee of the Committee on Appropriations of the House of Representatives brought out that there are fellow-travelers, if not actually Communists, still in the State Department. The same hearings and the hearings before the Subcommittee of the Committee on Expenditures in the Executive Departments amply illustrate that Mr. Robinson does not possess the necessary qualifications to pass on such important questions as loyalty and security. The information relating to the efforts of the Air Force to get the German scientists into this country further illustrates that Mr. Robinson lacks the qualifications to deal with such important matters as

visas. Does the State Department now contend that Mr. Robinson was qualified and at the time of his appointment had experience to qualify him for the position of Director of Office of Controls? Does the State Department now contend that they did not have knowledge of the matters developed herein and will the State Department now deny that Mr. Robinson should have been removed from office several months ago.

Foreign Assistance Act of 1948

SPEECH

OF

HON. WALTER H. JUDD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 23, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. JUDD. Mr. Chairman, the plainest fact we face in the world today is that we do not have one world, as we had hoped we would have. We have two worlds.

Men and nations are split right down the middle, not only politically and economically but, as the beloved chairman of our committee pointed out so eloquently today, spiritually.

The second plainest fact is that it cannot go on indefinitely or even very long as two worlds. This planet has been too contracted by our modern methods of communication and transportation. We are so interdependent for all sorts of commodities and essential raw materials that it is impossible for us to go on indefinitely or even for a very long period split right down the middle. The two worlds must become one world.

This brings us to a third fact—that there are only two ways by which the two worlds can become one. One way is by conquest and the other way is by voluntary agreement—of all, if possible; if not all, then of as many as possible. Mr. Stalin apparently believes in the first method. He wrote way back in 1925, as I recall:

It is inconceivable that the Soviet Republic can exist for an indefinite period side by side with western imperialistic states.

By "imperialistic" he means, of course, all non-Communist states. He knows that the two worlds cannot coexist indefinitely. He is not deceiving himself in the least. Why should we?

Then he added:

Ultimately one or the other must conquer.

Apparently he thinks they can become one only by conquest. You and I do not believe in or want it that way. We do not want conquest of us by the Soviets, but we are not in the least interested in conquest of them by us. We want, if

possible, to get the worlds together by agreement; try to get a set of circumstances where there is more to gain for both sides by coming together in common acceptance of certain mutually agreed-upon rules of behavior than there is by continuing disagreement or by conquest.

The best illustration I can think of is the situation down at the corner where we have red and green lights to guide traffic. Big cars and little cars come up to the lights, Republicans and Democrats drive up to the lights, Catholics, Protestants and Jews, Communists and capitalists, all sorts of persons, rich and poor, educated and uneducated. We do not become alike, surrender our different views or our various goals. But we have decided that traffic on the corner is so congested, or the peoples of the world are so close knit, that it is everybody's interest to follow a certain pattern of action. All of us go when it is green. All of us stop when it is red.

The greatest task, the first task of our foreign policy, is to get, if possible, a set of circumstances in the world where there is more to gain, for Russia as well as for ourselves and the other nations, by mutually agreeing on the traffic rules by which life and intercourse, exchange of goods, personalities, and ideas are to be carried on on this planet—a set of circumstances where there is nothing but disaster for either side to depart from the pattern of stop when the light is red, go when it is green.

How can we get that agreement? We tried for two and a half years before VJ-day and for about one and a half years after VJ-day to get peace with Russia by the method of appeasement. We sacrificed our principles and other people's rights and territories trying to get agreement with Russia by always yielding to her. I do not know why we imagined that would give us peace or security. It never has in history. But we did.

We had tried to get peace with Japan by sacrificing our principles and giving her supplies to enable her to take over other people's territory. That did not lead to peace with Japan. It led straight to war.

England and France tried to get peace with Hitler at Munich by sacrificing their principles and Czechoslovakia's territory. It did not lead to peace. It led to war.

Stalin himself tried to get peace with Hitler by sacrificing Poland's territory and his principles, if he had any, but it did not lead to peace for Stalin. It led to war.

When my little children wear me out occasionally by their insisting upon this or that, I am inclined to say, "Why not give in this time. It is not a very important matter, and after all they are good little youngsters." Does that lead to peace? No. It leads straight to war every single time.

Surely it is clear that appeasement of aggression never leads to peace. It always leads either to abject surrender or to resistance, by war, if necessary.

Belatedly the United States woke up a year ago this month when the Greek mess was dumped in our lap, and we had

to resist further expansion of Russian aggression. If we had not resisted then, Greece, Italy, and Turkey would have gone down last year and the Mediterranean would have become a Soviet lake. We had reached the end of the appeasement rope. There are still some voices in America trying to persuade us that by going to sleep and appeasing further, somehow we will get good relations with Russia. One wonders if we, too, must go down before we wake up to the fact that we will get peace only when there is order. If it is not a voluntarily agreed-upon order, then it will be an imposed order.

Now we are in the process of trying to get order by voluntary association, based on justice and law, with the nations that are still free. That is the essence of this legislation. Since it has proved impossible for the present to get all the nations together on such a basis, we want to get as many as we can, certainly all those who want to stay independent and live in freedom—a world order based on justice, so that Russia would not need to go to war to get satisfaction of any legitimate grievances she might have, and with sufficient pooled and jointly controlled forces so that Russia would know in advance that she could not succeed even if she did go to war. At that point I think she would perhaps decide to go along with the rest of us in a pattern of behavior that would give order, and therefore security, to all. If we can get that for a period perhaps we can resolve our more basic ideological differences, as time and events produce changes in personnel and situations.

It has frequently been said this legislation is a calculated risk. Rather it consists of two sets of calculated risks. First, it is obvious that if we do not promptly carry out some such program of assistance to the nations of Europe, they will go down one by one, as some have during the last year, and as several more are likely to go this year. There is no question about that.

On the other hand, if we do carry out this recovery program, there is a good chance they can be saved, the present area of freedom be preserved, and ideas of freedom begin to penetrate back behind the iron curtain.

If we do not give aid, there is no hope. If we do give aid, there is some hope, therefore, obviously we should do it.

That is the way we would reason if we considered only the first set of alternatives. But there is another. It grows out of the fact that we may not be able to carry out this program without gravely weakening the economy of the United States. It is not the money that is so important. If we should be left alone without allies, the cost in taxes for our own armaments each year would be greater than the whole contemplated cost of the recovery program.

It is the drain on our already impoverished resources that is most dangerous—the necessity to export materials and commodities, already in short supply; the increase in inflationary pressures that will raise prices and reduce our standard of living, causing unrest

and upsetting our whole economy. These are far more serious than just the dollars involved. Let us realize fully that this program will almost certainly mean reduction in our standard of living, even though I believe the alternative would do so even more seriously. Let us not fool ourselves or our people.

When we were in Sweden last fall our congressional committee learned about Sweden's ERP, her equivalent of the Marshall plan. Sweden had come through the war virtually unscathed. Probably they felt a humanitarian impulse, a sense of special gratitude and obligation because they had been spared the ravages of war—as we in America do. Besides, it would be good business to get the economies of their customers functioning again. So they made loans and grants to the Finns, the Norwegians, the Danes and other countries with which they had been in especially close relation. They now find they got in too deep, and they have to come to us to bail them out. Well, if the United States miscalculates and gets in too deep, who will, or can, bail us out? We must not make any mistake about this. In this kind of a world somebody somewhere has to stay free. Somebody has to stay strong. Somebody has to be able at least to hold aloft the torch of freedom to which others can look with hope until such time as they can once more rally to it.

If in doing this thing we succeed in producing a corresponding increase in the strength of the other free countries, it will more than compensate for our temporary weakening of ourselves. It will increase our security, reduce the strain on us for building even greater armaments, and will expand the area with which we can trade in the future. That will save us money in the long run, and makes it a justifiable risk, even a good investment.

But if we weaken ourselves and do not succeed in producing compensating increase in strength there, and in 1952 they are still economically insolvent, then all we will have done is to jeopardize the soundness of our own country and not have done them any long-term good either.

One day in committee a member said that we must do this even if we fail—better try and fail than not to try at all. I cannot agree. Better not try at all than try and then fail. That would do no one any good, and could bring utmost disaster.

There was a wise man who once said that before you start to build a house you should survey your materials to be sure you have enough to finish it. If you do not have, then better not start. His name was Jesus. He is frequently thought of as an idealistic sentimentalist. Actually, He was a hard-headed realist. We do well to remember His counsel.

How can we resolve this second set of calculated risks? In my judgment, it comes down to about this: If we can be reasonably sure of a better than 50-50 chance of success we ought to make the effort, because the risks of allowing Europe to collapse are unmistakable and very grave, even terrifying.

If there is not at least a 50-50 chance of success, then we ought not to take such a gamble. Rather we should try to keep our country as strong, sound, and solvent as possible, and hope the Soviet-dominated part of the world cracks up before we do.

How can we estimate the chances of success? Thinking out loud, just as I tried to find the right answer in our committee deliberations, I would say there are about five main criteria, probably the minimum conditions for success. I can mention only two today.

The first is that the 16 nations of Europe must be willing to make a genuinely aggressive attack upon their own problems, both individually and collectively. Six months ago when we were in Europe I was very discouraged on this point. Each seemed to be hanging on first of all to its own old traditions, trying to carry on a pattern of life and trade that was developed for a world that has ceased to exist. Fortunately events have forced perhaps most of them awake, and the progress that has been made in Europe in the last 6 months toward economic and political cooperation, if not coalition, is almost unbelievable. The nations of western Europe today are right where our 13 colonies were when Ben Franklin said, "You will either hang together or you will hang separately." It is no longer a matter of sentimentality, it is not a matter of brotherhood, it is a matter of stern inescapable necessity if Europe is to survive.

To restore France as she was, Norway as she was, England as she was, Italy as she was is not enough, because they were unsound before. The war merely revealed the unsoundness and aggravated it.

Western Europe's economy was not self-sustaining even when it was able to trade freely with eastern Europe, which is the asset, or surplus, area of Europe. Western Europe, except for the Ruhr, is largely the deficit area of Europe.

Well, if Europe was basically unsound economically even when it was all together one area, how much more so is it when the eastern half, the surplus area, is cut off by the iron curtain? How can the western European nations recover if each insists on remaining a separate economic unit? There is no way Europe can become solvent unless the nations became increasingly willing to tackle their problems collectively.

When we were talking to the various cabinets in Europe, I frequently used this illustration, which I think is sound: "I am from Minnesota. We have most of the high-grade iron ore in the United States. We could not have become prosperous and built our excellent roads and school systems and all the rest if we had not had the iron ore. But we could not live on iron ore by itself. It is no good unless we can get it with coal, and we have no coal. The nearest good coking coal is a thousand miles away, in West Virginia. Why are we in America in a better position today than you are? Because we are smarter? Of course not. Because we are larger? No. Because we have greater resources? No. Just because we did not suffer physical de-

struction in the war? No. Those are contributing factors, not the basic factors. The main reason is that our forefathers had the good sense and wisdom to establish a system where we have 48 political units, but only one economic unit. That is the crux of the matter. Iron ore from Minnesota and coal from West Virginia can get together in Toledo, and Gary, Ind., and Pittsburgh, and Detroit without going through three or four customs barriers and currency exchanges, with confusion and waste of time and money at each."

Forty-eight political units, but one economic unit. Europe, to become self-sustaining, must move rapidly in that direction.

If they do not tackle such problems aggressively—as Belgium, the Netherlands, and Luxemburg are doing, and with England and France and perhaps Italy coming along, and the Scandinavian countries giving fresh attention to the problem—then we could put in \$30,000,000,000 and it still would not save them. A doctor cannot pull a patient through, no matter how much of the right medicine he gives him or how many transfusions, if the patient does not have the will to do the things that are necessary for physical health. Today I am greatly encouraged. I think the peoples in western Europe are becoming willing to do more and more of the things necessary for their economic health and security. They have seen what happens to nations behind the iron curtain. They have seen the strength and the intentions of their own Communist minorities. They desire freedom today as never before, and are willing to work and fight for it, if they have help, which alone can give hope. They cannot get that help or hope except from the United States of America. On the first criterion, I think this aid program is justified—and urgently necessary.

The second condition necessary to give us a 50-50 chance of success in Europe is that Asia be kept free, too, because if Asia is lost to the Soviets, then in my judgment we will lose ultimately in Europe also. Suppose we adopt ERP, title I, just by itself, and it succeeds even better than we dare hope. What would we have? We still have the split world. On one side the vast Soviet Union with her 11 satellites; and on the other, the 16 western European nations, the United States, Canada, Australia, New Zealand, and a few others. Probably we would have a little the edge, but not much over the long pull.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KEE. Mr. Chairman, I yield five additional minutes to the gentleman.

Mr. JUDD. We would still have two worlds, two great armed camps glaring at each other. Who would hold the balance of power? Not we. The billion and a quarter people who live in Asia would hold the balance of power.

In my opinion, the crucial question of the twentieth century will be this: Which way will the people of Asia go?

Their immediate fate, especially China's, is in our hands; but in the long run, our fate is in their hands. They all

know it. They wonder why we do not see it.

The Soviets know it, too. Lenin said about 1921: "The ultimate decision will be made by the millions in Asia." He understood clearly, that, of course, is why the Communists have worked so long and hard trying to get control of China. They know that as China goes, so almost certainly will go Asia.

It is almost incredible, after having gotten into one war because we could see only Europe, and, then blundered into it in Asia, that we should be on the verge of making almost the same mistake again within 10 years—one decade—the same generation of people.

I do not see how anyone can say that to save Europe is more important than to save Asia, or vice versa. I fear we must hold both to hold either. It is the same as when a man has gangrene in both feet. It is not enough to take care of one foot. We have to stop the spread of Communist gangrene in the foot in Asia as well as in the foot in Europe. We have to succeed in both places in order to succeed in either. To save Asia, China must be kept free, if possible. General MacArthur stated it cogently in his telegram to the committee in reply to our request for his views.

I can say without the slightest hesitation that a free, independent, peaceful, and friendly China is of profound importance to the peace of the world and to the position of the United States. It is the fundamental keystone to the Pacific arch. Underlying all issues in China is now the military problem. Until it is resolved little progress can be expected toward internal rehabilitation regardless of the extent of outside aid. Once it is resolved, however, there is little doubt but that China's traditional resiliency will provide the basis for rapid recovery to relative stability.

The Chinese problem is part of a global situation which should be considered in its entirety in the orientation of American policy. Fragmentary decisions in disconnected sectors of the world will not bring an integrated solution. The problem insofar as the United States is concerned is an overall one and can only be resolved on the broadest possible global basis. It would be utterly fallacious to underrate either China's needs or her importance. For if we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is not less important than another, and a decisive breach of any will inevitably threaten to engulf all. Because of deep-rooted racial and cultural and business ties, we are prone to overconcentrate on happenings and events to our east and to underemphasize the importance of those to our west. America's past lies deeply rooted in the areas across the Atlantic but the hope of American generations of the future to keep pace with the progress of those of the past lies no less in the happenings and events across the Pacific.

China is the fundamental keystone to the Pacific arch, first, because of her strategically advantageous central position, the hub of the east Asia wheel—and lying along Siberia's southern flank for 3,000 miles. Second, because China has great natural resources; given peace she is almost self-sufficient. Third, because China has 450,000,000 people of great strength, industry, and vigor. Which way are they to go? The answer to that question is still largely in our hands.

The Chinese cannot be browbeaten or coerced. Surely that ought to be plain by now, even to our State Department. The Chinese are an eminently reasonable people. They can be persuaded. No people was ever more cooperative and faithful to genuine friends.

That brings up the questions frequently asked: Can any aid we give do any real good? Is not the Chinese Government so undemocratic and so inefficient and so corrupt that anything that we do for China will be operation rat-hole? I have heard those charges so often that they are worth examining for a moment. Judging by our standards, the Chinese Government is not yet democratic. Judged by our standards, the Chinese Government is not yet efficient, not as efficient as it was before the war. Who has a right to expect it to be? Judged by our standards, a good many in the Chinese Government, especially in lower levels, would be called corrupt—although sometimes our own standards seem to wobble a bit in the matter of corruption.

But judging by the standards of thousands of years of Chinese history, the present government, with all its weaknesses and even after having come through one long war and in the midst of another, is still incomparably the best government that China has ever had. You have to judge China not by where she is at the moment with relation to us, but rather by the direction in which she has been going for 20 years with relation to herself.

Her present state is indeed precarious, as some of us have been warning for years it would be if we continued our negative policy. There are many reasons for her difficulties. First she is still in the midst of a great revolution which began in 1911. A nation does not exist as an absolute monarchy for thousands of years and become a modern republic within a few months or years, or even decades. China is not 40 years old yet as a republic—and she has not been free from foreign meddling and pressure a single year of that time.

China had been 267 years under a foreign dynasty just prior to the revolution. Some of us Republicans think that 16 years is too long to be under one dynasty. China had been 267 years under one dynasty. Yet some people expect her to come up quickly with a nice streamlined democracy. It cannot be done. Especially when before the revolutionary changes were completed, China against her will was plunged into war by Japan. They fought Japan sporadically from 1931 to 1937, and then full scale and single-handedly for 6 years more. They fought on our side for four and a half years before Pearl Harbor, when we did not have sense enough even to know it was our side—we were helping Japan.

Eight long years of Japanese invasion and occupation of the richest and most productive areas of China are not conducive to progress in any line.

Judge Cox, how did Georgia look after Sherman got through with it? It took your people 50 years to recover from 1 or 2 years of invasion and its disruptions. China had 8 years of invasion. What happens during a long occupation? Basic

morals break down. It becomes patriotic and therefore honorable to cheat and lie and steal in order to defeat and weaken the invader and wear him out. The children are taught to regard the ordinary vices as virtues. You cannot encourage a people for 2 years to ignore the ancient virtues and take up a whole different set of values, deceit and dishonesty, and then when the war is over, suddenly reverse the newly established habits just like turning off a faucet.

There is a third major cause of the internal troubles—the Chinese Communists. They cooperated with the Chinese Government against Japan just as Communists in the United States did against Hitler as long as Mother Russia was in danger. But just as soon as it became obvious that Hitler was not going to be able to knock Russia out and Russia did not need China so desperately to keep Japan tied up, that Communist line changed all over the world. They even then began the moves designed to produce the situation now existing. Chiang Kai-shek ceased to be the George Washington of China, as the Communists had called him. He suddenly became a despot, a lunatic, a Fascist, a dictator.

The Communists had and still have—along with their advocates in the West—a threefold program, first to destroy the Government of China by causing the utmost destruction and suffering possible. You can read in the hearings on page 1545 what General Marshall himself said about their activities:

Thus far, the principal deterrent to the solution of Chinese economic problems is the civil war which has drained the Chinese Government's internal and foreign exchange resources, continued the destruction of property and the constant disruption of economic life, and has prevented recovery. The Communist forces have brought about terrible destruction to wreck the economy of China. This is their announced purpose—to force an economic collapse.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. HUGH D. SCOTT, JR. The gentleman will agree, I am sure, that economic aid to China at this time would do no good whatever unless accompanied by military aid.

Mr. JUDD. I agree with the gentleman 100 percent, and that is what I will be discussing for the next few minutes.

Mr. HUGH D. SCOTT, JR. If that is the case, would the gentleman tell us what kind of military aid he thinks we ought to put into this? The gentleman knows I opposed the other proposal for aid to China. I thought it was unwise at that time and I still think so, but if the gentleman can show me how a combination of economic and military aid can be made workable, I will be glad to support the gentleman's views.

Mr. JUDD. Thank you.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. BLOOM. The gentleman is speaking on a subject that I know he knows

more about than anybody else around here. Will 5 minutes be sufficient?

Mr. JUDD. Not to answer all those questions.

Mr. BLOOM. Mr. Chairman, I yield the gentleman 10 additional minutes, and I want him to go right to the subject and give what information he thinks we need.

Mr. JUDD. I thank the gentleman.

In addition to the Communists' plan to destroy Chinese economy by tearing up the railroads, isolating the cities, so that the people in the cities could not get food and raw materials, cotton, coal, and thus be brought to the verge of starvation, unrest and rioting, which they hoped would cause the downfall of the Chinese Government, the second part of their strategy was to discredit the Chinese Government abroad. It began 4 years ago this month, immediately after Japan and Russia signed a 5-year fisheries agreement, and then entered into a nonaggression pact. Russia was then reasonably certain the Japanese would not attack her, because Hitler had already made secret bids for peace which Russia made sure the Japanese knew. Knowing that Hitler was too weakened to help, Japan obviously would not take on Russia in addition to China and the United States. So Russia no longer needed Chiang Kai-shek, and naturally wanted to get him out of the way so she could take over China and Asia as soon as possible after the war. From that month there began this world-wide, organized, systematic, relentless assault on the Chinese Government, ranging from character assassination of the leaders of China, to the most fantastic distortion of the all-over picture. They played endlessly on the weaknesses and defects in China—and they are certainly there. They utterly ignored the great strengths in China—and, believe me, they are there, too—especially the moral strength of China; the strength that perceived the nature of fascism of the Japanese pattern long before we did, and fought it for more than 10 years alone; the strength that saw the nature of communism 20 years before we did, and fought it alone—is still fighting it alone. Especially did they play down the consideration which overshadows every other, from the standpoint of America's interests—not whether China is as democratic, efficient, honest, and socially advanced as we would like, but whether she is to be free and on our side, that is the paramount consideration. When two worlds are in a life-and-death struggle, and we are one of those worlds—no other really counts.

The third part of the leftist program was to portray the Communists as merely agrarian reformers, disillusioned liberals, patriotic peasants struggling for freedom and democracy and not in the least connected with or subservient to the Kremlin. I warned you here 3 years ago that was one of the greatest hoaxes ever perpetrated on a gullible people. But many preferred to believe. Some still do. And one can hardly blame them when so many of our supposedly neutral research agencies like the Institute of Pacific Relations, and many in our OWI, and in UNRRA and some extremely able people

in our own State Department sang the song endlessly year after year.

It was part of the greatest blunder in any history—the blunder which has all but lost a war within 2½ years after it was won. Our top officials gambled all our chips, our Nation's very existence on one utterly unjustifiable assumption, namely, that Communists are not really Communists; that they are just Jeffersonian Democrats; a little warped to be sure, from being brought up on the wrong side of the track, but give them a chance and everything will be all right, they don't really believe their own assertions that they intend to conquer the world and enslave it under a class dictatorship. Russia—the Politburo—is just a peace-loving democracy, and we can get along with her fine.

In addition to attacks from the Japanese and from the Communists within China, China was dealt a cruel blow by Russia, which came into Manchuria—the Ruhr of China, the major place where heavy industry can be developed, and where the Japanese had developed it—blocked the main port, Dairen, so that the Chinese troops could not get in quickly to accept Japanese surrender and occupy Manchuria according to promise and plan. The Russians delayed their withdrawal until the Communists could come in by overland routes and take charge, and they turned over to the Chinese Communists the vast 10-year supply of munitions and military stores which the Japanese armies had built up in Manchuria. Those actions by Russia against the Chinese Government, in violation of treaty, were almost fatal.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. JUDD. Not right now. Let me proceed a little further.

Mr. HUGH D. SCOTT, JR. I would like the gentleman to answer my question.

Mr. JUDD. I do not yield now. Then, in addition to all that, China was betrayed by the friend she trusted implicitly, the United States. I use that word carefully. There are some things we cannot escape responsibility for. First, during the war, we built the Communists up and gave the Communists an importance they did not have. Some of our own sincere but misguided people in the State Department insisted that the Chinese Government, out of its own meager supplies and the little it received from us, equip the Communist-armed rebellion against itself. They apparently knew nothing about the nature of communism themselves, and tried to force their views on Chiang Kai-shek who did understand it, from the same sort of bitter experience which is belatedly teaching us. We refused to learn any other way.

Second, at Yalta we secretly invited the Russians into Manchuria and promised them control of the ports and railroads of Manchuria—which means control of Manchuria—even though we had publicly promised the Chinese at Cairo that Manchuria would be returned to China. This in my judgment was the most indefensible and utterly cynical betrayal of a solemn pledge this country ever committed. It led directly to the

loss by China of that for which she fought Japan for 14 years. If she had been willing to give up Manchuria, she could have had peace at any time—and left us holding the line alone against Japan. China kept faith with us. We did not keep faith with her. That is what humiliates me when I hear some Americans talking self-righteously about corruption in China.

Third, we practically forced the Chinese Government to suspend operations against the Communist armies for a year. It was called a truce. At the beginning of the year the Communists controlled 60 of China's approximately 2,000 counties. At the end, the Communists controlled 300. That tells most of the story as to who took advantage of the truce. We sent General Marshall over with a directive which said we would support the Chinese Government only as it moved in the direction of peace and unity. The only way anyone has been able to get unity in any country with armed Communists is by conquering them or by surrendering to them. Since we insisted on peace, obviously the Chinese couldn't fight the Reds. The only other way to get unity was by surrendering.

When the one-sided truce broke down, as it had to, we did not change our peace-and-unity formula to fit the facts that our only choice now was not peace or war, but which side's victory would be in America's interest. We maintained the fiction that peace with armed Communists is possible, and withdrew our support from the Chinese Government. Under the name of nonintervention, we intervened against the Government and for the Communists because not to help our ally, which had weakened itself loyally fighting on our side, was to help our enemy. We suspended written commitments, placed an embargo on arms, stopped shipments of planes, ammunition, parts, dragged our feet on promised merchant shipping, and on and on. America's action was perhaps the cruelest blow of all to China. Instead of producing the change for the better, we were trying to force, it inevitably produced the opposite.

Is it strange that China is in trouble—divided, discouraged, steadily deteriorating?

Fortunately, the American people, like most people, are better than their Government. Most of them, despite the propaganda, retained their faith in China, and continued support for schools, hospitals, students, friends. And most Chinese despite the vicious anti-American propaganda of the Communists and some disillusioned groups, kept their faith in us. They remembered the century of friendly assistance and honorable relations rather than recent tragic deviations from that pattern.

Ultimately the march of events and Communist behavior everywhere forced most Americans to wake up. Many are seeing at last that while China needs us, we also need her. There is a renewed desire to help China—for our own sake. The question is, How? Is it not too late already? Has not the situation deteriorated until it is irretrievable? Frankly, I

cannot be sure. It was to prevent the present crisis that I have been urging help for more than 3 years, while there still was time. I recognize fully that it may be too late now.

There comes a time when a desperately sick patient may sink beyond help, when there is a death rattle in his throat, and nothing can save him. But however costly and dangerous it may be to make the effort now, it will be even more dangerous and costly to let China by default be lost as an independent nation and an ally of the United States.

And knowing the amazing capacity of the Chinese to endure and still to come back, I do not believe it is too late as yet, if we will give the right kind of assistance promptly and in the right way. The first kind of assistance China needs is moral assistance, a forthright statement of our support of the Chinese Government and people in their struggle against the attempts of the Communists to destroy it, just as we proclaimed such support for the Governments of Greece, France, Italy, and others, even though some of them, too, do not meet with our full approval.

You cannot expect Chinese people or soldiers to support their government, to work and fight enthusiastically and effectively for it when its oldest and best friend, the United States, from high officials on down, seems to take every opportunity to criticize and denounce it in one way or another. Nothing would restore morale as much as for someone high in our Government to give some recognition occasionally to what China has accomplished, despite almost insuperable obstacles—the new constitution, the first elections in China's history, the National Assembly to convene next week, the improvements here and there in agricultural methods, the heroic efforts to rebuild railroads even though the Communists tear them up a few weeks later. The Government is at least dedicated to construction, as the Communists to destruction. The Government is committed to democracy, the Communists avowedly to dictatorship. Would it hurt to harp a little less on the defects and failures, and give a little encouragement occasionally to the valiant spirits who fight on, undaunted? China needs moral support.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I do not yield now, because I have come to your question.

The second kind of assistance is military-type assistance—munitions and training and operational advice. No amount of economic aid can save the situation without enough military assistance to enable China gradually to push back the Communist threat, if not to eliminate it. Unless there is military assistance to protect the economic aid, the latter will indeed be "operation rat hole."

To send in supplies to repair a railroad here, reconstruct a power plant there, rebuild or expand textile mills and factories in war areas, only to have them destroyed by Communist raiders is senseless. Such raiders always have the advantage whether in China or Greece or Nicaragua, they cannot be

conquered, or even contained, except by better equipped and better trained troops, trained for that particular type of enemy and operation. The munitions and the training and advice are equally essential. Neither will do without the other. Take munitions first. During the war we had lots of Springfield rifles, obsolete as compared to our Garands, so we gave them to the Chinese units that General Stilwell trained down in Burma to drive out the Japanese there. Later General Wedemeyer and his officers equipped other divisions with our Springfield rifles. But they were dependent upon us for ammunition for those rifles, since their own arsenals could make ammunition only for their old style Chinese rifles. From July 1946 to just recently we would not send them ammunition despite the fact that in the Pacific area we had acres and acres of it piled up and deteriorating so rapidly it will soon be fit for nothing but to dump into the ocean. In effect we disarmed the Chinese, while reciting how many million in aid we had given. To provide our weapons and then refuse to provide ammunition not only makes the weapons useless, it makes the troops far weaker than if they had reciting how many millions in aid we had their old worn-out rifles instead. Two months ago the supplies of some units in the crucial battle for Manchuria, at Mukden, were so low that there were only 30 bullets per rifle. And they have not received any more since, unless in the last few days.

Another crack division, the Fifty-fourth, was pinned against the coast of Shantung a couple of months ago and had to be removed by boat in a minor Dunkirk. Why? They had not a cartridge left. Is it reasonable for us to condemn the Chinese because they cannot fight without supplies?

Finally last summer, after a year of withholding all aid, our Government released 120,000,000 rounds of ammunition for the old type Chinese rifle which were in the lend-lease pipe lines on VJ-day, but which we had held up. We also turned over a dump or two when our marines were withdrawn. But no effective action was taken, despite the increasing peril, until just March 4 when orders finally went out to release the ammunition in our Pacific island dumps, which had been built up for the invasion of Japan.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I cannot yield. Well, I cannot resist my good friend from South Carolina.

Mr. RICHARDS. Is it not a fact that orders have gone down from the Army high command here in Washington and from the President himself, that any of our surplus supplies in the Pacific needed in China, including the items the gentleman has suggested, are going to China now?

Mr. JUDD. Yes, the President or someone on March 4 set things in motion to that end, but only after 18 or 19 months of fateful delay. Now China is weakened to such a degree that we stand in danger of losing an ally who is vital to our own security in the Pacific. And,

in my opinion, essential if we hope to win in Europe.

The other kind of assistance China has to have, a kind that also does not cost us very much in money, is military training and advice in planning and conducting operations. An army can have all kinds of guns, planes, and other equipment, but if they do not have men trained to operate them, the planes and equipment are useless. The best trained soldiers cannot fight without munitions; nor can any soldiers fight effectively unless they are properly trained.

You see, during the war we trained the Chinese to fight the Japanese, either for jungle warfare in Burma or positional warfare in east China. We supplied them with heavy machine guns, heavy artillery, tanks, and so forth. Then the Japanese collapsed and the Chinese now have to fight a totally different type of enemy, the guerrillas, on very different terrain. They now need light equipment, mobility rather than heavy power. The Chinese are traditionally not students of warfare. Soldiering was the lowest, not the highest profession. Their basic training is inadequate to give them ability to adapt imaginatively, especially the officers. The training we originally gave them, in a sense, disqualified them for the kind of warfare they must now carry on. But we have been unwilling until recently to allow our own military mission in China to retrain them for their present tasks. It was restricted by ourselves, to such advice as how to reorganize the Ministry of National Defense and set up a better table of organization. One Chinese general told me he wished our officers could go to within 50 miles of the fighting so they would understand the problem and give advice on the ground.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman sufficient time to answer questions.

Mr. JUDD. Have I not answered the gentleman's questions as to the type of military aid needed?

Mr. HUGH D. SCOTT, JR. I appreciate the gentleman's courtesy. What I am trying to get at is this: I, along with other Members, am quite anxious to find some justification for supporting that which the gentleman is very much interested in. To what extent does this program constitute the use of military aid and, incidentally, may I say that I am in favor of the use of military aid if it can be established that it is desirable and adequate.

Mr. JUDD. Mr. Chairman, we took \$150,000,000 of the total of \$570,000,000 requested by the State Department and placed it under title III of the bill, the title which extends the Greek-Turkish Aid Act of last year. We included China in that title in order to carry on in China the same kind of military-type program of aid we are carrying in Greece. We cannot know exactly how much is required. However, actually all of the \$420,000,000 authorized in title IV, the China assistance title, can under its language be used for the military type of aid, if the President finds it advisable so to do.

And all of the \$150,000,000, under title III primarily for military-type aid could be used, under the language of the title, for economic aid if desired. One reason for putting the \$150,000,000 under the Greek-Turkey aid title was to make clear to our own people, to our Government, to the Chinese, and to the world, that the United States Congress recognizes that China's freedom and friendship are important to our security, that economic assistance alone will not do the job, that we want to give China, under agreed-upon controls, the sort of military assistance in the form of training, operational advice, and military supplies—mostly surplus property at small cost, to the United States—that we have been and are giving to Greece whose general situation is almost identical with China's. It does little good to send over a military mission and then handcuff it ourselves by restrictions, written and verbal, from Washington. It must be able to help with strategy, help with military tactics and operations, precisely as our mission in Greece has been doing since November. If it is wise and beneficial to ourselves to do it in Greece, why is it not equally proper and important to do it in China. Either we ought to take the handcuffs off our men over there who are restless and eager to do the job which they see needs to be done and which the Chinese are asking them to do, or else we ought to bring the mission home. Otherwise we get all the blame for helping, with none of the benefits. Let us be done with this business of appearing to help, without really helping. The Russians openly promised military, as well as moral and material help to the Chinese Government in their 1943 30-year treaty. Why should we hesitate to help the same Government the Russians have promised to help?

At last we are beginning to move, I think, in the right direction. In summary, no economic aid will save the situation until China is able to win the war, establish order, reduce the drain for military purposes, and get transportation restored. In order to win the war and get order, China must have substantial military assistance of the type I have mentioned, although they do not represent great cost in money as compared with the European needs, in fact, only a drop in the bucket compared with Europe. To win the war will take perhaps 3 years, according to expert testimony. It should not require much over a billion and a half dollars if we act promptly before the situation gets still worse. The best estimates we have received do not exceed that.

If they can restore order in 3 years, and get the economy restarted, then the needs in China for grants or loans from America are trivial as compared with Europe, because China at peace has practically adequate supplies of food, fuel, fibers, and other basic materials. If you will look in the committee report, on page 24, you will see the State Department's estimates as to China's needs for economic assistance in the next 15 months; that is the third type of assistance she must have, along with moral and military type. Cereals they estimate at \$130,000,-

000. That is for the big cities mostly along the coast, not because there is insufficient food in China to prevent starvation but because the Communists have cut the railways, blocked the waterways and the highways, so that food supplies cannot be distributed, cannot get out to the big concentrations of population in the cities. It would not require a third of that amount if communications can be restored.

Then there is \$150,000,000 for cotton. The Communists waited last fall until the cotton crop was harvested, then suddenly struck at almost every line of communication to the larger cities. They knew that if cotton could not get out to the great textile mills in Shanghai, Tientsin, Tsingtao, there would be unemployment of hundreds of thousands of textile workers, riots, disorder, and perhaps collapse of the Government. The strategy is the same in China as everywhere else. So we have to send over cotton along with munitions until they can reestablish order and are in a position to use their own cotton.

The same thing applies to coal. Why should we need to send \$3,000,000 worth of coal when China is enormously rich in coal? Because the Communists shrewdly have destroyed or isolated many of the best developed mines and the Japanese wrecked most of the others. Outside of petroleum products, certain metals, machinery and medicines, China will need very little assistance from us. In this emergency she needs financial assistance as France and Italy do, to balance her international payments for essential imports, to steady if not stabilize her currency now fantastically inflated, and she needs loans and capital goods to develop specific sound projects—railways, utilities, mines, cement mills, fertilizer factories in peaceful areas. Given order, China can recover more rapidly than any major nation in Europe.

Our choice is not between helping the present government or something better. I wish it were. Our only choice is between helping the present government or allowing it to go down and having China become a Soviet satellite—which is infinitely worse—perhaps to face us, in 20 years, as a second Russia in the Far East.

If someone brings up the argument that the Communists cannot organize China, the answer is that they already have organized the Chinese, wherever they have gone. That is not speculation. It is demonstrated fact.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Colorado.

Mr. CARROLL. The gentleman from Minnesota will recall that we justified our position with reference to Greece and Turkey on the political situation; that is to say, we were trying to overcome the Communists, and we believe we were really moving in behalf of the democratic forces. Would the gentleman say that the same political situation is true in China?

Mr. JUDD. Almost precisely.

Mr. CARROLL. Would the gentleman say that a majority of the Chinese

people are in support of Chiang Kai-shek?

Mr. JUDD. On VJ-day he had greater support than any Chinese probably ever had in their history.

Mr. CARROLL. I am speaking of today.

Mr. JUDD. A lot of his support has been lost, but he still commands far more than any other man or group in China. On VJ-day there was great joy and exultation. Many Chinese, like other peoples, imagined their troubles were now over and they could begin to carry out the long-delayed reforms. But when Government forces moved back to take over Japanese-occupied territories, the Communists threw every possible obstacle in the way; fighting broke out; the Government was in such danger of being defeated that it had to give all its attention to survival rather than reconstruction, so disillusionment and discouragement developed, and a drop in morale such as I have never seen in China. But that support will come back quickly if the Chinese Government is given some assistance and is able to restore order and internal peace.

Mr. CARROLL. I ask these questions in all sincerity, because I realize the gentleman is an authority on it. My information is that the liberal forces, excluding the Communists, or whatever term you use, in China today are opposed to Chiang Kai-shek.

Mr. JUDD. On that point, I wish you would read in yesterday's CONGRESSIONAL RECORD, at page A1852, an article by Dean Roscoe Pound, of the Harvard Law School. He is over there now helping China in revising her legal codes and procedures. He is one of the shrewdest and soundest observers in America. No one can ignore his testimony. Read what he says. The situation is bad, but it is not irretrievable. Given peace, all these improvements that you and I want in China can, and will, come. No Chinese could successfully resist them even if he would. Therefore, the only hope of getting the reforms and the progress we want, and the Chinese want, is to help the Chinese remain free. Under the Communists there is no more chance for liberalization in China than in Yugoslavia or Poland or elsewhere behind the curtain. The risks are great if we act, but infinitely greater if we do not act.

General Electric's Mr. Wilson

EXTENSION OF REMARKS

OF

HON. E. E. COX

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 25, 1948

Mr. COX. Mr. Speaker, a recent issue of the magazine Plain Talk carries an open letter addressed to Mr. Charles E. Wilson, who served as chairman of the President's Committee on Civil Rights, that should be of interest to people wanting to know what part the Communists played in the formulation of the report.

Remember that of the committee of 15, 6 are accorded mention as having had

membership in, or affiliations with, organizations which have been officially characterized as Communist fronts, including the National Council of American-Soviet Friendship, Inc., among still others. One of the committeemen has 32 such connections, one has 28, one has 24, and another 7. And remembering, too, that the Communist Party has played up the report, it is natural that the public should want to know the real purpose of the committee in issuing it.

The letter is as follows:

OPEN LETTER TO GENERAL ELECTRIC'S MR. WILSON

Mr. CHARLES E. WILSON,
General Electric Co.,
Schenectady, N. Y.

DEAR SIR: You perhaps know by this time that a good deal of the Communist Party "line" was smuggled into the report of the President's Committee on Civil Rights, of which you were chairman.

Plain Talk would like to ask you a number of questions. In so doing, we are moved by a concern for the principles of Americanism which, we are confident, you share to the fullest extent.

It has been widely rumored that you were not given an opportunity to read the report before it was published. Is this true, Mr. Wilson? It is also reported that you entertain the most emphatic dissent from some of the statements in the report. Would it not be a distinct public service for you to speak up, if this rumor is true?

Do you know who wrote the report? If so, did you investigate his background before assenting to his appointment? Or, were you ever consulted about his appointment? By now, it is generally known that one Milton Stewart was the author, or main author, of the report. We can assure you that Mr. Stewart has expressed considerable pride in his handiwork.

Did you know, before accepting the chairmanship of this committee, of the numerous Communist-front affiliations of some of your fellow committeemen? Did you have anything to do with the composition of the committee?

The report, which has been widely publicized together with the utmost exploitation of your prestige, states that this country is in a "state of near-hysteria" over communism, and that this condition threatens the freedom of "genuine democrats." Do you believe this, Mr. Wilson? If you do, will you be good enough to name a few of the "genuine democrats"?

Once again, the report speaks of "irresponsible opportunists who make it a practice to attack every person or group with whom they disagree as Communist." Do you believe this, Mr. Wilson? If so, why not name the irresponsible opportunists? Or, do you not know that this has been a Communist device for 30 years, calculated to shield the agents of the Kremlin?

You, in the report which exploits your name and prestige, say: "There are two groups * * *. The first are the Communists * * *. The second are the native Fascists." Do you believe that this is a correct or reasonable analysis of the menace which confronts America today? Do you not know that there are 100 agents of the Kremlin for every native Fascist in the United States today, and that your analysis is, thus, fraudulent?

Are you, as your report implies, against any loyalty check on Federal Government employees? Your report states that "our whole civil liberties history provides us with a clear warning against the possible misuse of loyalty checks to inhibit freedom of opinion and expression." Do you, Mr. Wilson, believe a word of this?

Do you know, Mr. Wilson, that the Communist Party's Daily Worker and New Masses

immediately seized upon your report as useful ammunition against all those who are engaged in exposing the Communist fifth column in this country? Do you want the citations? Do you know that the papers of the Communist-dominated CIO unions feature your report in their columns? Do you want these citations?

Your report sells for \$1 a copy. Do you know that the Communist Party official bookstore has a feature display of your report in its window on Thirteenth Street in New York City? Does the significance of this fact escape you?

It is reported that extraordinary pressure from the White House led you to accept the chairmanship of this committee. Did you, as reported, decline the first invitation? Did you accept the second invitation only after it was pointed out that enormous Government subsidies for atomic research might be switched from General Electric to Westinghouse?

Variety, weekly paper of the theatrical world, announces that you will be the feature on a series of broadcasts over the Mutual Broadcasting System beginning February 10, 1948, and that this series will carry the message of your report to the country. Variety further states that one Mitchell Grayson will direct the MBS series. Do you know, Mr. Wilson, that Mitchell Grayson was, according to a public record, a member of the Communist Party, unit 15, section 30, New York City? Do you still intend to appear on his program?

Mine Safety

EXTENSION OF REMARKS

OF

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 25, 1948

Mr. PRICE of Illinois. Mr. Speaker, the widows and orphans, relatives and friends of the 111 coal miners who died in an explosion in the Centralia, Ill., Mine No. 5, March 25, 1947, will meet today for memorial services at the Centralia High School.

It would be a fine thing if it were possible to inform that gathering that Congress had seen to it that steps had been taken in the past year to prevent future sacrifice of lives in our Nation's coal mines. Instead, speakers on the memorial program must point to the neglect of Congress to enact legislation in the interests of mine safety.

In the remarks I made on the floor today I invited the membership of the House to sign a discharge petition which I have placed on the Speaker's desk to force upon the floor legislation in the interests of mine safety.

Under leave to do so, I include with my remarks an editorial from the United Mine Workers' Journal of March 15, 1948, reviewing the Centralia disaster and pointing to the inactivity of Congress in a field in which Congress should be greatly concerned. The editorial follows:

DEATH AND AGONIES CAN CONTINUE IN COAL AS FAR AS CONGRESS IS CONCERNED

There will be no report of the passage of Federal mine-safety legislation to prevent a repetition of the hell-hole inferno explosion in Centralia No. 5 mine, where safety measures were forgotten as a necessary adjunct to coal mining, when the widows and orphans and friends of the 111 victims whose lives

were snuffed out March 25, 1947, meet for memorial services at Centralia High School on March 25.

Instead of safety progress, the participants in the memorial services will be shocked by the continuing record of slaughter in American coal mines covering the full year 1947, which shows a toll of 1,165 killed, an increase of 91 over 1946, and 63,000 injured, for a total of 64,165. The nonfatal accidents increased 6,200 over 1946.

The high-sounding promises of the United States Senate subcommittee that investigated the explosion on the scene, as well as Congressmen from coal-mining areas, that the time had come for the Federal Government to act and that the Congress was determined to enact Federal legislation with teeth in it that would give to the Federal mine inspectors the power to enforce their recommendations have never materialized.

Running true to form as regards political promises, the Congress did a 100-percent job of forgetting its pledges for mine-safety legislation as soon as the disaster submerged as a leading public topic.

Congress forgot its solemn promises and assurances to the widows and orphans and the public that the men who met death at Centralia will not have died in vain.

In order to cover up their willful dodge of enacting mine-safety legislation, Congress passed meaningless Public Law 328 which only required the Secretary of the Interior to make a quarterly synopsis report on Federal mine inspections. This law was drafted and passed solely for the purpose of deceiving the public into believing that the Congress was doing something to promote mine safety.

In the period that has followed, Secretary of Interior Krug has submitted two quarterly reports. The first report admitted that "sufficient information may not be obtained from the State agencies to allow the Congress to determine the condition of the mines."

Summed up, the reports have been more of a statement of the refusal of the State mine bureaus of the various coal-producing States to assist in the enforcement of Federal mine inspectors' recommendations for improved safety than evidence that the United States can hope for State cooperation.

Simply stated, the State mine bureaus assert that they have no authority to and will not go beyond the provisions of their own State mining codes, which fall far short of the Federal safety-code provisions.

After the first report was received, there was another flurry of individual Congressmen and Senators asserting that legislation would be passed, but as usual nothing has been accomplished. Some of the Senators and Congressmen have insisted that because of the acceptance of a modified Federal safety code by the UMWA and the coal operators as part of the 1947 wage agreement, no legislation is necessary.

All of which makes the Congress more gullible than Illinois Governor Green's investigating committee, who found that "a workman should be held accountable in some manner for individual carelessness and omissions tending to cause accidents," but "it is impractical to obligate working coal miners to assume the general responsibility for safety measures."

Thus the attempt of the Congress to pass the buck back to the coal miners—who possess no power to enforce safety measures and who lose working time by closing a mine down, resulting in their inability to feed their families during long periods of idleness—is just another political trick to dodge the issue.

Investigation of the Centralia explosion by the United States Senate and the State of Illinois produced positive evidence of campaign cash and political hook-ups between coal operators and the Illinois department of mines as being the underlying reason why coal operators are permitted to violate safety laws at will.

As the Journal has pointed out over and over again, the political skulduggery and campaign contributions that brought about coal industry control of the Illinois department of mines are not confined to Illinois alone. Coal miners have long recognized that the State mine inspection bureau in most States is an integral part of the political machine in power. It is an old-established custom for coal operators to buy control, through political contributions, of State mining departments so as to control the selection of the department head and the appointment of inspectors.

An investigation by the St. Louis Post-Dispatch turned up endearing political letters which became known as the "dear Bob and Bill" letters and which revealed that Director Robert Medill of the Illinois department of mines sent a copy of a report of wholesale safety violations made by State Inspector Scanlan to William P. Young, operating vice president of the Centralia Coal Co., with the request that "dear Bill" let him know if he had any comment. Then "dear Bill" wrote "dear Bob" right back blaming the urgency of wartime coal production as the reason for not taking time out to make the safety improvements recommended by inspector Scanlan.

This letter was dated February 28, 1945, 2 years before the explosion actually took place. The mine, however, was kept going at top speed with little or no attention paid to safety improvements, which multiplied rather than decreased the near certainty of an explosion.

Coal miners have never asked the Federal or State Governments for the passage of a safety code that they expected could guarantee the complete elimination of explosions and all other hazards connected with underground coal mining. All the UMWA has ever asked for is a practical application of the known safety measures that can be applied by the diligence of mine management and the cooperation of the men to promote the maximum degree of safety.

Even a Federal law bestowing police power upon Federal mine inspectors to enforce their recommendations is not going to completely wipe out all the hazards inherent in coal mining. What the coal miners do ask is honest enforcement of the safety provisions of State and Federal laws.

As pointed out by President Lewis in his testimony dealing with the Centralia explosion before the House Committee on Education and Labor in April 1947, it is the enforcement of the provisions of safety laws that counts and not merely the enactment of a safety code into law.

Lewis called the attention of the committee to the Federal mine safety code provided in the United States-United Mine Workers of America agreement, which Secretary of Interior Krug was entrusted with enforcing. The agreement provided:

"As soon as practicable and not later than 30 days from the making of the agreement, the Director of the Bureau of Mines, after consultation with representatives of the United Mine Workers and such other persons as he deems appropriate, will issue a reasonable code of standards and rules pertaining to safety conditions and practices in the mines. The Coal Mines Administrator will put this code into effect at the mines. Inspectors of the Federal Bureau of Mines shall make periodic investigations of the mines and report to the Coal Mines Administrator any violations of the Federal Safety Code. In cases of violation the Coal Mines Administrator will take appropriate action which may include disciplining or replacing the operating manager so that with all reasonable dispatch said violation will be corrected."

Lewis argued that the language of this provision could not be qualified, yet it remained unenforced.

Of course, everybody knows why Krug did not enforce it. He was too busy gallivanting around the country—over to China, Alaska, and other places, having a good time at the expense of the Federal Government and taking his friends with him on these joy trips and meeting the forces that make for entertainment—to be seriously concerned about the welfare of the coal miners.

Had the Federal Government undertaken to enforce the agreed safety provisions of the United States-UMWA agreement, the Centralia explosion would probably never have occurred.

All of which brings up the question not only of the need for legislation, but the kind and character of the administrator who is charged with enforcing the law.

The Journal has advocated for a long time that the Bureau of Mines be removed from the Department of the Interior and set up as an independent agency that will give its sole attention to coal mining, the development of byproducts of coal, and the conversion of coal into synthetic fuels on a cost basis that will make it competitive with oil-well production.

We think that it is the duty of the Congress to pass an over-all mine safety code, giving United States mine inspectors police power to enforce their recommendations and to set up the Bureau of Mines as an independent Government agency where the power of administration, enforcement, and direction of the United States inspection force will be vested.

As matters stand, the Interior Department is a loosely connected organization in which the problems of reclamation of lands, the leasing of public lands, maintenance of forests, national parks, oil reserves, and what have you are reckoned by each succeeding Secretary of the Interior as overshadowing in importance the question of coal mining.

We do not share that viewpoint and insist that since coal is the basic industry that powers the Nation's mills, factories, and transportation and heats the homes and by chemical processes is converted as a base for several thousand medicinal usages, the industry and the men who mine the coal should be reckoned with as more important to the Nation's well-being than has been the case in the past.

As an example of how the coal industry has been neglected by the Department of Interior and considered on the basis of a second rate status, Secretary Krug, in pursuit of more beneficial political results to be reaped from favoring the coal operators, immediately following his post-Centralia grandstand play of closing down 518 mines on which the Department had inspection reports at hand showing gross violations of safety measures, made an infamous attempt to convince the Congress and public that he was reorganizing the Department to promote a better administration by forcibly promoting the resignation of Dr. R. R. Sayers as Chief of the Bureau of Mines and having President Truman appoint James Boyd of Colorado, whom no one in the coal industry knew anything about, as Sayers' successor.

When called before the Senate Public Lands Committee, Boyd admitted that he had never been in a coal mine and that the only knowledge he possessed relative to coal mining came from textbooks.

The UMWA protested the Boyd appointment and during an investigation that followed it was discovered that the citizenship of Boyd was questionable. In his first submitted biography, Boyd claimed that he was a United States citizen by reason of the naturalization of his father. But on the date given in his biography that his father was naturalized by a Federal court, Boyd had already reached maturity and was over 21 years of age and consequently could not become a citizen by the mere process of the naturalization of his father. Boyd claimed,

80TH CONGRESS}
2d Session }

SENATE

{ REPORT
{ No. 1026

AID TO CHINA

REPORT OF THE COMMITTEE ON FOREIGN RELATIONS

ON

S. 2393

A BILL TO PROMOTE THE GENERAL WELFARE,
NATIONAL INTEREST, AND FOREIGN
POLICY OF THE UNITED STATES
BY PROVIDING AID TO CHINA



MARCH 25 (legislative day, MARCH 15), 1948.—Ordered to be printed
with an illustration

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AID TO CHINA

MARCH 25 (legislative day, MARCH 15); 1948.—Ordered to be printed with an illustration

Mr. VANDENBERG, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2393]

The Committee on Foreign Relations, having had under consideration the subject of extending assistance to China, unanimously report to the Senate a bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China, and recommend that it do pass.

1. MAIN PURPOSE OF THE BILL

The bill provides for a program of assistance to China by authorizing the appropriation of \$463,000,000 for a period of 1 year. \$363,000,000 of this amount will be administered under the applicable provisions of the Economic Cooperation Act of 1948, although it is not contemplated that China will adhere to a joint program for European recovery. A sum not to exceed \$100,000,000 will be authorized through grants, on such terms as the President may determine. The Reconstruction Finance Corporation is authorized to advance \$50,000,000 to carry out the purposes of the act.

2. MESSAGE FROM THE PRESIDENT ON AID TO CHINA

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING RECOMMENDATION THAT THE CONGRESS AUTHORIZE A PROGRAM FOR AID TO CHINA IN THE AMOUNT OF \$570,000,000 TO PROVIDE ASSISTANCE UNTIL JUNE 30, 1949

To the Congress of the United States:

On several occasions I have stated that a primary objective of the United States is to bring about, throughout the world, the conditions of a just and lasting peace. This is a cause to which the American people are deeply devoted.

*Since VJ-day we have expended great effort and large sums of money on the relief and rehabilitation of war-torn countries to aid in restoring workable economic systems which are essential to the maintenance of peace. A principle which

has guided our efforts to assist these war-torn countries has been that of helping their peoples to help themselves. The Congress is now giving careful consideration to a most vital and far-reaching proposal to further this purpose—the program for aid to European recovery.

I now request the Congress to consider the type of further assistance which this country should provide to China.

A genuine friendship has existed between the American people and the people of China over many years. This friendship has been accompanied by a long record of commercial and cultural association and close cooperation between our two countries. Americans have developed a deep respect for the Chinese people and sympathy for the many trials and difficulties which they have endured.

The United States has long recognized the importance of a stable Chinese nation to lasting peace in the Pacific and the entire world. The vast size and population of China make her an important factor in world affairs. China is a land with rich tradition and culture and a large and energetic population. It has always been our desire to see a strong, progressive China making a full contribution to the strength of the family of nations.

With this end in view, we have supported the National Government of China since it first came to power 20 years ago. China and the United States were allies in the war against Japan, and as an ally we supported China's valiant war efforts against the Japanese. Since the Japanese surrender we have provided a great deal of additional assistance. Military aid was given the Chinese Government, not only to help defeat the Japanese invaders but also to assist in reoccupying Japanese-held areas. The United States contributed the major share of the extensive aid received by China under the program of the United Nations Relief and Rehabilitation Administration. We made available to the Chinese Government at minimum cost large quantities of surplus goods and equipment of value to China's economy. We are currently extending further aid to China under our foreign-relief program.

Nevertheless, the Chinese Government and people are still laboring under the double and interrelated burden of civil war and a rapidly deteriorating economy. The strains placed upon the country by 8 years of war and the Japanese occupation and blockade have been increased by internal strife at the very time that reconstruction efforts should be under way. The wartime damage to transport and productive facilities has been greatly accentuated by the continued obstruction and destruction of vital communications by the Communist forces.

The civil warfare has further impeded recovery by forcing upon the Government heavy expenditures which greatly exceed revenues. Continual issuances of currency to meet these expenditures have produced drastic inflation, with its attendant disruption of normal commercial operations. Under these circumstances, China's foreign-exchange holdings have been so reduced that it will soon be impossible for China to meet the cost of essential imports. Without such imports, industrial activity would diminish and the rate of economic deterioration would be sharply increased.

The continued deterioration of the Chinese economy is a source of deep concern to the United States. Ever since the return of General Marshall from China, the problem of assistance to the Chinese has been under continuous study. We have hoped for conditions in China that would make possible the effective and constructive use of American assistance in reconstruction and rehabilitation. Conditions have not developed as we had hoped, and we can only do what is feasible under circumstances as they exist.

We can assist in retarding the current economic deterioration and thus give the Chinese Government a further opportunity to initiate the measures necessary to the establishment of more stable economic conditions. But it is, and has been, clear that only the Chinese Government itself can undertake the vital measures necessary to provide the framework within which efforts toward peace and true economic recovery may be effective.

In determining the character and dimensions of the program which might be suited to this purpose, we have had to take into account a number of diverse and conflicting factors, including the other demands on our national resources at this time, the availability of specific commodities, the dimensions and complexities of the problems facing the Chinese Government, and the extent to which these problems could be promptly and effectively alleviated by foreign aid. United States assistance to China, like that provided to any other nation, must be adapted to its particular requirements and capacities.

In the light of these factors, I recommend that the Congress authorize a program for aid to China in the amount of \$570,000,000 to provide assistance until June 30, 1949.

The program should make provision for the financing, through loans or grants, of essential imports into China in the amount of \$510,000,000. This estimate is based upon prices as of January 1, 1948, since it is impossible at present to predict what effect current price changes may have on the program. Revised dollar estimates can be presented in connection with the request for appropriations if necessary. The essential imports include cereals, cotton, petroleum, fertilizer, tobacco, pharmaceuticals, coal, and repair parts for existing capital equipment. The quantities provided for under this program are within the limits of available supplies. The financing of these essential commodity imports by the United States would permit the Chinese Government to devote its limited dollar resources to the most urgent of its other needs.

The program should also provide \$60,000,000 for a few selected reconstruction projects to be initiated prior to June 30, 1949. There is an urgent need for the restoration of essential transportation facilities, fuel and power operations, and export industries. This work could be undertaken in areas sheltered from military operations and could help in improving the supply and distribution of essential commodities.

As in the case of aid to European recovery, the conduct of this program of aid should be made subject to an agreement between China and the United States setting forth the conditions and procedures for administering the aid. The agreement should include assurances that the Chinese Government will take such economic, financial, and other measures as are practicable, looking toward the ultimate goal of economic stability and recovery. The United States would, of course, reserve the right to terminate aid if it is determined that the assistance provided is not being handled in accordance with the agreement or that the policies of the Chinese Government are inconsistent with the objective of using the aid to help achieve a self-supporting economy.

Pending establishment of the agency which is to be set up for the administration of the European recovery program, the assistance to China should be carried forward under the existing machinery now administering the foreign-relief programs. Legislation authorizing the Chinese program should make possible transfer of the administration of the Chinese program to the agency administering our aid to European recovery. The need for authority in the administering agency to make adjustments in the program from time to time will be as great here as in the European recovery program.

The proposed program of aid to China represents what I believe to be the best course this Government can follow, in the light of all the circumstances. Nothing which this country provides by way of assistance can, even in a small measure, be a substitute for the necessary action that can be taken only by the Chinese Government. Yet this program can accomplish the important purpose of giving the Chinese Government a respite from rapid economic deterioration, during which it can move to establish more stable economic conditions. Without this respite the ability of the Chinese Government to establish such conditions at all, would be doubtful. The achievement of even this limited objective is of such importance as to justify the proposed program of aid.

I recommend, therefore, that this program be given prompt and favorable consideration by the Congress.

HARRY S. TRUMAN.

THE WHITE HOUSE, February 18, 1948.

3. COMMITTEE HEARINGS

The committee held executive hearings on aid to China on February 26, March 19 and 20, 1948. During the course of the hearings the committee heard the views of Hon. George C. Marshall, Secretary of State; Hon. Willard L. Thorp, Assistant Secretary of State; W. Walton Butterworth, Director, Office of Far Eastern Affairs, and their assistants. On March 22, after a lengthy discussion of the policy questions involved, the committee drafted the present bill, which it approved by a unanamous vote of 13 to 0.

Since the committee had before it the printed testimony on aid to China, given by private witnesses to the House Foreign Affairs Committee, it was considered unnecessary to hold public hearings.

4. TEXT OF THE COMMITTEE BILL

A BILL To promote the general welfare, national interest, and foreign policy of the United States by providing aid to China

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "China Aid Act of 1948".

SEC. 2. It is the purpose of this Act to provide immediate aid to China to relieve human suffering, to assist in retarding economic deterioration, and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuilding the bases for more stable economic conditions, such aid to be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this Act. It is not the purpose of this Act that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

SEC. 3. (a) In order to carry out the purposes of this Act, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$363,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$100,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

SEC. 4. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this Act and to improve commercial relations with China.

SEC. 5. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 3, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act in such manner and in such amounts as the President shall determine. From appropriations authorized under section 3, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

5. THE SITUATION IN CHINA

The political, social, financial, and military situation in China is so well known that it need not be discussed in detail in this report. China occupies a central position in east Asia and contains both two-thirds of its area and its population. The Chinese people make up one-fifth of the world's population. Her economy is primarily agricultural. The future of east Asia as a whole is closely bound up with developments in China.

Because of the traditional friendship between our peoples, China's difficulties produce in the United States a profoundly sympathetic response which is often accompanied by a sense of frustration, in that aid extended by the United States has too infrequently given rise to measures of self-help on the part of the Chinese themselves, which must be taken if our aid is to be effective.

There are favorable factors. China could be reasonably self-sufficient in food and raw materials resources. There is a large and valuable labor pool. Among the politically conscious people there is sentiment in favor of democratic government. There is a great record in, and respect for, the constructive values of civilization.

The unfavorable factors presently outweigh the favorable. China's economy and prospects are marred by an 8-year war with Japan, and a civil war that also includes the usual Communist tactics of dis-

ruption, destruction, and sabotage. Inefficiency, corruption, and bureaucratic maladies become even more devastating in a period of dislocation and inflation. Ineptitude in military leadership and corruption among army commanders has contributed largely to the lowered morale of the Chinese Government troops. The country never developed a favorable balance of trade, and the unfavorable balance obviously grew worse in the past few years. An important psychological factor is the lack of popular confidence in the Chinese Government.

It is hardly necessary to repeat that China faces colossally difficult and complicated tasks and that, accordingly, the further constructive and cooperative role of the United States is not easy to determine and is, perforce, beset with grave and honest doubts.

(A) POLITICAL CIRCUMSTANCES

The Kuomintang has been in control of the National Government since 1928. It has taken the initial steps toward democracy through the promulgation of the constitution and the election of a national assembly, while the Chinese Communist aims are directed toward a totalitarian government. The Chinese Communist propaganda has been bitterly anti-American and follows the Moscow line regarding all American policies. There appears to be some hope that there exists in China the social and political elements and ideals which could widen and increase the political appeal and leadership of a nationalist government—to combat the hard core of a disruptive, alien-orientated communism in open rebellion.

In the Sino-Soviet Treaty of August 1945 the U.S.S.R. undertook to support only the National Government, which was recognized by all the powers as the legal Government of China. The U.S.S.R. has not provided the assistance to the National Government with "material resources" called for in that treaty. Instead, the U. S. S. R. removed large quantities of industrial equipment from the factories of Manchuria, perhaps to the extent of \$2,000,000,000. (See appendix C.)

(B) ECONOMIC CRISIS

China's economy has deteriorated steadily since the defeat of Japan. The destruction of communications has isolated the resources from the centers of consumption and the ports. The food deficit of 2,000,000 tons for the coming year is largely a result of the civil war. The cost of civil war has caused mounting Government deficits. The inflationary stampede impedes production and distribution and stimulates speculation and hoarding. The note issue increased more than eight times during 1947. In mid-March the black-market rate for United States dollars was slightly more than 450,000 Chinese dollars to 1 United States dollar. Seventy percent of the Government's expenditures has gone for military purposes. Revenue has covered less than one-third of the total Government expenditures.

Private Chinese holdings of gold, foreign exchange, and long-term assets in all foreign currencies may amount to \$500,000,000, but the Chinese Government finds it increasingly difficult to mobilize these resources. Cash remittances to China by Chinese residents abroad have sharply declined. China has so drained her official foreign-

exchange holdings that she will soon be unable to procure essential imports needed for the continuation of her basic civilian economy.

Valuable resources, such as coal and the foodstuffs of the rural areas, are under Communist control. The announced purpose of the Chinese Communist is to engineer economic collapse in China.

(C) POPULATION AND AREA UNDER CHINESE COMMUNIST CONTROL

As of March 15, 1948, according to a rough estimate, the Chinese Communists controlled 25 percent of the total area of China and 33 percent of the total population, or about 150,000,000.

Due to the fluid nature of military operations and the loosely defined areas of Chinese Government and Chinese Communist control in many disputed areas, where there is constant shifting of control, it is impossible to present more than a rough estimate.

The strength of the Chinese Communist armed forces is estimated as follows: 1,150,000 regulars and 2,000,000 local militia. The Chinese Government some 6 months ago publicly announced 3,800,000 as the strength of its armed forces.

6. PREVIOUS AID TO CHINA

The Department of State has submitted to the committee the following estimates of previous American aid to China:

U. S. Government economic, financial, and military aid to China since 1937

[In millions of United States dollars]

Pre-VJ-day:		
Export-Import Bank credits	-----	120. 0
1942 congressional credit	-----	500. 0
Lend-lease	-----	849. 4
Subtotal	-----	<u>1, 469. 4</u>
Post-VJ-day:		
Lend-lease:		
Military	-----	728. 0
Civilian pipe-line credit	-----	49. 6
Naval aid	-----	17. 7
Surplus and excess property credits:		
Office of Foreign Liquidation Commissioner dockyard credit	-----	4. 0
West China credit	-----	20. 0
Maritime Commission credit authorization	-----	16. 5
		<u>40. 5</u>
Export-Import Bank credits	-----	82. 8
UNRRA:		
United States 72-percent contribution applied to China program (FAS plus 25 percent for shipping and insurance)	-----	465. 8
Contribution to Board of Trustees for UNRRA equipment and funds	-----	4. 7
United States foreign relief program	-----	45. 7
United Nations International Children's Emergency Fund	-----	2. 1
Subtotal	-----	<u>1, 436. 9</u>
Total	-----	<u>2, 905. 8</u>

Since figures for certain surplus-property sales were not included in the above total, the State Department subsequently furnished the

committee with the following supplemental figures in a letter to the chairman, dated March 19:

Type of surplus	Procurement cost	Sales price or value realized
Civilian-type surplus property in China, India, and 17 Pacific Islands.	\$824,000,000	\$175,000,000
Rifle ammunition.....	6,566,589	656,658
TNT.....	275,000	99,000
Air Force equipment.....	9,449,850	935,312
Naval vessels.....	70,589,298	(gift)
Transport aircraft.....	34,800,000	750,000
Ammunition.....	4,441,337	44,413
Air Force equipment.....	25,292,365	4,426,163
Total.....	975,414,439	181,911,546

The State Department emphasizes that it is impossible to draw up a total for the surplus-property transactions since in some cases the surplus stocks are still in the process of being transferred and the full value of the property will not be known until the transfers have been completed. The above figures, therefore, are only estimates in some cases.

The committee agreed that the extent of such aid underscores once more the fundamental and traditional interest of the United States in the welfare of China.

7. THE PROGRAM PROPOSED BY THE DEPARTMENT OF STATE

Under the present circumstances, it is not possible to develop a practical, effective, long-term, over-all program for China's economic recovery, predicated upon outside assistance from the United States. We cannot underwrite the destiny of China.

Of necessity, this China-aid program differs in several fundamentals from the European-recovery program so recently endorsed by the Senate. Some of the basic ingredients for recovery and cooperative effort, which in a short time might respond to American aid, do not exist in the project for China.

The committee feels that the United States should not be put in the position of being held responsible for the conduct of the Chinese Government and its political, economic, and military affairs. It is believed that this aid program, designed to meet the most essential commodity requirements, would relieve human suffering and give the hard-working people of China a chance to arrest the rate of economic deterioration in China, and to afford the Chinese Government another opportunity to undertake a vigorous program of self-help. An aid program such as proposed by the Department of State, under the present realities, may not arouse much hopeful enthusiasm among Americans, though the committee believes it is sufficient to encourage the constructive, democratic elements in China.

The Department's proposal called for economic assistance in the amount of \$570,000,000 for a period of about 15 months, ending June 30, 1949. Of this amount, \$510,000,000 would cover minimum imports of essential civilian type of commodities, chiefly foodstuffs and raw materials, and \$60,000,000 for key reconstruction projects. This aid would free Chinese resources to finance other necessary imports and military supplies.

The detailed estimates and justifications are not commitments to China, but they do reasonably illustrate the magnitude of the program. The program must have just as much flexibility and careful administration as that provided for in the Economic Cooperation Act. The testimony of the executive branch affirms that aid of the size contemplated has taken into account both requirements and availabilities and that such aid can be furnished without jeopardizing the European recovery program or the American domestic economy.

*Probable list of imports, with values expressed on a cost, insurance, and freight basis
(prices as of Jan. 1, 1948)*

1. Cereals (wheat and rice)	\$130,000,000
2. Cotton	150,000,000
3. Petroleum and petroleum products	110,000,000
4. Fertilizer	30,000,000
5. Tobacco	28,000,000
6. Metals	24,000,000
7. Pharmaceuticals	5,000,000
8. Coal	3,000,000
9. Replacement articles for existing capital equipment	30,000,000
Total	510,000,000

This represents:

225,000 tons of wheat equivalent.

451,300 tons of rice.

750,000 bales of cotton.

25,198,000 barrels of petroleum and petroleum products to come principally from Eastern Hemisphere sources, except possibly lubricating oils and greases.

40,000 short tons of soluble phosphatic fertilizer from North America.

42,100 short tons of nitrogenous fertilizer, North and South America supplying 32,100 short tons, Europe supplying 10,000 short tons.

84,500,000 pounds of United States tobacco.

17,588 metric tons of lead, zinc, aluminum, brass, and copper.

115,373 metric tons of iron and steel (no scrap).

Replacement articles of existing capital equipment are also required. The total amount of each item is relatively small and offers no serious problem of availability.

8. COMMITTEE ACTION

After a careful consideration of the program submitted by the Department of State the committee took the following action:

(1) It gave general approval to the program of the Department but shortened and completely rewrote the Department's proposed bill.

(2) It reduced the request for \$570,000,000 for a 15 months' period to \$363,000,000 for a 12 months' period.

(3) It added a grant of \$100,000,000 for whatever purpose decided upon by the Chinese Government.

(4) It took appropriate steps to correlate the China aid program to the applicable provisions of S. 2202 (Economic Cooperation Act of 1948), thus assuring that the China program would have the advantages of the management and safeguards provided in S. 2202. In doing

this, the bill is clear that China, in order to receive aid, does not have to adhere to a joint program for European recovery.

9. HOW THE PROGRAM WILL BE ADMINISTERED

It is clear that the China program must be carefully coordinated with the European recovery program. Many of the problems are similar and central direction for the two programs would avoid unnecessary waste and duplication, resulting in more effective operations both in Europe and in China. For this reason, the committee agreed that the assistance provided for in this bill should be extended under the applicable provisions of the Economic Cooperation Act of 1948.

This means that economic aid for China will be placed under the same Administrator who will be in charge of the European recovery program. There will be a United States mission in China of much the same character as those provided for participating countries in Europe. Likewise, the program will be based upon a bilateral agreement between China and the United States similar in character to those made between the United States and European countries.

It will of course be left to the Administrator to determine which of the provisions of the Economic Cooperation Act of 1948 are applicable to China. Appendix A of this report indicates in general terms those provisions which would seem to be pertinent.

10. \$100,000,000 GRANT AUTHORIZED

In section 3 (b) of the bill the committee has provided an authorization for a grant not to exceed \$100,000,000 for additional aid to China on the administrative terms which the President deems appropriate.

In view of the Chinese requirements for military supplies, it may be assumed that the Chinese Government, on its own option and responsibility, would seek this grant for such supplies. With intelligent planning, and careful conservation and efficient utilization the Chinese Government could achieve much with this sum. The flow to China of military supplies, surplus to our own requirements, is continuing under contracts concluded with the Chinese Government.

The committee does not intend that the Administrator of the Economic Cooperation Act should be held responsible for this part of the bill. It is assumed that the President will make use of the advice of the appropriate agencies of this Government.

11. THE PROBLEM OF EXTENDING MILITARY AID TO CHINA

During recent months there has been a great deal of discussion, both in and out of the Congress, about the desirability of extending military aid to China. The committee considered this question at some length with particular emphasis on the impact of such assistance upon our total foreign policy.

With the passage of the present bill our military assistance to China will be of two main types. In the first place, \$100,000,000 of the total amount appropriated will be extended in the form of grants to be used by the Chinese Government without any of the conditions and controls which will prevail with respect to the expenditure of the remaining \$363,000,000. Presumably, therefore, this amount can be

used for the procurement of military supplies and equipment if the National Government so desires. The committee agreed, however, that the broad language of section 3 (b) of the present bill should not be interpreted to include the use of any of the armed forces of the United States for combat duties in China.

In the second place, under existing legislation, the United States Government will continue to furnish military advisers to the recognized government of China. At the present time the Army advisory group stationed there consists of 572 officers and 921 enlisted men. This figure includes military police and weather and air transport personnel not directly connected with the work of the advisory group.

United States military personnel in China do not participate in combat. Nor do they command Chinese troops. They are serving in an advisory capacity only. Combat units of American troops are definitely not involved.

For many years the United States has been deeply interested in the maintenance of the integrity and independence of China—which is clearly one of the essential elements of peace in the Far East. Today that independence and integrity are threatened by civil strife. If no aid is given now by the United States, the inference appears to be clear that we face either the possibility of China becoming a communist-dominated satellite state or a civil war of increased length and intensity.

China is a maze of imponderables. It is impossible to know the quantity and type of aid necessary for the restoration of a stable and independent China. The committee is convinced, however, that the assistance contemplated in this bill should appreciably strengthen the position of the national government without, at the same time, involving the United States in any additional commitments of a military nature.

Congress should not undertake either to determine the actual apportionment of available military forces as between different theaters or areas, or to make specific and detailed military commitments which may affect such allocation in the future. Apportionment of specific military forces is emphatically a matter for the responsible military authorities to determine.

12. RECONSTRUCTION PROJECTS

The Department's proposed program provided for \$60,000,000 in initiating key reconstruction projects prior to June 30, 1949. The justifications mention that substantial loans for certain of these projects and others have been requested by the Chinese Government from the Export-Import Bank. But these requests have not been met because the bank is unable to find reasonable assurances of repayment. The actual selection of projects, determination of priority of construction, and allocation will remain a matter for the determination of the Administrator of the program. The following projects have been under study and would appear to the committee to be of the kind urgently needed in China: electrical power project for Shanghai, rehabilitation of Hankow-Canton-Kowloon Railroad, and the reopening of western Kiangse and Hsiangtan coal mines.

It is possible that the Administrator may find that a larger proportion of the \$363,000,000 might well be applied to initiating recovery projects which the Chinese could be expected to continue without

outside assistance. With such projects, the United States would seem to be in a better position to observe the end uses made of United States funds, and to encourage private enterprise. For example, the improvement of agricultural production and rural conditions and land reforms through the adoption of such recommendations of the China-United States Agricultural Missions as are suitable for early introduction, and within a reasonable share of the funds provided, seems to have appealed both to Chinese and American experts. The agricultural economy of China is very different from that of western Europe and it should be so treated. Every effort should be made to encourage the free movement of foodstuffs from rural districts to urban areas.

13. THE PROBLEM OF STABILIZATION OF CURRENCY

There has been public discussion on the alternative of advancing silver, in lieu of comparable amounts of commodities, so that, granted certain measures, China might return to a hard-money basis as a step in the stabilization required. One report has stated that this need not be a tremendous loan because in 1947 the total amount of currency circulating in China only amounted to the equivalent of between 250 and 350 million dollars. Another figure mentioned has been 600,000,000 ounces of silver as a loan from the United States upon which to base a regulated currency.

Secretary Marshall states, however:

Provision of a currency stabilization fund would, in the opinion of our monetary experts, require large sums which would be largely dissipated under the present conditions of war financing and civil disruption.

It is understood that a further report on this subject is being forwarded to the committee.

14. REPAYMENT OF LOANS BY CHINA

It is the understanding of the committee that the Chinese Government has never defaulted on any loan from the United States Government. Final determination of the terms of repayment of the United States Government \$500,000,000 credit of 1942 and other Chinese wartime obligations will be made in a settlement of war accounts between China and the United States. The Export-Import Bank's earmarking of \$500,000,000 authorization for loans to China, at the request of Secretary Marshall, lapsed on June 30, 1947. After the expiration of the earmarking, the Chinese made applications for substantial credits, but none was extended by the bank because of inability to find reasonable assurances of repayment.

The committee was impressed by the record of the Chinese Government with respect to the repayment of its loans from the United States. It is only fair to point out, however, that in view of the financial situation of the National Government it is probable that the great proportion of the assistance contemplated in this bill will have to be advanced in the form of grants.

15. WILL UNITED STATES AID BENEFIT THE COMMON PEOPLE?

Ambassador Stuart, on February 19, 1948, stated that the China aid program "was designed to benefit the common people." The

committee repeats that the Administrator is under obligation to see that this actually takes place—in the rural districts as well as in the relatively few urban centers. The end use of American dollars in China is a primary obligation on the Administrator and the Chinese Government.

16. AMERICAN BUSINESS INTERESTS IN CHINA

American business in China is at a standstill. American commercial interests have complained of discriminatory measures which deny them general equality of commercial opportunity. By removing obstacles to export movements and insuring nondiscriminatory treatment of United States commercial interests, the Chinese Government would greatly encourage the traditional free enterprise of China and so much to attract foreign trade and investment. It would appear to the committee that the Chinese Government would find it advantageous in many ways to take constructive action along these lines.

17. BILATERAL AGREEMENT WITH CHINA

The committee intends to give broad authority to the Secretary of State, after consultation with the Administrator for economic cooperation, to enter into an agreement with China which would contain undertakings by China which would assure the American taxpayer, insofar as is possible, that his money is being effectively used for the purposes of this act and for the people of China. While recognizing that certain details might need to be modified or added to fit the proposed program, the committee took cognizance of the agreement signed at Nanking on October 27, 1947, pursuant to Public Law 84, Eightieth Congress. The text of this agreement is reprinted in appendix B.

18. CHINESE MEASURES AND PLEDGES OF SELF-HELP

Outside aid can be effective only if the Chinese Government itself is able and willing to set its course definitely in a direction calculated to give China strength and stability. A government committed to serving the interest of all its people is less vulnerable to designing alien influences. Consequently, the committee, in its favorable action on aid for China, was considerably impressed by the statement of General Chang Chun, president of the Executive Yuan of the Republic of China, released for publication in Nanking, January 28, 1948:

As a result of her suffering and losses during more than 8 years of war and the subsequent Communist rebellion, China is now facing unprecedented economic difficulties. In order to overcome these difficulties, the Chinese Government, in the light of the long history of Chinese-American friendship, has requested economic and technical assistance from the United States. It was with gratification that the Chinese Government noted the inclusion of China in the interim-aid bill and the announced intention of the United States Government to take early action during the present session of the Congress to provide substantial aid for China. The Chinese Government fully recognizes that in order to secure the maximum benefit from external aid an adequate and practicable program of domestic measures of self-help is needed. This program should at the beginning lay stress on financial and economic measures of immediate importance which will be followed or accompanied by certain other reforms in the fields of general administration and military reorganization.

The main financial and economic reform measures which the Chinese Government intends to undertake are:

- (1) Control and readjustment of Government expenditures both in Chinese national currency and foreign currencies so as to realize all practicable economies.
- (2) Improvement of the national, provincial, and local tax systems and the administration thereof with the dual object of increasing the yield and placing the tax burden upon economic groups that are best able to pay.
- (3) With a view to insuring greater efficiency in the performance of their duties, the treatment of civil servants as well as officers and men will be gradually raised. Simultaneously, a program will be enforced for the gradual reduction of Government personnel.
- (4) Strengthening and extension of control over the supply of essential commodities of daily necessity with a view to checking speculation and the abnormal rise of prices.
- (5) In order to insure the maximum effectiveness of external aid, every effort will be made toward laying the basis for a more stable monetary system.
- (6) Banking and credit systems to be reformed through the centralization of control in the Central Bank of China and the maintenance of a counterinflationary policy.
- (7) Promotion of exports through removal of obstacles to export movements.
- (8) Improvement of import control; but as soon as conditions permit, the emergency control measures shall be modified.
- (9) Improvement of agricultural production and rural conditions and land reforms through the adoption of such recommendations of the China-United States Agricultural Mission as are suitable for early introduction.
- (10) Rehabilitation of communications and essential industries as far as conditions permit in order to increase production and reduce dependence upon abnormal imports.

APPENDIXES

APPENDIX A

ANALYSIS OF THE CHINA AID BILL AND RELEVANT PROVISIONS OF THE ECONOMIC COOPERATION ACT OF 1948

Section 2: This section sets forth the purposes of the bill and the form in which the major portion of the contemplated aid to China is to be provided. The purposes of the bill are stated to be the provision of aid to China to relieve human suffering, to assist in retarding economic deterioration, and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuilding the bases for more stable economic conditions. This section also states that such aid is to be provided under the applicable provision of the Economic Cooperation Act of 1948 which are consistent with the purposes of the bill, and that it is not the purpose of the bill that China shall adhere to a joint program for European recovery in order to receive aid under the bill. This means that, in general, aid will be provided for China under the bill in the same manner and to the same extent as assistance is provided for participating countries under those provisions of the Economic Cooperation Act of 1948 which are relevant to the purposes of the bill and to conditions in China. Thus, the provisions of the Economic Cooperation Act will be applied to China without reference to the purposes of that act, but solely with reference to the purposes of the bill.

There follows an outline of the committee's view of how the various provisions of S. 2202, as recently passed by the Senate, might properly be applied to aid to China in the light of presently indicated conditions in China:

OUTLINE OF PROVISIONS OF S. 2202

Sections 1, 2, and 3 relate solely to conditions in Europe and to a joint program for European recovery and would therefore not be applicable.

Section 4 would be applicable, except that the Administrator for Economic Cooperation would not have authority, for the purposes of the present bill, to compensate additional personnel, other than experts and consultants, without regard to the provisions of the Classification Act of 1923, as amended.

Section 5 would be applicable, but the authority in the Administrator to terminate provision of aid under section 18 would be subject to the modification of section 18 discussed below.

Sections 6 and 7 relating to the National Advisory Council on International Monetary and Fiscal Problems and to the Public Advisory Board would be applicable.

The functions of the United States Special Representative in Europe, provided for in section 8, relate to the coordination of cooperative efforts of participating countries and of the operations of the United States special missions in the participating countries. It would therefore be inappropriate to establish such a representative in China since no coordination between several

countries receiving assistance is contemplated by the present bill. This section would therefore be inapplicable.

Those provisions of section 9 which relate to the special missions for economic cooperation; namely, subsections (a), (b), and (c), would be applicable, but excluding reference to the United States Special Representative in Europe.

Section 10, relating to overseas personnel, would be applicable.

Section 11 would be applicable. As in the case of assistance to participating countries, commodities and services which had not been landed in China on the date of enactment of the present bill could be made available to China under the provisions of the present bill. With reference to the guaranties provided under paragraph (b) (3), the 5 percent limitation contained in subparagraph (ii) of that paragraph would, of course, be interpreted to refer to 5 percent of the funds appropriated under section 3 (a) of the present bill.

Section 12, relating to the protection of the domestic economy, and section 13, relating to reimbursement to Government agencies, would both be applicable.

Subsections (a), (b), (c), and (f) of section 14 relate solely to the availability of funds for carrying out the purposes of the Economic Cooperation Act of 1948, and they would therefore not be applicable to the present bill. Subsections (d) and (e) of section 14 would, however, properly be applicable to the present bill.

Subsections (a), (b), (d), and (e) of section 15 relate primarily to conditions in Europe and to the cooperation by participating countries in a joint program for European recovery. They would therefore not be applicable except to the extent discussed in the analysis below of section 4 of the present bill. As to subsection (c) of section 15, it is the committee's view that the Administrator might, in the absence of a finally concluded bilateral agreement and during the 3 months after the date of enactment of the bill, perform functions for China under the present bill if China had signified its adherence to the purposes of the present bill and had signified its intention of concluding an agreement under section 4 of the present bill, and if the Administrator found that China was in fact complying with the intent of such agreement. The proviso of subsection 15 (c) which permits the relatively unconditional transfer through June 30, 1948, of certain limited classes of commodities to countries which signed the report of the Committee of European Economic Cooperation would not, in the view of the committee, be applicable to China since that proviso is grounded on the evidence of adherence to United States policy inherent in the fact of signing such report.

Section 16, relating to assistance from other countries and section 17, covering other duties of the Administrator, would be applicable.

Section 18 would be applicable, except for the provision relating to the pledges between participating countries. Section 18 should, of course, be applied to termination of assistance to China with reference to the agreement concluded under section 4 of the present bill, since no agreement will be concluded with China under section 15 of the Economic Cooperation Act of 1948.

Section 19 (relating to exemption from contract and accounting laws), section 20 (relating to exemption from certain Federal employment laws), and section 21 (relating to the United Nations) would be applicable.

In view of the prohibitions against obligation after the period of 1 year following the date of enactment of the present bill contained in section 3 of the present bill, subsection (a) of section 22 would not be applicable. Subsection (b) of section 22 would be applicable at such time during the 12 months following June 30, 1952, as the President might find it appropriate to transfer the powers, duties, and authority of the Administrator for Economic Cooperation under the Economic Cooperation Act of 1948 to another Government agency.

Section 23 relating to reports to Congress would be applicable as if the date June 30, 1952, therein referred to were June 30, 1949.

Section 24 (relating to a joint congressional committee) and section 25 (containing the standard separability clause) would be applicable.

Section 3: Subsection (a) of section 3 of the China Aid Act authorizes the appropriation to the President of not to exceed \$363,000,000 to remain available for obligation for 1 year following the date of enactment of the bill, in order to carry out the purposes of the bill under the applicable provisions of the Economic Recovery Act which are consistent with such purposes.

Subsection (b) of section 3 authorizes an additional appropriation to the President of not to exceed \$100,000,000 to remain available for obligation for 1 year following the date of enactment of the bill, in order to carry out the purposes of the bill and without regard to the provisions of the Economic Recovery Act of 1948. Funds appropriated under this subsection may be expended for aid to China through grants in furtherance of the purposes of the bill, on such administrative terms as the President may determine to be appropriate for the furtherance of such purposes.

Section 4: This section provides for the conclusion of an agreement with China containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the provisions of the bill and to improve commercial relations with China (including measures to afford equality of opportunity to American enterprises).

It is contemplated that in negotiating that part of the agreement which will relate to aid made available to China with funds appropriated under subsection (a) of section 3 of the present bill, the executive branch will be guided by, but not limited to, such of the provisions of the paragraphs of subsection 15 (b) of the Economic Cooperation Act of 1948 as can appropriately be made applicable to China. For example, it is anticipated that the matters covered by paragraphs (5) through (8) of subsection 15 (b) of S. 2202, as passed by the Senate, could be made applicable to China with only clerical modifications in the language of such paragraphs. As to the matters covered by paragraphs (1) through (4) of that act, varying degrees of modification, verging in some instances on complete revision, might be appropriate in the light of circumstances in China.

Section 5: This section authorizes advances by the RFC, not to exceed in the aggregate \$50,000,000, to carry out the provisions of the bill until funds are appropriated under subsection 3 of the bill.

APPENDIX B

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF CHINA CONCERNING UNITED STATES RELIEF ASSISTANCE TO THE CHINESE PEOPLE

Whereas, it is the desire of the U. S. of America to provide relief assistance to the Chinese people to prevent suffering and to permit them to continue effectively their efforts toward recovery; and

Whereas, the Chinese Government has requested the U. S. Government for relief assistance and has presented information which convinces the Government of the U. S. that the Chinese Government urgently needs assistance in obtaining the basic essentials of life for the people of China; and

Whereas, the U. S. Congress has by Public Law 84, 80th Congress, May 31, 1947, authorized the provision of relief assistance to the people of those countries which in the determination of the President, need such assistance and have given satisfactory assurance covering the relief program as required by the act of Congress; and

Whereas, the Chinese Government and the U. S. Government desire to define certain conditions and understandings concerning the handling and distribution of the U. S. relief supplies and to establish the general lines of their cooperation in meeting the relief needs of the Chinese people;

The Government of the Republic of China, represented by Dr. Liu Shih Shun, political Vice Minister for Foreign Affairs in charge of the Ministry of Foreign Affairs, and the Government of the U. S. A., represented by Ambassador J. Leighton Stuart, have agreed as follows:

ARTICLE I. FURNISHING OF SUPPLIES

(A) The program of assistance to be furnished shall consist of such types and quantities of supplies, and procurement storage transportation and shipping services related thereto, as may be determined from time to time by the U. S. Government after consultation with the Chinese Government in accordance with Public Law 84, 80th Congress, May 31, 1947, and any acts amendatory or supplementary thereto. Such supplies shall be confined to certain basic essentials of life, namely food, medical supplies, processed and unprocessed material for clothing, fertilizers, pesticides, fuel, and seeds.

(B) Subject to the provisions of Article III, the U. S. Government will make no request and will have no claim for payment for U. S. relief supplies and services furnished under this agreement.

(C) The U. S. Government agencies will provide for the procurement, storage, transportation and shipment to China of U. S. relief supplies except to the extent that the U. S. Government may authorize other means for the performance of these services in accordance with the procedures stipulated by the U. S. Government. All U. S. relief supplies shall be procured in the U. S. except when specific approval of procurement outside the U. S. is given by the U. S. Government.

(D) The Chinese Government will from time to time submit in advance to the U. S. Government its proposed programs for relief import requirements. These programs shall be subject to screening and approval by the U. S. Government and procurement will be authorized only for items contained in the approved programs.

(E) Transfers of U. S. relief supplies shall be made under arrangements to be determined by the U. S. Government in consultation with the Chinese Government. The U. S. Government whenever it deems it desirable may retain possession of any U. S. relief supplies, or may recover possession of such supplies transferred, up to the city or local community where such supplies are made available to the ultimate consumers.

ARTICLE II. DISTRIBUTION OF SUPPLIES IN CHINA

(A) All U. S. relief supplies shall be distributed in accordance with the terms of this agreement by the Chinese Government and by established voluntary agencies in China which are agreed upon between the two governments. Representatives

of the USA shall have direct supervision and control of supplies made available by the U. S. Government under this agreement.

(B) All U. S. relief supply imports shall be free of fiscal charges including customs duties up to the point where they are sold for local currency as provided by Article III of this agreement unless when because of price practices, it is advisable to include customs charges or government taxes in prices fixed, in which case the amount thus collected on U. S. relief supply imports will accrue to the special account referred to in Article III. All U. S. relief supply imports given freely to indigents, institutions and others, and those turned over to voluntary agencies for distribution shall be free of fiscal charges including customs duties.

(C) The Chinese Government will designate a high-ranking official who shall have the responsibility of liaison between the Chinese Government and the U. S. representatives responsible for the relief program.

(D) U. S. relief supplies and similar supplies produced locally or imported from outside sources shall be distributed by the Chinese Government and voluntary agencies without discrimination as to race, creed, or political belief, and the Chinese Government shall not permit the diversion of any such supplies to non-essential uses or for export or removal from the country while need therefor for relief purposes continues. The Chinese Government shall not permit the diversion of U. S. relief supplies or an excessive amount of supplies similar to U. S. relief supplies which are produced locally or imported from outside sources in the maintenance of armed forces.

(E) The Chinese Government will take appropriate steps regarding the distribution of U. S. relief supplies and similar supplies produced locally and imported from outside sources designed to assure a fair and equitable share of the supplies to all classes of the people.

(F) A distribution and price-control system shall be inaugurated in such major urban centers of China as circumstances permit with the intent of insuring that all classes of the population, irrespective of their purchasing power, shall receive a fair share of the imported or indigenously produced relief supplies. In permitting U. S. relief supplies made available under this agreement to be utilized in support of Chinese efforts to improve consumption and price controls, it is understood that the U. S. Government undertakes no responsibility for the success of these urban programs.

ARTICLE III. UTILIZATION OF FUNDS ACCRUING FROM SALES OF U. S. SUPPLIES

(A) The prices at which U. S. relief supplies will be sold in China shall be agreed upon between the Chinese Government and the U. S. Government.

(B) When U. S. relief supplies are sold for local currency the amount of such local currency shall be deposited by the Chinese Government in a special account in the name of the Chinese Government.

(C) Until June 30, 1948, such funds shall be disposed of only with the approval of the duly authorized representative of the U. S. Government for relief and work relief within China, including local currency expenses of the USA incident to the furnishing of relief. Any unencumbered balance remaining in such account on June 30, 1948, shall be disposed of within China for such purposes as the U. S. Government pursuant to act or joint resolution of Congress may determine.

(D) The Chinese Government will, upon request, advance funds against proceeds from the sale of U. S. relief supplies to the U. S. representatives, to meet local currency expenses incident to the furnishing of relief, including the operation of the U. S. relief mission in China and certain urgent relief projects being undertaken by Chinese Government organs and voluntary agencies.

(E) While it is not intended that the funds accruing from sales of U. S. relief supplies normally shall be used to defray the local expenses of the Chinese Government in handling transporting internally, and distributing the U. S. relief supplies, including local currency cost of discharging cargo and other port charges, the U. S. representatives will consider with the Chinese Government the use of the funds to cover the unusual costs which would place an undue burden on the Chinese Government.

(F) The Chinese Government will each month make available to the U. S. representatives reports on collections, balances, and expenditures from the fund.

(G) The Chinese Government will assign officials to confer and plan with the U. S. representatives regarding the disposition of funds accruing from sales to assure a prompt and proper use of such funds.

**ARTICLE IV. EFFECTIVE PRODUCTION, FOOD COLLECTIONS, AND USE OF RESOURCES
TO REDUCE RELIEF NEEDS**

(A) The Chinese Government will exert all possible efforts to secure the maximum production and collection of locally produced supplies needed for relief purposes.

(B) The Chinese Government will undertake not to permit any measures to be taken involving delivery, sale, or granting of any articles of the character covered in this agreement which would reduce the locally produced supply of such articles and thereby increase the burden of relief.

(C) The Chinese Government will furnish regularly current information to the U. S. representatives regarding plans and progress in achieving this objective.

(D) The Chinese Government affirms that it has taken and is taking insofar as possible the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction.

ARTICLE V. U. S. REPRESENTATIVES

(A) The U. S. Government will send to China the representatives required to discharge responsibilities of the U. S. Government under this agreement and the Public Law 84, 80th Congress, May 31, 1947. The Chinese Government will permit and facilitate the movement of the U. S. representatives to, in, or from China.

(B) The Chinese Government will permit and facilitate in every way the freedom of the U. S. representatives to supervise the distribution of U. S. relief supplies and to travel, inspect, and report in connection with any matters relating to this agreement and will cooperate fully with them in carrying out all of the provisions of this agreement. The Chinese Government will furnish the necessary auto transportation to permit the U. S. representatives to travel freely throughout China and without delay.

(C) The U. S. representatives and the property of the mission and of its personnel shall enjoy in China the same privileges and immunities as are enjoyed by the personnel of the U. S. Embassy in China and the property of the Embassy and of its personnel.

**ARTICLE VI. FREEDOM OF THE U. S. PRESS AND RADIO REPRESENTATIVES TO OBSERVE
AND REPORT**

The Chinese Government will permit representatives of the U. S. press and radio to observe freely and report fully without censorship regarding the distribution and utilization of relief supplies and the use of funds accruing from sale of U. S. relief supplies.

ARTICLE VII. REPORTS, STATISTICS, AND INFORMATION

(A) The Chinese Government will maintain adequate statistical and other records and will consult with the U. S. representatives, upon their request, with regard to the maintenance of such records.

(B) The Chinese Government will furnish promptly upon request of the U. S. representatives available information concerning the production, U. S. distribution, importation, and exportation of any supplies which affect the relief needs of the people.

(C) In case U. S. representatives report apparent abuses or violations of this agreement the Chinese Government will investigate and report and promptly take such remedial action as is necessary to correct such abuses or violations as are found to exist.

ARTICLE VIII. PUBLICITY REGARDING U. S. ASSISTANCE

(A) The Chinese Government will permit and arrange full and continuous publicity regarding the purpose, source, character, scope, amounts, and progress of the U. S. relief program in China including the utilization of funds accruing from sales of U. S. relief supplies for the benefit of the people.

(B) All U. S. relief supplies and any articles processed from such supplies, or containers of such supplies or articles, shall, to the extent practicable, be marked, stamped, branded, or labelled in a conspicuous place in such a manner as to indicate to the ultimate consumer that such supplies or articles have been furnished by the U. S. A for relief assistance, or if such supplies, articles or containers are in-

capable of being so marked, stamped, branded, or labelled, all practicable steps will be taken by the Chinese Government to inform the ultimate consumer thereof that such supplies or articles have been furnished by the U. S. for relief assistance.

ARTICLE IX. TERMINATION OF RELIEF ASSISTANCE

The U. S. Government will terminate any or all of its relief assistance at any time whenever it determines (one) by reason of changed conditions, the provision of relief assistance of the character authorized by Public Law 84, 80th Congress, May 31, 1947, is no longer necessary; (two) any provisions of this agreement are not being carried out; (three) U. S. relief supplies, or an excessive amount of similar supplies produced locally or imported from outside sources, are being used to assist in the maintenance of armed forces in China; or (four) U. S. relief supplies or similar supplies produced locally or imported from outside sources are being exported or removed from China. The U. S. Government may stop or alter its program of assistance whenever in its determination other circumstances warrant such action.

The Chinese Government reserves the right to terminate this agreement whenever it deems such relief assistance as is provided in this agreement is no longer necessary.

ARTICLE X. DATE OF AGREEMENT

This agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two governments.

Done in duplicate in the English and Chinese languages at Nanking this 27th day of October 1947, corresponding to the 27th day of the tenth month of the thirty-sixth year of the Republic of China.

For the Government of the United States of America:

J. LEIGHTON STUART.

For the Government of the Republic of China:

DR. LIU SHIH SHUN.

APPENDIX C

U. S. S. R. NOTE TO CHINA RELATING TO THE TREATY OF FRIENDSHIP AND ALLIANCE

AUGUST 14, 1945.

YOUR EXCELLENCY: With reference to the treaty of friendship and alliance signed today between the Republic of China and the U. S. S. R., I have the honor to put on record the understanding between the high contracting parties as follows:

1. In accordance with the spirit of the afore-mentioned treaty, and in order to put into effect its aims and purposes, the Government of the U. S. S. R. agrees to render to China moral support and aid in military supplies and other material resources, such support and aid to be entirely given to the National Government as the Central Government of China.

2. In the course of conversations regarding Dairen and Port Arthur and regarding the joint operation of the Chinese Changchun Railway, the Government of the U. S. S. R. regarded the three eastern Provinces as part of China and reaffirmed its respect for China's full sovereignty over the three eastern Provinces and recognize their territorial and administrative integrity.

3. As for the recent developments in Sinkiang the Soviet Government confirms that, as stated in article V of the treaty of friendship and alliance, it has no intention of interfering in the internal affairs of China.

If Your Excellency will be so good as to confirm that the understanding is correct as set forth in the preceding paragraphs, the present note and Your Excellency's reply thereto will constitute a part of the afore-mentioned treaty of friendship and alliance.

I take this opportunity to offer Your Excellency the assurances of my highest consideration.

V. M. MOLOTOV.

CHINA: COMMUNIST CONTROLLED AREAS, 19 MARCH 1948



ADMINISTRATIVE

PROCESSES IN THE

THE UNITED STATES AND THE

Nov. 29

DIGEST OF
CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 30, 1948
For actions of March 29, 1948
80th-2nd, No. 58

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HIGHLIGHTS: House debated foreign-aid bill. Rep. Anderson urged use of Sec. 32 funds and surplus agricultural commodities in foreign aid.

HOUSE

1. FOREIGN AID. Continued debate on S. 2202, the omnibus foreign-aid bill (pp. 3715-55).
2. DEFICIENCY APPROPRIATION BILL. Chairman Taber of the Appropriations Committee announced that the Committee expects to report this bill today and obtained unanimous consent for it to be debated Wed. or as soon thereafter as it may be reached (p. 3755).
3. FOOT-AND-MOUTH DISEASE. Received an Ariz. Legislature memorial favoring construction of a fence between the U. S. and Mexico (p. 3758).
4. HOUSING. Passed as reported S. 2361, to continue the mortgage-insurance provisions of the National Housing Act for a month after Mar. 31, 1948 (p. 3714).

SENATE

5. FOREIGN AID. S. 2393, as reported by the Foreign Relations Committee (see Digest 57), states that the bill is to aid China to relieve human suffering, to assist in retarding economic deterioration, and to afford the Chinese an opportunity to initiate self-help measures. In general, aid would be provided to China for these purposes in the same manner and to the same extent as assistance would be provided under those provisions of the ERP bill which are relevant to the purposes of the China-aid bill and to conditions in China. Authorizes appropriation of \$363,000,000, to remain available for 1 year following enactment of the bill, to be used in this manner. In addition, authorizes appropriation of

\$100,000,000, for the same period, to carry out the purposes of the bill without regard to the provisions of ERP. Authorizes RFC advances not exceeding \$50,000,000 pending appropriations.

Permission was granted for the Foreign Relations Committee to submit a revised report on this bill (p. 3682).

Consent was granted for this bill to be debated today (p. 3708).

6. EDUCATION. Continued debate on S. 472, the Federal-aid-to-education bill (pp. 3683-708). Debate on this bill is to be resumed when the China-aid bill has been disposed of.
7. HOUSING. Concurred in the House amendment to S. 2361 (see item 4 of this Digest). This bill will now be sent to the President. (p. 3708.)
8. APPROPRIATIONS; FOREIGN AID. Passed without amendment H.J.Res. 355, appropriating \$55 million additional for interim aid pending enactment of ERP (p. 3682). This measure will now be sent to the President.
9. TARIFF. Passed without amendment H.R. 4938, to provide dutiable status for platinum foxes, and platinum fox furs (p. 3682). This bill will now be sent to the President.
Passed as reported H.R. 5328, to permit free entry of wood-waste for use as fire wood (p. 3682).
10. MINING LANDS. Passed without amendment H.R. 5049, to reopen the revested Oregon & California Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws (p. 3681). This bill will now be sent to the President.
11. HOUSING CENSUS. Passed without amendment S. 1950, to provide for a decennial census of housing (p. 3681).
12. CREDIT UNION. The Banking and Currency Committee reported without amendment S. 2225, to transfer administration of the Federal Credit Union Act to the Federal Security Agency (S.Rept. 1033) (p. 3674).
13. FOREIGN AID. Received an Ariz. Legislature memorial urging aid for China (p. 3672).
14. MEXICAN BORDER FENCE. Received an Ariz. Legislature memorial urging passage of S.J.Res. 46, authorizing appropriations for the construction, operation, and maintenance of a land boundary fence along the Mexican border (p. 3672).
15. FLOOD CONTROL; SOIL CONSERVATION. Sen. Overton, La., inserted resolutions of the National Rivers and Harbors Congress favoring appropriations for flood-control and water-pollution projects, for soil conservation work, and continued study of the Federal power policy (pp. 3673-4).
16. BILLS PASSED OVER included: S. 669, grain bonus (p. 3677); S. 866, to establish a national housing policy (p. 3677); S. 299, to extend the reclamation laws to Ark. (p. 3677); H.R. 3484, to transfer Remount Service to USDA (p. 3677); S.Con. Res. 6, to provide for consolidated appropriation bill (p. 3677); S. 430, to cover national farm-loan association and production-credit association employees under the Retirement Act (p. 3678); S.J.Res. 164, RACC loans to fur farmers (p. 3678); S. 1807, to continue certain export-import and allocations powers (p. 3678); S. 2142, to transfer Muscatine alcohol plant to USDA (p. 3678); S. 1989, to pay accumulated annual leave for certain transferred employees (p. 3681); S. 1322, Federal charter for CCC (p. 3681); H.R. 3538, to authorize USDA to make drainage investigations and reports (p. 3682); and S. 2173, to amend the Agriculture

tural Marketing Agreement Act regarding orders on certain nuts and citrus fruits (p. 3682).

BILLS INTRODUCED

17. RECLAMATION. S. 2399, by Sen. Wherry, Nebr. (for himself and Sen. Butler, Nebr.), authorizing the execution of an amendatory repayment contract with the Northport irrigation district. To Interior and Insular Affairs Committee. (p. 3674.)
18. APPROPRIATIONS. H.R. 6032, by Rep. VanZandt, Pa., to amend Sec. 215 of the Budget and Accounting Act, 1921, to provide for submission of departmental estimates to Congress. To Expenditures in the Executive Departments Committee. (p. 3758.)
19. WILDLIFE. H.R. 6030, by Rep. Jackson, Wash., to authorize the exchange of wildlife refuge lands within the State of Wash. To Merchant Marine and Fisheries Committee. (p. 3758.)
20. WATER UTILIZATION. H.R. 6031, by Rep. McDonough, Calif., to strengthen the national security and the common defense by authorizing the construction and operation of demonstration plants to produce potable water from sea water, or other liquids, elements, or substances, in order to promote the general welfare of the nation and to conserve and increase the national water resources. To Armed Services Committee. (p. 3758.)

ITEMS IN APPENDIX

21. SURPLUS COMMODITIES. Extension of remarks of Rep. Anderson, Calif., urging that Sec. 32 funds be made available for the purchase of surplus agricultural commodities for use in foreign-aid programs (pp. A2029-30).
22. RURAL ELECTRIFICATION. Extension of remarks of Rep. Rankin, Miss., urging additional REA funds and including a list of amounts of pending applications in the various States (pp. A2032-3).
23. SOIL CONSERVATION. Rep. Horan, Wash., inserted a tabulation of soil-conservation-expansion programs now pending before Congress (p. A2034).
24. POULTRY. Rep. Arnold, Mo., inserted Robert J. Sullivan's Wall Street Journal article on the present turkey situation (p. A2045).
25. FARM LABOR. Rep. Madden, Ind., inserted Dr. Clarence Yarrow's "Report of the National Farm Labor Union Strike at the DiGiorgio Ranch" (pp. A2058-9).
26. PERSONNEL. Rep. Jones, Wash., inserted letters of protest against Sen. Bridges' (N.H.) report on sick and annual leave privileges (pp. A2063-4).
27. FOREIGN TRADE. Rep. Javits, N.Y., inserted a N.Y. Times summary of the International Trade Organization charter (pp. A2025-7); and Rep. Reed, N.Y., inserted a Washington Post editorial on the subject (p. A2027).
28. FOREIGN AID. Extension of remarks of Rep. Latham, N.Y., opposing the chartering of dry-cargo ships to foreign countries under the foreign-aid program (pp. A2031-2).
Extension of remarks of Rep. Vursell, Ill., opposing a long-term foreign-aid program (pp. A2047-8).

29. NATURAL RESOURCES. Rep. Jackson, Wash., inserted an Eagle magazine article on

the natural resources of the Pacific Northwest (pp. A2036-7).

30. FEDERAL AID EDUCATION. Rep. Lane, Mass., inserted Wm. R. Barry's (Supt. of schools, Northampton, Mass.) recent speech opposing Federal aid for education (pp. A2039-40).
31. WATER UTILIZATION. Rep. Poulson, Calif., inserted Interior Department's Asst. Secy. Warne's letter on the rights of the various States to the water of the Colorado River (pp. A2040-1).
32. HOUSING. Extension of remarks of Rep. Celler, N.Y., favoring the Wagner-Ellender-Taft housing bill (p. A2049).
33. FLOOD CONTROL. Rep. Whittington, Miss., inserted Army Chief of Engineers Wheeler's recent speech on the needs for flood-control work (pp. A2049-51).

BILLS APPROVED BY THE PRESIDENT

34. BUILDINGS AND GROUNDS. H.R. 3506 provides for the acquisition of a site for a new Federal building in Huntington, W.Va., adjoining existing buildings there, as an economy measure, before land values have increased as a result of improvements. Approved Mar. 25 (Public Law 455, 80th Cong.).
35. RECLAMATION. S. 1990 provides a means for the orderly continuation and completion of the Deer Creek and aqueduct divisions of the Provo River project, Utah. Approved Mar. 29 (Public Law 462, 80th Cong.).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Mar. 30: S. Agriculture and Forestry, revolving fund to purchase agricultural commodities for occupied areas (Dodd to testify); S. Post Office and Civil Service, Federal pay bills (ex.); H. Appropriations, deficiency (full committee), D.C., and Government corporations appropriations (ex.); S. Appropriations, Labor-Federal Security and State-Justice-Commerce-Judiciary appropriations; S. Interstate and Foreign Commerce, claims against or by common carriers for over and under charges; Joint Committee on Economic Report, recommendations for report on President's Economic Report (ex.); S. Public Lands, TVA Act amendments; H. Foreign Affairs, amendments to foreign-aid bill (ex.); H. Expenditures in the Executive Departments, procurement and buildings (ex.); H. Public Lands, strategic materials; H. Public Works, black-market investigations; For Apr. 1: H. Public Lands, Indian land-value claim (Hopkins, FS, to testify). For Apr. 12: S. Agriculture and Forestry, long-range farm program (Anderson to testify).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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ing possible the production of these dwelling units by the private-housing industry.

In my opinion, perhaps the most important factor in the solution of the housing problem is the production of a large and sustained volume of new residential construction for rent and for sale. The extension of title VI program of the FHA should assist materially in producing new residential construction and thus make it possible for veterans and others to secure needed housing accommodations.

I hope before very long we will again have a secondary market for the GI loans. In 1946 when the RFC was extended for another year, I offered an amendment, which was adopted, authorizing the RFC to purchase GI loans. This provision was not carried in the bill last year when the RFC was again extended, although I offered an amendment on the floor of the House to again authorize the Corporation to make these purchases, but this amendment was defeated by a few votes. I was glad to hear the statement of the chairman of our committee a day or two ago to the effect that consideration would be given to this proposal sometime soon.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 31]

Abbitt	Gallagher	Pfeiffer
Andresen,	Gathings	Potts
August H.	Gillette	Poulson
Andrews, Ala.	Goodwin	Powell
Bates, Ky.	Gore	Price, Ill.
Bates, Mass.	Grant, Ala.	Price of Illinois
Boykin	Gregory	Rains
Buchanan	Havener	Reed, Ill.
Buckley	Hendricks	Riehlman
Bulwinkle	Hess	Rooney
Busbey	Jarman	Sadlak
Butler	Jenkins, Ohio	Sadowski
Carson	Jones, N. C.	St. George
Celler	Kennedy	Scoblick
Chadwick	Keogh	Scott
Chapman	Klein	Hugh D., Jr.
Chelf	Lesinski	Sikes
Clark	Ludlow	Simpson, Pa.
Clason	Lynch	Smith, Maine
Cole, N. Y.	McGarvey	Smith, Ohio
Cooley	Macy	Smith, Va.
Dawson, Ill.	Manasco	Stanley
Delaney	Mason	Taylor
Dingell	Meade, Ky.	Teague
Dorn	Norblad	Thomas, N. J.
Elliott	Norrell	West
Elston	Norton	Youngblood
Fernandez	O'Toole	
Flannagan	Passman	

The SPEAKER. Three hundred and forty-four Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. BROWN of Ohio asked and was given premission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. HORAN asked and was given premission to extend his remarks in the

Appendix of the RECORD in three separate instances and in each to include articles.

Mr. BROWN of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following consideration of the bill (H. R. 2361), following the remarks of the gentleman from Michigan [Mr. Wolcott].

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. ARNOLD asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances.

Mr. O'HARA asked and was given permission to extend his remarks in the Appendix of the RECORD and include two editorials from the Army and Navy Journal.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and to include extraneous matter.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include one of the greatest speeches ever delivered in America, the speech by our distinguished Speaker, in Toledo last Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. BUSBEY (at the request of Mr. VURSELL) was given permission to extend his remarks in the Appendix of the RECORD and include a letter and other material.

Mr. LODGE asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. SHAFER asked and was given permission to extend his remarks in the RECORD in two instances and in one to include a newspaper article.

Mr. MANSFIELD asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. HARLESS of Arizona asked and was given permission to extend his own remarks in the Appendix of the RECORD.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House

on the State of the Union for the further consideration of the bill S. 2202, the Foreign Assistance Act of 1948, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Thursday, March 25, the Clerk had read the first section of the committee substitute. Are there any amendments to the first section?

Mr. ENGEL of Michigan. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes.

Mr. VORYS. Mr. Chairman, reserving the right to object, the committee has instructed me not to object at the present time to this request but to object to requests to proceed for more than five additional minutes. I shall not object to the gentleman's request.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to proceed for five additional minutes.

Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Michigan is recognized for 10 minutes.

(Mr. ENGEL of Michigan asked and was given permission to revise and extend his remarks.)

THE ROAD TO A JUST AND LASTING PEACE

Mr. ENGEL of Michigan. Mr. Chairman, some months ago I began taking notes, giving my reasons as to why the United States should or should not give postwar aid to Europe and other nations. I tried to consider it from all points of view but particularly from a selfish standpoint. I asked myself just what is it that the United States can or will receive back from a war-weary, bankrupt world which would or could compensate us for the billions of dollars we have and will have paid out if a foreign-aid program is extended and carried out.

At first I am frank to confess I was rather hostile to any idea or thought that we, who had poured out billions of tax dollars and depleted our national resources trying to be the arsenal of the world at war, should now continue that same program with the same financial and other sacrifices, trying to be the food and industrial arsenal of a world that is supposed to be at peace. I cast aside all catch phrases which appeal to the ear one day and may be ridiculed the next. I tried to base my conclusion on facts and so-called selfish reasons. I am again frank to say that I was not trying to find that somewhat hazy ideal road to a true and lasting peace. What I was and am trying to find is a road, even though a hard road, to an immediate peace which will give a war-weary world time to work toward the long-hoped-for, prayed-for road to lasting peace.

I was slowly and somewhat reluctantly forced to the factual conclusion that our only chance for that immediate peace was through a restoration of the prewar economic and military power of those nations of the world who believe, not particularly in our type of a free government, but who believe in a free government by and through the will and consent of the people of that nation. By the restoration of military power I mean

the restoration of a military power great enough so that when added to our own it will spell defeat to any nation which dares to threaten the free government of any other nation, large or small, by use of force of any kind.

I did not want to speak on this subject unless I could do so frankly. I was advised by some not to say some of the things I shall say today for fear of complicating still further the international situation. I was advised by others to give my special reasons for supporting a foreign-aid program because it would help them justify their support to their own people. I finally decided to speak, giving my views frankly, hoping that I might make some contribution, however small, toward the solution of these most intricate and difficult problems which confront our Nation. While there are many other reasons which may and have been given to justify a foreign-aid program, I am here basing my support primarily upon the ground of national defense. I am basing my conclusions upon my 12 years' experience as a member of the War Department Subcommittee of the Appropriations Committee, of which I am now the chairman.

I want to discuss the relation of a foreign-aid program to our National Defense and the extent to which our National Defense is dependent upon the restoration in part or as a whole of the prewar military power of those nations of the world and particularly of Europe who believe in free government.

In studying the needs of our National Defense I have arrived at the following conclusions: Bluntly speaking, as we all know, there is only one nation in the world which has the power and is likely to be involved in war with the United States within the next decade and that is Russia. Without discussing the causes and there are many of them, the fact is that diplomatic relations have sunk to a new low between the United States and Russia. Russia fears and distrusts the United States and the United States fears and distrusts Russia. It is a far cry from the day Prime Minister Churchill handed to Joseph Stalin the sword of Stalingrad to the present day. We here in Congress do not write history. We make history. Some historian of the future will write it. He will then place the responsibility for the deterioration of the diplomatic relation from a most friendly status to a new low between these two great nations. Neither side will be found blameless. Treaties between nations like agreements between men must be based upon the faith and confidence that each nation has in the other—faith and confidence that each will carry out the terms of the treaty. If that faith is lacking then the treaty becomes a mere temporary arrangement which may be set aside when one party finds it advantageous to do so. That faith and confidence between the United States and Russia upon which a lasting treaty of peace must be based if of much value seems utterly lacking today. Russia places the blame on the United States. The United States places the blame upon Russia. Some people of the world believe that both are to blame.

I am not here to discuss that question. The important thing is that these diplomatic relations have deteriorated to a new low and that there is no alternative for the United States but to make reasonable military preparations, praying to God that war will not come.

THE UNITED STATES CANNOT WIN A WAR WITH RUSSIA, IF ATTACKED BY HER, WITHOUT ALLIES

For America to win a war with Russia without European allies, European bases, and European support approaches the impossible. To fight a nation as large and powerful as Russia from a distance of three to five thousand miles from the heart of Russian production is a handicap we dare not assume. What would have happened if England had failed after Dunkerque? We must depend upon the help of friendly nations who believe as we do and they must depend upon us; nations who want to maintain and are willing to fight for and defend their free government; nations whose interest in maintaining those free governments is greater than any interest we could possibly have in Europe or Asia.

I want it distinctly understood that the extent to which the military power of each individual nation is restored must be determined by the people of that nation in the same manner that all such questions are determined by free governments. What I say here must not be construed as advocating any attempt by our Nation to impose military government upon any other nation. I believe that free nations believe—as I do—that in the face of the world situation today economic wealth and power which cannot be defended by military power cannot be lasting. To contribute our hard-earned tax dollars toward building up the economic power and wealth of European or other nations, without those nations having the opportunity of building up their military power to defend that wealth and economic power, is like a farmer fattening a goose while a selfish, stronger neighbor licks his chops waiting patiently until the goose is fat before he steps in and takes it, with the owner helplessly looking on.

EUROPEAN MILITARY POWER SHOULD BE RESTORED

The European prewar military power of nations friendly to us should be restored during the next 5, 10, or 20 years. It is to our interest that the prewar military and economic power of nations friendly to us be restored. It is to the interest of Russia that the economic and military power of nations friendly to us is not restored and that the military and economic power of nations friendly to her is restored. That is why she opposes American aid to Europe; that is why she opposed the restoration of steel production in the Ruhr. Her entire foreign policy seems to be based upon a policy of making nations who support communism strong while keeping anti-communistic nations weak. The military and economic power of nations friendly to us, who believe in a system of free government, must be restored to a degree so that when that power is added to our own it will be so great that Russia dare not extend her aggression.

WE MUST NOT HAVE ANOTHER MUNICH

When the Greek loan was first asked for and England announced she was withdrawing from Greece, I was inclined to oppose it. However, when the facts developed and I found that it was to be a Greek-Turkish loan, the question became one of much greater importance to our national defense. I then began to fear another Munich. At the time of Munich, Czechoslovakia had a million men under arms. She had a fairly good army, fairly well equipped, and was ready to fight. She depended upon the treaty with Great Britain as her ally for help. Chamberlain repudiated that treaty, sold Czechoslovakia down the river and tried to appease Hitler. I am convinced that Hitler would not have dared to start a war, with a million Czech troops at his back, with France, Belgium, England, and the United States on his western front, and with Russia an unknown quantity. With Czechoslovakia out of the way he won the greatest military victory of the war. He eliminated a million Czech soldiers without a battle and England had to fight a stronger Germany without that help. The reason I supported the Greek-Turkish loan of \$600,000,000 was because I felt we were confronted with another Munich. Turkey had a million soldiers, 600,000 of whom were fairly well equipped. With Turkey and Greece eliminated, Russia could have outflanked the Dardanelles, taken them, and been on her way to the Mediterranean Sea. Should Russia attack, that million-man army at this most strategic point constitutes a real force on a battlefield of our own, not of Russia's choosing. Our Army of a million men is costing \$6,000,000,000 annually, or about \$6,000 per man. Here we had an opportunity of keeping a million-man army in the field at a point where there was the greatest danger of attack for \$600,000,000, or about \$600 per man. The million-man Turkish Army was the equivalent of four or five million men from the American point of view, for it takes from four to six men behind the lines for every man on the front when we are fighting a war thousands of miles away. What is true of Turkey is also true of Greece. In addition to the Turkish we had also the Greek troops.

OUR NATIONAL DEFENSE IS NOW INSEPARABLY LINKED WITH THE NATIONAL DEFENSE OF FRIENDLY EUROPEAN NATIONS

Our Nation's national defense is inseparably linked to that of those European nations who are friendly to us and particularly with that of England, France, Belgium, Netherlands, Sweden, Norway, Denmark, Greece, and Turkey. Unless we can depend upon these nations to hold the line, if an attack should come, until we were able to get our forces there in strength, our handicap will be so great that the chances are they would be overrun before we got there and it would be an endless war with a resulting stalemate.

Let us see just what the potential strength of England, Belgium, and France was in 1937, and to which it could in accord with their own desires, be restored.

1937 REGULAR ARMED FORCE OF ENGLAND, FRANCE,
AND BELGIUM

Number of men in:

	Army	Navy	Air Force
England.....	216,000	85,000	112,000
France.....	640,000	69,000	40,000
Belgium.....	75,000	None	3,000
Total.....	931,000	154,000	155,000

Total combined regular armed strength of England, France, and Belgium in 1937:

	Men
Army.....	931,000
Navy.....	154,000
Air.....	155,000

Total combined force..... 1,240,000

Regular armed force of England, France, and Belgium, after first mobilization in 1937

	Army	Navy	Air Force
England.....	1,656,000	276,000	291,000
France.....	2,676,000	92,000	50,000
Belgium.....	650,000	None	7,500
Total.....	4,982,000	368,000	348,500

Total combined armed strength of England, France, and Belgium in 1937 after first mobilization:

	Men
Army.....	4,976,000
Navy.....	368,000
Air.....	348,500

Total combined force..... 5,692,500

Regular armed services of England, France, and Belgium as of Jan. 1, 1947

	Army	Navy	Air Force
England.....	700,000	125,000	350,000
France.....	575,000	5,000	50,000
Belgium.....	73,000	500	5,000
Total.....	1,348,000	130,500	405,000

Summary of total armed services of England, France, and Belgium

1937.....	1,240,000
After first mobilization.....	5,692,500
Jan. 1, 1947.....	1,883,500

Regular armed services of Russia in 1937 after first mobilization and on Jan. 1, 1947

	1937	After initial mobilization in 1937	Jan. 1, 1947 ¹
Army.....	1,300,000	2,400,000	2,600,000
Navy.....	60,000	100,000	600,000
Air Force.....	140,000	200,000	450,000
Total force..	1,500,000	4,300,000	3,650,000

¹ These are according to the best estimates available on Jan. 1, 1948. Of course the number of men Russia could expand to and arm is not known.

² This was the greatest number it was estimated that Russia could equip in 1941.

WHAT IS IT WORTH IN DOLLARS TO THE UNITED STATES TO HELP RESTORE THE ABOVE ARMED FORCES OF THESE FRIENDLY NATIONS?

Assuming that these nations of their own free will are anxious to restore their military power, it is a fair question to ask, just what is it worth to our joint mutual defense, in terms of dollars and in the face of the present state of relations with Russia, to help restore and make effec-

tive this armed force of England, France, and Belgium which on January 1, 1947, consisted of nearly 2,000,000 men? What is it worth in terms of dollars to our mutual defense to have an effective European air force friendly to us of 405,000 men including a British Air Force of 350,000 men? That was what they had on January 1, 1947. What is it worth in terms of dollars to our mutual defense, since that is the only realistic defense today, to bring back British airplane production, research, and development which was so effective during the past war? What is it worth to our mutual defense in terms of dollars to have an effective British, French, and Belgium land force of 1,348,000 men and an effective navy of 130,500 men with ships? In a word what is it worth in terms of dollars to our defense to have an effective armed force including army, navy, and air force of nearly 2,000,000 which could be expanded to much larger numbers in case of emergency on the ground near the scene of possible action with bases from which we could on the first attack on any of these nations including our own send our combined forces against a possible enemy? Being bluntly frank, "What is it worth to Russia to prevent us from having these forces in addition to our own in case of an attack by her upon any of these free nations?" And finally the question, "Would Russia dare to attack or threaten any free nation if we had that joint European strength with power of joint action added to our own?"

Mr. Chairman, I am convinced that this is the only policy under which we can avoid a war with Russia, a policy which we must follow waiting patiently for the day when that faith and confidence are restored between these two great nations upon which a just and lasting peace can be built.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. ENGEL of Michigan. I yield to the gentleman from Illinois.

Mr. OWENS. Has the gentleman the slightest assurance that any of these nations can be bought with this money so that they will aid us in the event we are attacked?

Mr. ENGEL of Michigan. I do not think in terms of nations being bought. These are our allies, who have fought and died for us in the past, and I believe they will do so again.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

[Mr. PLOESER addressed the Committee. His remarks will appear hereafter in the Appendix.]

A RANSOM VOTE

Mr. CELLER. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, the European recovery plan—the Marshall plan—is a praiseworthy effort to put the 16 European nations on their feet and make them self-sufficient and in the interim to give them much needed relief to tide them over their present difficulties. I shall vote for it. But unfortunately, the bill has been tied up with military aid to China and military aid to Greece and Turkey under the discarded Truman doctrine which the Marshall plan was to replace.

We are getting, in other words, a tie-in sale. In order to get what we want we must also take what we do not want. In approving ERP, which I most definitely want, I am also called upon to approve of military aid to China, Turkey, and Greece, military aid which I do not approve. But I am told I must take all or nothing. This is shabby politics.

It is difficult to understand the meaning of our State Department. Speaking of the situation in China, a little over a year ago, General Marshall, then personal representative of the President to China, said, among other things:

It has been stated officially and categorically that the period of political tutelage under the Kuomintang is at an end. If the termination of one-party rule is to be a reality, the Kuomintang should cease to receive financial support from the Government.

The full tenor of his remarks then was the very opposite of an advocacy for military aid to China. He spoke of the complete distrust of the Kuomintang, including Chiang Kai-shek, had earned from the people of China.

Now we have a report from the Senate Foreign Relations Committee which assails the devastating inefficiency, corruption, and bureaucratic maladies now rampant in the Chinese—Chiang Kai-shek—Government. Another passage mentioned a "lack of popular confidence in the Chinese Government."

This report was rather embarrassing to the chairman of the Senate Committee on Foreign Relations, and he withdrew from the report this severe criticism, but he cannot erase the truth of the caustic observations contained in that report.

Now we are asked to right-about-face to give aid to a decadent, reactionary group which is on its way out, a group which has utterly disregarded the well-being of its people, serving only its own selfish motives and reducing the peasants of China to starvation and misery. Agricultural, financial, and educational reforms have been proposed, but rejected ruthlessly by the Kuomintang. The money we are asked to give to the Kuomintang is money poured down a drain.

Tied in with this unwholesome proposal is another improper provision, military aid to Greece and Turkey. How much of this money will go to pay the salary of the King of Greece, a salary which is \$40,000 a month, or \$480,000 a year, plus maintenance of his castles and entourage. As far as the United States is concerned, we are far from our goal as we ever were in Greece—in fact, further away than we were last year—despite the millions we have poured into that land ruled by a reactionary oligarchy. Do not

think for a moment that our military bayonets are going to keep the people of Greece from turning to communism if they want it. The guerrillas have increased in numbers, and if these guerrillas are Communists, then we can safely say that the number of Communists has increased. Reforms must come from within. They cannot be forced from without. The only antidote to communism is democracy. There is no democracy as we understand it in Greece and our military might has not increased democracy in Greece. It has, on the contrary, tightened the reactionary grip. Remember, you cannot kill an idea with a bullet. If you think you can stem the tide of communism in Greece or anywhere else with a wall of human flesh, known as infantrymen, you are mighty mistaken. A satisfied peasantry and a respected, free, liberty-loving, literate, economically secure working class are the only bulwarks against communism.

Yes; military might will hold back communism for a while, but it will rise to plague us again if we so support reactionary governments as to give liberals, true democratic liberals, politically speaking, no place to go.

The Foreign Affairs Committee has made it very difficult to vote for the European recovery program, which when stripped of these objectionable features, most certainly deserves our support. The honest policy would have given us two or three bills so that we could consider each one on its own merits. But in order to give economic aid to Europe and to support the continuance of the International Children's Fund I must also vote for aid to China, Greece, and Turkey. This is downright dishonest, mean, and contemptible tactics. It holds in ransom my vote and others who see eye to eye with me.

Mr. BUFFETT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise to propound a question to the gentleman from Ohio [Mr. VORYS], of the Committee on Foreign Affairs, or any other member of that committee who may have the information. Can he or any member of the committee advise the House whether or not the various administration officials responsible for the authorization of \$1,586,000,000 worth of American supplies to Russia or Russian satellites after July 1, 1945, are still in Government positions? I wonder if the gentleman from Ohio can tell us.

Mr. VORYS. I think the gentleman is rather familiar with the personnel in the administration and he can answer his own question.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. HOFFMAN. Does the gentleman speaking have anything to do with the personnel of this administration?

Mr. BUFFETT. No, I am trying to find out something about them.

Mr. HOFFMAN. You are trying to find that out from the Committee on Foreign Affairs, are you not?

Mr. BUFFETT. Yes, sir.

Mr. HOFFMAN. What luck are you having?

Mr. BUFFETT. Exactly none.

Now, I have a further question. If you do not have this information, how can you assure the House that the people responsible for this postwar appeasement of Russia will not occupy key positions in the Marshall plan set-up?

Mr. VORYS. I think the question is rather ridiculous, to call this a postwar-appeasement-of-Russia plan, in view of the stand that the Comintern and the Cominform have taken. The gentleman's questions are so tied up with statements he makes in them that he makes it rather difficult to answer them categorically.

Mr. BUFFETT. I am sorry I did not make myself clear. The postwar appeasement I am talking about is the \$1,586,000,000 of supplies authorized for Russia after July 1, 1945—not this ERP scheme. Does the gentleman think that was other than an appeasement program?

Mr. VORYS. I agree with the gentleman as to past appeasement, and the report of the Foreign Affairs Committee shows that great mistakes have been made in our foreign policy in the past 3 years. The gentleman from Ohio now speaking feels that a very fine about-face has been made, and that at the present time we are not embarking on an appeasement program but are attempting to remedy some of the mistakes that were made during the program of appeasement in the past 2 or 3 years.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. HOFFMAN. The same individuals are in charge of this new program; the same people who made these previous mistakes. When did they repent, and was the repentance sincere?

Mr. BUFFETT. Perhaps I can make my point clear in this fashion: If I were putting trust funds in a bank and one day I discovered there were embezzlers in that bank and they had stolen \$100,000, I would be somewhat irresponsible if I went into that bank the next day and deposited more trust funds, without finding out and making certain that the embezzlers had been removed from the bank staff.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. HARRIS. Did not Secretary of State Mr. James F. Byrnes, at the time the war ended and during the time he was in that responsible position, embark on a program of getting tough with Russia, and not a program of appeasement?

Mr. BUFFETT. Senate Document 112 of the Eightieth Congress shows that after July 1, 1945, there were authorized \$1,586,000,000 worth of supplies to Russia and Russian satellites. Somebody engineered those deals: Who are those people? Do you know?

Mr. HARRIS. Did not the Congress authorize that? If it was authorized, did the Congress not authorize it?

Mr. BUFFETT. Certainly the Congress authorized it.

Mr. HARRIS. Was not the gentleman a Member of Congress at that time?

Mr. BUFFETT. Yes, sir; and I opposed every single one of those appeasement programs. I come back to my question. Do you know who those people are?

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. Yes; I yield.

Mr. HOFFMAN. Not only did they then send things to Russia, but the testimony taken last week before the Rizley subcommittee shows that they are sending things there right now that Russia can use to carry on war against us. What assurance have we that with all this money, these same people in the same departments, Commerce and State, would not continue to do the same thing—play both ends against the middle, the United States being in the middle?

Mr. BUFFETT. We have no assurance.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. HARNESS of Indiana. It was last Thursday that I called attention to the fact that this crowd in the State Department had negotiated a reciprocal trade agreement with Czechoslovakia, and it was signed only last Saturday.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BUFFETT] has expired.

Mr. BUFFETT. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BUFFETT. I want to ask one question of all Members: Is there any valid excuse for any Member to fail to get the answers I have sought, if he plans to vote for the Marshall plan, the facts about who was responsible for this appeasement, and, further ironclad assurance that these same officials are no longer in responsible positions? I hope somebody will answer that question.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. Yes; I yield.

Mr. VORYS. Could I give the gentleman a general answer? The complexion of the other body in this Capitol is somewhat different this session, and when the names of the new administrative officials are sent up to administer this plan, it is my hope, and it is my confident belief that the type of individuals to be brought up there and those who are confirmed will not carry on any policy of appeasement of Russia.

Mr. BUFFETT. The gentleman thinks that this House should entrust that responsibility to another body here in the Capitol, after the miserable record to date? Is that correct?

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BUFFETT] has again expired.

Mr. DEANE. Mr. Chairman, I move to strike out the last word.

Never before in history has the world situation been more threatening to our ideals and interests than at the present time.

Those are the words of our Secretary of State.

You will note that General Marshall did not say we are immediately threatened by war; however, every serious-minded American must agree that our most cherished ideals, our fundamental Christian concepts of life, the economic stability of the world are threatened—may be hanging in the balance.

Because of that fact, I fear that the tax vote, which was cast in the House on last Wednesday, may be looked back upon as one of the most reckless votes cast in this Chamber in a long time.

I propose to support the Marshall plan and such appropriations that are necessary to maintain the security of this country, but this Congress must realize that the European recovery program is going to take dollars, lots of dollars.

In the bill before us there is included the Senate provision to use \$3,000,000,000 from the 1948 surplus. I submit that this is not sound economy and simply does not encourage debt reduction. In view of this action coupled with the House action of last Wednesday on tax reduction and the implementation of so-called recovery programs, we need not expect any reduction of our national debt of \$257,000,000,000.

Neither are we reducing our national budget. The people of this country should not be misled in believing we reduced the 1948 budget. At the present time the Congress has appropriated close to one-half billion dollars over the President's recommendation for 1948.

Nevertheless, the challenge to do our part as a great Nation in trying to bring about some semblance of world security is absolutely necessary. We Americans find ourselves today at one of the most critical points in world history. At stake is the very existence of democracy.

We Americans are prone to take people and things for granted. This is true of our political freedom. Likewise, we take our birthright as a part of the natural order, something having been discovered in the eighteenth century and no longer needs looking after. Surely today as never before we need to recall the words of that great American, Thomas Jefferson, and his early admonition that "The price of liberty is eternal vigilance."

This spirit of Jefferson was no doubt in the mind of Secretary of State George Catlett Marshall, on a day in June in 1947 when from a platform on the campus of Harvard University, he projected not only himself but American ideals a thousand years, when in a bold address he outlined an European recovery program.

Since that day economic planners, educational, social, and religious leaders, businessmen, large and small, the ordinary man on the street, are beginning to realize that a new phenomena has taken hold in America. The entire thinking of this country is being recast in the light of world recovery, liberty, and peace.

THE PROBLEM FACING US

In large measure our problems are economic. When people are hungry and war-weary, when there is nothing around them but despair, they become easy prey to silver tongues, unscrupulous politicians, and dictators. That is true here in the United States as well as abroad. To such people almost anything is preferable to starvation, even death itself.

The war has left most of the world prostrate—victor and vanquished alike. Only one important country emerged from the struggle with little more than scratches—ourselves. All the others are so weakened that it will take generations for them to recover. And, there are abundant signs around us everywhere that in that recovery lies the danger of totalitarianism. Two ways of life are competing for world favor, our way of freedom and the way of dictatorship. The struggle is slow, but it is relentless. Guns and munitions may be used in isolated areas, but we should not allow ourselves to be decoyed by skirmishes. We must become able to detect the real forces that are at work and to combat them with more than mere words. We have little alternative but to learn to play the game of competing political and economic philosophies.

It has been estimated that the United States, having refrained from fighting until the Nazis had captured control of most of Europe and the Japanese war lords had conquered the most important parts of Asia, had to spend over \$300,000,000,000 to stop them. The destruction in terms of life and goods and of morale is incalculable.

The economic adjustments that such huge national efforts inevitably entail have not yet occurred. Indeed, they will not occur for a long time to come unless the nontotalitarian countries work together and help each other to get back upon their feet again. They must get their factories and their farms back into production. They must repair their currencies so that mutually profitable and indispensable international trade can be restored. If such economic unification is not achieved via the voluntary action of free peoples, there is every reason for believing that it will be accomplished via the route of dictatorial force. And should there eventuate a totalitarian Europe—either of the left or of the right, or of the two in alliance—the combination of Europe and the Soviet Union might well be stronger than the United States. If we add to this danger the thought of a communized Asia, coupled with those elements and the sympathetic leadership on the part of certain friendly sympathizers and so-called politicians in our own country, the prospects are little short of terrifying.

But how, you might ask, does this involve the United States? Must we be the policeman of Europe as well as the good Santa Claus who keeps Europe fed between wars? Why cannot we just mind our own business and let the Europeans mind theirs?

If only such a policy of isolation could work; if only the world were not inter-

connected economically, and if only there were no dictators and would-be tyrants in the world; if only we could live unto ourselves alone and let others stew in the broth of their own making, the solution of our problems would be simple. These, however, are the ifs of a dream world that bears no relation to reality.

ONE WORLD OR TWO WORLDS?

European trade has been of vital importance to us in the past, but that is not the sole—or even the most important—reason for helping Europe solve her problems at this time. We have tried sincerely and assiduously to secure one world; we have tried to work together with all countries toward the building of a postwar world in which abundance would replace scarcity, and in which men, women, and children might again look upon each other in dignity as free human beings.

But the door has been slammed in our face by those who have other plans for dealing with the problem. The totalitarian world has demonstrated to us, in both word and deed, that they have no intention of working with the democratic world for the betterment of all. They have chosen the path of ideological conflict and of planned chaos to demonstrate the superiority of their system over ours. They want us to fall into the abyss of economic depression in order that such an example will prove the merit of their way of life over ours.

Our challenge then is not the selfish one of trade advantage. It is not that we want two worlds in preference to one. We have demonstrated upon numerous occasions that we are willing to cooperate with the Soviet Union on a give-and-take basis as equals. But, we are not willing to cooperate if cooperation means that we must always do the giving and they the taking. And, when they go so far as to warn the western nations against working together to pull themselves out of the economic morass, we can but repeat what a famous spokesman for democracy said in reply to the braggadocio of the Nazis and Fascists, "Just what kind of people do they think we are?"

We can no more afford to stand idly by while Europe goes totalitarian than we can afford to stand by and watch a band of kidnapers move into the house next door without telling the police department about it. It is not a question of our economic comfort and prosperity; it is a question of our safety, of our very existence as a free people. If there are to be two worlds rather than one, I for one want to do all that I possibly can to help make my world—the democratic world—as strong as possible.

THE CHOICE BEFORE US

Until the prostrate countries of our world restore their production to levels high enough to yield surpluses for export, the United States has little choice but to follow one of the following three courses:

First, we could allow the matter to drift until the existing dollar resources of foreign countries are exhausted. Even

the most optimistic estimates would not place the potential supply of additional dollars under existing programs at much more than 12,000,000,000. Even at the present rate at which the United States is importing and exporting, these dollar funds would last for not much longer than a year.

Liquidation of investments held by foreigners could extend this somewhat, but living on capital in such a manner would be a last resort and before long would result in bankruptcy. As in the business world, no economic unit can continue very long if its outgo is in excess of its income.

What would be the effect of such bankruptcy on the United States? Would it be any different in principle from what happens to a merchant or manufacturer when his customers go broke? I think not. Many of our industries and our agricultural producers, geared as they are into export markets, would find themselves with a mere dribble of customers. Retrenchment on their part would be inevitable, as would the economic depression that would follow.

Meanwhile, it should be superfluous to add, the potential dictators would not be asleep at the switch.

Second, we could merely continue making huge gifts and loans abroad in the hope that eventually they would result in the reconstruction of the economies of the borrowing countries. This they might do but, in all probability, not before we had seriously damaged our own economy.

Such a policy of continuous foreign relief makes as little sense economically as it does politically. The amounts that would have to be poured out would be fantastic. The inflationary forces thereby unleashed would aggravate an already dangerous situation and make a major economic depression just that much more likely. Repayment of such loans would be all but impossible, and trade barriers would go higher and higher. The economic warfare that we witnessed between the First and Second World Wars would be repeated and might well mark the road to a new open conflict.

The third, and only remaining choice, is to follow the method that we used so successfully during the last war, via the combined board approach and the lend-lease principle. This is the mutual-aid approach to the problem, and is the direction in which the Marshall plan is oriented.

Under such a policy the countries would, in effect, draw up balance sheets of their respective needs and resources. After careful study the participants—just as the United States, the United Kingdom, and Canada did on the combined boards during the war—would agree to make the necessary equipment and supplies available to each other with a minimum of strain upon the international financial mechanism.

As in the case of lend-lease, the more ephemeral goods—food and certain raw materials that are urgently needed to keep heads above water—might advantageously be “written off” as contribu-

tions to the common pool for immediate relief needs. The longer-lived capital goods could take the form of long-term loans, repayable either in cash or in kind.

Such a program as this would be expensive, of course. No one can yet say just how much it would cost. But it is certain that its cost would not approach the cost of either of the other two alternatives. It would be much, much less than the cost of another world war, and less than the \$350,000,000,000 that we spent to defeat the Nazis and the Japanese war lords.

Our Secretary of State, Gen. George Marshall, has seen all of this clearly. He has, in language that should go down in history for its clarity and significance, made it plain that the only sane way out of the economic mess into which the world has been plunged is to extricate itself on the basis of mutual aid and self-help. If it cannot be done on a world-wide basis, then it has to be done on as large a scale as possible among the nations that are still free. But it has to be done.

WHAT IF WE DO NOTHING?

We already have a foretaste of what will happen in the absence of such a joint effort. Exports from the United States are now at the fabulous rate of over \$19,000,000,000 a year. In more normal times, when trade is being conducted on a two-way basis, this would be reason for satisfaction. But, as it is, imports are currently paying for slightly less than 40 percent of these shipments. About one-third are being paid for by loans out of the pockets of United States taxpayers and the remainder by gold or foreign balances already accumulated. The rest of the world just isn't producing enough goods to sell to us to pay for the food and productive equipment that it has to have if it is to get on its feet. It is a vicious circle of cause and effect, and until it is broken the solution is not in sight.

Our President summed it up well in his midyear economic report to the Congress on July 21, when he said:

While the level of exports has important effects on the American economy, it must be clear that we did not and should not embark upon foreign-aid programs as a device for supporting maximum production and employment at home.

To be sure, restoration of world trade, when achieved, will facilitate our own efforts in maintaining a prosperous domestic economy. The immediate and sole objective of our foreign-aid programs should be to restore a vigorous, stable, and peaceful world economy. It is our goal to contribute to the restoration of conditions under which other countries will be able to pay their way by mutual exchange of goods and services under such economic institutions as they freely determine and adapt to their peculiar circumstances.

For the purposes of our foreign policy it is worth enduring temporary shortages of a few commodities within the United States. This will bring lasting benefits in the long run.

In any case, the costs of effective foreign-aid programs will be only a very small fraction of the cost of winning the war, and they are vital to the winning of the peace.

CONGRESS IS COOPERATING

Congress, I am glad to say, is cooperating with the administration in a way

that is highly gratifying. Although for a time it looked as though Congress might balk at huge foreign grants-in-aid, there can be but little doubt that the present temper of Congress is to leave no stone unturned in throwing the economic weight of the United States on the side of the democratic forces throughout the world.

The problem now, as Secretary Marshall made clear in a speech before the governors' convention in Utah some weeks ago is to bring the American public to a general understanding of the conditions involved at home and abroad. A democracy can be expected to function efficiently only when those who have the final say—the people—are well-informed. When a shooting war is raging this is relatively simple, for the issue is the easily understandable one of licking a tangible enemy. Our challenge in the present war of economic and political systems is to recognize the enemy and to act intelligently in setting up counterforces at the proper points. Nothing is of greater consequence these next few months than that the people of the United States and other democratic countries know the facts.

BUT WE MUST ACT INTELLIGENTLY

I emphasize this danger. In granting long-run assistance to our European and Asiatic friends we shall neglect to make sure that when it comes time for them to repay, we shall be willing to collect payment. There is only one way in which they can pay, and that is in terms of goods. In many cases this means that we shall have to be willing to import certain classes of merchandise that compete with certain lines of domestic manufacture. If we do as we have been prone to do in the past, namely, keep out imports on the basis of group and regional political pressures, we shall repeat the very thing that we did after the last war, when, in the fact of our creditor-nation position, we joined the band wagon of heightened trade barriers by increasing our own tariff rates. A creditor nation has to be import-minded to the extent that it expects to receive a return on its foreign investments. If it persists in keeping out imports, it voluntarily transforms itself from a creditor nation to a gift-granting nation.

We should face these facts now and take whatever steps are feasible to assure that we shall not repeat the near-fatal errors of the 1920's. The reciprocal trade-agreements program has been a step in the right direction, as are the current international negotiations being conducted at Geneva looking toward the establishment of an International Trade Organization and the eventual lowering of trade barriers and the restoration of multilateral trading in the place of bilateral discrimination and throttled nationalism.

These are days when economic vision is needed as it was never needed before. We must raise our sights and look down through the decades that lie ahead. If we learn to do that, on the basis of enlightened long-run self-interest, we shall go far to avoid problems 10, 20, or 30 years hence that might easily set the stage for World War III. Our problem

is to think and to act on a national basis without losing our democratic heritage and without succumbing to the temptation of easy going, but suicidal, self-containment.

A while ago I pointed out that as we commit ourselves to any recovery program at home or abroad it is going to cost dollars—lots of dollars.

WHY INCLUDE CHINA AT THIS STAGE?

I contend that the House should follow the action of the Senate in limiting the present appropriation to the European recovery program. What is being recommended in this bill for China is not recovery; it is simply relief, and is most unsound. I shall support the amendment to delete this appropriation for China with the feeling that exhaustive hearings and a clear determination of policy should be clearly defined.

COST OF EUROPEAN RECOVERY PROGRAM

The cost of the European recovery program for the Nation under this bill is \$5,300,000,000.

For my information and that the people of North Carolina may know the impact of this legislation upon the national economy, I have determined what the cost of European recovery program apportioned on a Nation-wide per capita basis is as applied to the State of North Carolina, my own congressional district, and certain selected counties in North Carolina.

The first year cost is as follows:

State of North Carolina..... \$139,844,640

Eighth Congressional District:

Anson.....	1,085,656
Davie.....	539,032
Davidson.....	2,330,744
Hoke.....	595,972
Montgomery.....	660,504
Moore.....	1,279,252
Richmond.....	1,495,624
Lee.....	770,588
Scotland.....	930,020
Union.....	1,560,156
Wilkes.....	1,582,932
Yadkin.....	762,996

Total..... 13,593,476

Selected counties in North

Carolina:

Pitt.....	2,456,012
Martin.....	1,002,144
Wilson.....	2,008,084
Warren.....	888,264
Guilford.....	7,151,664
Orange.....	937,612
New Hanover.....	2,425,644
Harnett.....	1,746,160
Craven.....	1,488,032
Sampson.....	1,833,468
Wake.....	4,680,468
Chatham.....	945,204
Forsyth.....	5,333,380
Granville.....	1,138,800
Rowan.....	2,528,136
Ashe.....	804,752
Mecklenburg.....	6,654,388
Burke.....	1,514,604
Gaston.....	3,959,228
McDowell.....	880,672
Buncombe.....	4,346,420
Cherokee.....	709,852

COST OF PACKAGE PLAN

Under the bill before us, the Economic Cooperation Act of 1948, which includes European recovery program, the Children's Welfare Fund through the United Nations, and relief for China, the total national cost is \$6,205,000,000.

Figured on a per capita basis, I give these figures to show the impact on the State of North Carolina and selected counties in that State:

State of North Carolina..... \$163,716,960

Eighth Congressional District:

Anson.....	1,270,984
Davie.....	631,048
Davidson.....	2,728,616
Hoke.....	697,708
Montgomery.....	773,256
Moore.....	1,497,628
Richmond.....	1,750,936
Lee.....	902,132
Scotland.....	1,088,780
Union.....	1,826,484
Wilkes.....	1,853,148
Yadkin.....	893,244

Total..... 15,913,964

Selected counties in North

Carolina:

Pitt.....	2,875,268
Martin.....	1,173,216
Wilson.....	2,350,876
Warren.....	1,039,896
Guilford.....	8,372,496
Orange.....	1,097,668
New Hanover.....	2,839,716
Harnett.....	2,044,240
Craven.....	1,742,048
Sampson.....	2,146,452
Wake.....	5,479,452
Chatham.....	1,106,556
Forsyth.....	6,243,820
Granville.....	1,133,200
Rowan.....	2,959,704
Ashe.....	942,128
Mecklenburg.....	7,790,332
Burke.....	1,773,156
Gaston.....	4,635,092
McDowell.....	1,031,008
Buncombe.....	5,088,380
Cherokee.....	831,028

(Mr. DEANE asked and was granted permission to revise and extend his remarks.)

Mr. COX. Mr. Chairman, I rise in opposition to the pro forma amendment, and ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Chairman, while I heartily approve of the objectives of this bill and propose to support it, I believe that every precaution should be taken to prevent the misuse of these billions of our people's money for possible purposes which will be detrimental not only to our own national interests but also to the future peace and well being of the peoples of the world.

There should be an amendment that will limit the executive personnel in charge of the European recovery program to only those who believe in and support our American system of society and Government. I think this program should be in charge of Americans who believe in our economic and political system and who have always believed in it.

I am moved to make this suggestion for two reasons. First, it has been charged that this European recovery program is largely a scheme through which socialism will be subsidized in Europe. While I make no suggestion that socialist governments be denied participation, I nevertheless believe that no encouragement or support should be extended to

socialist factions—or even other factions—in those countries where Socialists are struggling for power. Such a situation could easily develop if American Socialists were placed in charge or held policy-making positions in the administration of the European recovery program. And such a development could only result in furthering internal strife in such countries to the detriment of our whole program.

I am also concerned because of the nature of the personnel who conceived and planned the program we are about to make into law and finance with the taxpayers' money.

There is some evidence that certain of these individuals either are or were Soviet sympathizers, while others were affiliated with Communist front organizations. Some are or were Socialists. Some are or were believers in collectivism and a classless society. The chances are that some, if not all of these people will be in charge of the administration of ERP.

To my way of thinking, to permit Communists, Socialists, or collectivists of any hue to administer this American program, at any level, would be a grave mistake.

On March 11, 1948, Senator WILSON placed in the CONGRESSIONAL RECORD a list of United States Government personnel who participated in the preparation of the European recovery program. Since my time is extremely limited, I select just a few names and offer a bit of background for your consideration.

There is the name of Herbert W. Parisius, a Commerce Department official appointed to his post by Henry Wallace, who just last week was accused on the floor of this House of overriding subordinates, in approving shipments of strategic materials to Russia; of being an ex-minister with radical views and of having solicited subscriptions for a Communist publication from employees of the Commerce Department.

There is the name of Arthur R. Goldsmith who in his testimony at an executive hearing of the Special House Committee on Un-American Activities admitted having been a member of the Communists' leading front, the American League Against War and Fascism, a contributor to the International Labor Defense, called the legal arm of the Communist Party by former Attorney General Biddle, a subscriber to the Communist weekly, New Masses, and a reader of the Daily Worker, the Communist newspaper.

There is the name of Kenneth Meiklejohn, who has headed the Socialist Party in the District of Columbia for many years.

There is the name of Ralph Hetzel who was cited three times by the special House Committee on Un-American Activities for his affiliations with Communist fronts and who just before World War II was one of the authors of a pamphlet which vigorously opposed the national defense program.

There is the name of David Lasser who headed the Communist front Workers Alliance, is listed 13 times in the files of the Committee on Un-American Activities

and who was once barred from the Government pay roll by act of Congress.

There is the name of Thomas Blaisdell who was a member of the Washington Committee for Democratic Action, an affiliate of the National Federation for Constitutional Liberties; both organizations having been cited as subversive by Attorney General Biddle as well as the Committee on Un-American Activities.

There is the name of Felix S. Cohen, a leader in the Socialist League for Industrial Democracy and a former instructor at the Socialist-Communist New School for Social Research.

The memorandum submitted by Senator WILSON concludes by saying that other persons and groups also helped to plan the ERP program and adds:

The membership of these groups would include most of the experts working on international financial and economic problems. It appears neither appropriate nor feasible to list the membership of such groups.

Maybe so. But, I think you will be interested in at least one of these unnamed experts who helped to prepare the Marshall plan and who will quite probably have some voice in its administration. His name on the Government pay roll is Lewis L. Lorwin, but when he was kicked out of the University of Montana in 1919 he went by the name of Louis Levitski Levine.

Russian born, Levine-Lorwin has been a consistent left winger. In 1925 he presided at a Washington conference to consider the socialization of natural resources, transportation, and banking. In 1933 he signed a petition to President Roosevelt urging diplomatic recognition of Soviet Russia.

Dr. Levine-Lorwin made several trips to Russia, the last one just last year when his expenses were paid jointly by the United States and the Russian Government, a rather strange procedure, to say the least. After visiting Russia in 1928-29 he explained that "a miracle had happened;" the Russians had accomplished "marvelous economic progress."

Levine-Lorwin served with Henry Wallace in the Board of Economic Warfare and when Wallace became Secretary of Commerce he brought his friend Lorwin along.

Lorwin was most active in the Institute of Pacific Relations, of which Henry Wallace was a member of the board. This outfit published pro-Soviet propaganda and numbered among its leading executives Frederick V. Field, who led the seditious American Peace Mobilization, which picketed the White House and tried to obstruct our preparations for war, and Edward C. Carter, head of the American-Soviet Institute, a semiofficial Russian agency.

In 1931 Levine-Lorwin attended a conference on world planning at Amsterdam. He called for long-term credits from capital rich to capital poorer countries, and the organization of new international bodies. He proposed a 5-year world plan, which would, first, modify national political sovereignty; second, level up standards of living; third, organization of a world bank to grant international loans; fourth, international agreements for division and control of

world markets; and fifth, establishment of a world planning board.

We can visualize a system of boards and agencies—

He told the conference—

setting up technical and social standards
* * * supervising the price process * * *
determining the conditions under which credits would be granted to existing and new industrial enterprises. Such planful control would undoubtedly have to limit the powers of individuals and corporations, and subject the making of profits to social ends.

Mary Van Kleeck, chairman of the program committee, wrote that only those would be welcome to the congress who "clearly accept the purpose of complete reorganization of the present system into a planned, socialized economic order, creating a classless community."

That is what Levine-Lorwin is striving for. Generally speaking, that is the goal of all the left wingers who are just itching to get their hands on the billions to be spent for ERP. That is why precautions must be taken to prevent the misuse of these funds and the misdirection of the whole program.

Every person engaged in the administration of the European recovery program should take an oath that he or she is not now and never has been affiliated in any way with any Communist, Socialist, or collectivist movement.

(Mr. COX asked and was given permission to revise and extend his remarks.)

Mr. RICH. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, if the Congress of the United States is going to appropriate the vast amount of money involved in the pending bill, it is exceedingly important for all of us to know who the people are who will handle the funds to be given to these various countries. Are they honest, are they capable, are they efficient, will they look after American interest? If the Congress of the United States passes this bill and permits the power to remain in the hands of the President to make the appointments and he appoints people who have already taken part in the distribution of funds that have been previously appropriated by this Congress, then there is something radically wrong in America, because the men who have been handling these funds on behalf of the United States have done a terribly miserable job. They have wasted the funds of the American taxpayers, and the people of this country have now got to pay for their extreme incompetence with overburdened taxes almost confiscatory.

Let me quote from a statement made by Sterling Morton before the Illinois Manufacturers Association the other day after a visit to England recently. He said, I quote:

Every Englishman I talked to was anxious to express his opinion that our gift loans had hurt his country, and to urge me to oppose any further advances. They went out of their way to say this—in fact, the desire to get this measure across made them much more approachable than usual. They feel that our aid is keeping the present government in power and so is helping in the socialization and degeneration of Britain.

Now, what does Britain want? We gave them \$4,400,000,000 in 1945. That was to put them on their feet and put them in a sound economic condition. In this bill you intend to give to England \$5,348,000,000. You have now given Britain almost \$10,000,000,000 for socializing that country over there, and the people of that country do not want the money. Who wants it? Why, a lot of the diplomats over there that are outdiplomating our General Marshall and the State Department, and at the same time wrecking our own economy in America. I want to tell you that if we do not reconstruct our own State Department and clean house there, that it will be just too bad for us. I want to tell you that the people of the United States ought to clean house when it comes to electing a Congress next November, because if you are going to do what you have done and continue on with what you are doing in reckless squandering, then I say that I am not fit to be here with a majority, for I oppose it wholeheartedly. But, I am going to tell you right now that you are not going to get me to vote for this legislation, because I think the set-up is bad; I think the policy is poor, and I think that the imposition that we are putting on the American taxpayers is going to be felt for the rest of their lives. They are never going to get out of debt. You will wreck America. Talk about this bill being a bill to eradicate communism in a lot of foreign countries. That is about the biggest piece of bunk that I have ever heard expressed on the floor of this House, when you know that, in trying to militarize Greece, you gave them \$300,000,000 to get them straightened out a year ago, and now you want to give them \$275,000,000 more. One hundred and fifty million dollars to arm China. What for? You are giving \$797,000,000 to Ireland. Jiminy crickets, did you ever think that they would get communism in Ireland? St. Patrick would never allow it. Then there is \$38,000,000 to Iceland. What did we do for Iceland? We went over there and built them the greatest airports in the world. We asked them to let us use those airports. They turned us down. They told us to go home. Now you want to go back over there and give them \$38,000,000. What for? To gain the good will? Of whom? Let some of these things be explained. What are you giving Portugal \$150,000,000 for? What did they do to help in this war. Why do they want \$150,000,000, and why are we obligated in any sense or manner to give Portugal that amount of money? Let somebody explain these things. Let the American people know what this money is for. Sweden and Switzerland want \$700,000,000. Why, they are more prosperous today than they have ever been in their history, but the American taxpayer is not going to be very prosperous after you pass this bill. They will find out that it will do our country more harm than good.

Secretary Marshall is on his way to South America today. See if he does not come back with requests for more money. Why, the former administration had all nations' rulers come here asking for help.

Now this administration sends our Secretary of State to all nations asking them what do you want? How much money can we give you? Oh, when will we think of the United States of America, her people and their needs. Let us look after the United States. Let us do it now. Vote for the Gwinn amendment.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. LEMKE. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. LEMKE. Mr. Chairman, I speak with deep conviction on the subject under consideration—the deceptive Marshall plan. It is a wolf in sheep's clothing. It is not a plan to feed the hungry, but rather a plan to bribe and arm part of the world against another part. It is an armament race. An armament race always has, and always will, end in war.

I am not talking to any foreign nation, or to any foreign element, or to any enemy with foreign ideologies in our midst. I am talking in defense of the youth of this Nation—in defense of the fathers, mothers and wives, whose sons and husbands will again have to do the fighting and the dying on foreign battlefields, unless Congress shows more firmness in resisting the multimillionaires and international clique in our State and other executive departments of Government. This Nation cannot stand and survive four more years of our stupid foreign policy.

Our President today is rambling along on a strange highway in an international vehicle. He does not know where he is going. Neither do the people, who are sitting carefree in the rumble seat—in a what-do-I-care attitude. They are the easy victims of false propaganda. The easy victims of the hyphenated, hybrid Americans—an international bureaucracy.

This bill is a betrayal of the Nation. It is selling America down the river. It is unconstitutional. Every Member of this House recently took an oath to uphold the Constitution. I challenge any Member on this floor to point out to me where, in the Constitution, is a provision giving to this Congress or to the President the authority to make gifts to foreign governments with the taxpayers' money. Under our Federal Constitution, Congress has only such power as is given to it in plain language or by necessary implication. Nowhere is there such language or implication in our Constitution.

The false propaganda that this bill will prevent the spread of communism in Europe comes with poor grace from those who recently were more or less closely associated with Joe Stalin. It comes with poor grace from those who went to bed with Stalin and betrayed not only this Nation but the world. Surely no one is so dull as to believe that you can bribe the Reds or that you can buy friendship.

Today I shall criticize erroneous policies. It is rather with pity than with

scorn that I shall discuss 15 years of disastrous blunders—15 years of crises, emergencies, and war. I shall discuss the mistakes and blunders of Roosevelt, Marshall, and Truman that have brought us to the verge of world war III.

I am sorry that the President came before a joint session of Congress and virtually proclaimed himself the infallible one—the keeper of the peace. His record on foreign affairs is just the opposite. It is fallible. He told us that henceforth we must prevent not only international strife, but civil strife within any nation. This by force of arms via the stupid and dangerous Marshall plan.

I wonder how much longer the President expects us to blindly follow blind leadership. I wonder how much longer the multimillionaires in his Cabinet will insult our intelligence with their false propaganda and international ignorance. Germany's ambition was to consolidate the Nordics against the rest of the world. Our President goes one step further. He takes on the whole world. The one worlders of the past, Caesar, Alexander the Great, Napoleon, and Hitler all failed. The President might well profit by their failures. No man and no nation is powerful enough, intelligent enough, and resourceful enough to govern the whole world.

I had thought that long ago the one worlders and the internationalists for profit had been deflated. I had thought long ago that Stalin's behavior had driven such internationalists as former Justice Roberts and other misguided souls into the cyclone cellar. Unfortunately, these One Worlders and Anglophiles continue to bob up when you least expect them. They would deplete our Nation by giving it away, and after that destroy our liberty by bungling us into World War III. May "God forgive them, for they know not what they do."

How much longer can we, with less than 6.2 percent of the world's population, with less than 7 percent of the world's area, and with less than 9 percent of its natural resources, continue to be an international Santa Claus to inefficient, and in some cases, grafting foreign politicians and corrupt governments?

I wish to warn my colleagues that what we are about to do here is not with the approval of the American people. I wish to warn the foreign agents and foreign representatives that the American people will repudiate our action on November 2, 1948. I am giving this warning to foreign nations so that they may not say they were taken by surprise. We are not going to continue to be an international WPA.

If the President's program—universal military training, selective service, and the Marshall plan—is adopted, there will be very little liberty left anywhere, not even in America. The "four freedoms" and self-determination—the Atlantic Charter—will have been thrown to the four winds. The truth is that we and the world were betrayed by secret commitments at Tehran, Quebec, Yalta, and Potsdam.

General Marshall, then Chief of Staff, was at Tehran and Yalta to advise our

then ailing President. He was also at Potsdam to advise Truman who inherited the secret commitments from the former President. If the general had then done his full duty to the American people, there would be no need for universal military training, selective service, or even the stupid Marshall plan.

The general apparently is subject to lapse of memory. He does not yet know where he was on the evening of December 6, 1941. He does recall that on the morning of December 7, although he knew of the imminence of war with Japan, he was horseback riding while the tragedy of Pearl Harbor was enacted.

Recently the general told us that while he and his staff were present at Yalta, at the taxpayers' expense, he was not informed and did not know what was going on. When he regains his memory, he has yet to tell us what tragedies were enacted by secret commitments at Tehran, Quebec, Yalta, and Potsdam. Whatever price America may have to pay will be the result of the blunders made at Tehran, Quebec, Yalta, and Potsdam.

We would like to have the former Chief of Staff tell us why our armed forces did not enter Europe under its soft belly. This would have prevented Russia from taking over the Balkan States. We would like to know why our Army was halted for weeks so that Russia could take over Rumania, Yugoslavia, Estonia, Latvia, Lithuania, and Bulgaria, and after that enter Berlin first, and take over east Germany and east Austria. We would like to know why General Patton was ordered to withdraw from Czechoslovakia. This in order to please Stalin. Were these all secret commitments made at Tehran and Yalta?

Again, we would like to know why the war with Japan was unnecessarily prolonged, after she had offered to surrender. Was this again in order to permit Stalin to enter Mongolia, Korea, and the Kuril Islands in accordance with secret commitments? It is because of these blunders that communism has spread throughout Europe. If we had dealt with Russia as we should have, she would now still be within her own boundaries, and it would not be necessary for us to attempt to bribe friendship or to buy the Reds.

Let us keep the record straight. We live in an age of international deception. We are influenced by dishonest propaganda over the radio and in the metropolitan press—propaganda paid for by grafting officials of foreign governments—"give me" Jimmies.

It is time that America stop being gullible. We were propagandized into World Wars I and II. We are being propagandized—via the Marshall plan—into world war III. We, and the world, paid dearly for our previous gullibility. One hundred million men, women, and children are no more because we permitted the international clique to propagandize us into two wars. There are hundreds of millions disabled, and hundreds of millions homeless and hungry because we blindly accepted false propaganda.

Let us keep the record straight. In World War I it was, "He kept us out of war," then, "Too proud to fight," "America first," and then "Benevolent belligerency," "A little group of willful men," "Make the world safe for democracy," and last, "War to end all wars." We fumbled the peace and World War II gave the lie to these false slogans.

In World War II we heard the hue and cry of "Raise the arms embargo and save our boys," "Give us the tools and we will do the fighting"—\$59,000,000,000 lend-lease. Then came "The four freedoms," and finally, "I say again and again and again, your sons will not be sent to foreign battlefields." Time proved these slogans false. There are no "four freedoms" for any people—not even for our own—and our boys did the fighting and the dying.

Then followed, "Give us UNRRA and we will have everlasting peace." So we passed UNRRA and fed all of the satellites that Russia has since taken over and incorporated into her communistic sphere.

Then came the international fund and the international bank, conceived at Bretton Woods and born at Dumbarton Oaks. These institutions have already fleeced the American taxpayers of billions, and will fleece them of billions more, unless we wake up in time and put a halt to this international flirtation.

Next came the reciprocal trade agreements, by which the farmer and the laborer will again be made the shock absorbers when the next depression comes. This was followed by the British gift of \$4,400,000,000, together with other gifts, until we have given or loaned over \$27,000,000,000 to European countries since the war. This from the United States Treasury, the RFC, and the Export-Import Bank. Each and every one of these acts was to produce lasting peace.

Yet, in spite of these false assertions, we are in a worse mess than ever before. We are now plagued with the Marshall plan. This plan is simply another gift, mostly to Britain. When we made her the other loan, she promised that it would last 3 years. However, Wall Street, and her own multimillionaires got away with that \$3,750,000,000 in 1 year. So Wall Street and the British hatched the Marshall plan.

In conclusion, may I suggest that you, who have been protesting so loudly about the high cost of living, will find, when this bill is passed, that you will again, for years, have to go without many of the food and other products you could not get during the war. There will again be a shortage of building material for homes, farm equipment, and hundreds of other articles essential for our own welfare.

You will again have to pay higher prices because we cannot give away the products that America needs to foreign nations, and keep prices down. There will again be plenty of black markets.

I repeat, it is time for Congress and the American people to repudiate these actions that verge on treason, not only to America but to the world. The time has come to stop blindly following the blind leadership.

Mr. VORYS. Mr. Chairman, I ask that section 2 be read, and then pro forma amendments could apply to that. After spending an hour on the first section of the bill, we should get on with the reading of the bill.

The CHAIRMAN. Are there amendments to section 1?

Mr. GWINN of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GWINN of New York: Strike out all of the committee substitute and insert in lieu thereof the following:

"DECLARATION OF POLICY

"SEC. 2. It is hereby declared to be the policy of Congress—

"(1) to recognize the intimate economic and other relationships between the United States and the nations of the world and that the disruption following in the wake of war is not contained by national frontiers;

"(2) to recognize that the existing situation endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations;

"(3) to assist, as is traditional in the American way of life, in relieving suffering and in maintaining the principles of individual liberty, free institutions, and genuine independence;

"(4) to effectuate the protection of the general welfare of the United States and the establishment of a healthy economy, based upon self-help and mutual cooperation, in the countries of the world;

"(5) to establish a recovery program which will provide (a) relief to ill-fed and ill-clothed peoples of the world through the generous and unflinching charity of the American people, and (b) relief to the disrupted and stagnant industries of the world through the collaboration and endeavor of American industry.

"TITLE I

"SEC. 101. This title may be cited as the 'Foreign Relief Act of 1948.'

"SEC. 102. That there be, and is hereby, created a body corporate with the name "World Relief, Incorporated" (herein called the Corporation). That the principal office of the Corporation, which shall be a non-profit corporation, shall be located in the District of Columbia, but there may be established agencies or branch offices in any city of the United States or in any other country under rules and regulations prescribed by the Board of Directors.

"SEC. 103. This Corporation shall continue in existence until April 1, 1952, or to such earlier time as the Congress, by concurrent resolution, shall declare that the need for the continuance of said Corporation no longer exists.

"SEC. 104. That the initial funds necessary to inaugurate the organization and operation of this relief program shall be \$500,000,000, which sum is hereby authorized to be appropriated from any funds in the Treasury not otherwise appropriated as a revolving fund.

"SEC. 105. That the funds necessary for the continuous operation of the program and for the reimbursement of the revolving fund shall be obtained from contributions of individuals.

"SEC. 106. The Corporation shall have power to sue and be sued in the courts of law and equity within the jurisdiction of the United States and in the courts of the countries wherein it is operating if so permitted by the laws of such countries; to adopt a seal; to adopt and establish bylaws and regulations not inconsistent with the laws of the United States; and to solicit, on

a world-wide basis, contributions for carrying out the purposes of the Corporation.

"SEC. 107. That the purposes of this Corporation are and shall be to furnish, directly, food, clothing, and other urgently needed supplies to the needy individuals of the world. The Corporation is hereby specifically prohibited from furnishing food, clothing, or other supplies to the governments of any cooperating country or any political subdivision thereof as distinguished from their individual citizens.

"SEC. 108. That the governing body of the Corporation shall consist of nine members, to be appointed by the President of the United States with the advice and consent of the Senate, one of whom shall be designated by the President to act as chairman.

"SEC. 109. Vacancies in the governing body of the Corporation shall be filled by the President in the manner hereinabove provided.

"SEC. 110. Voting by proxy shall not be allowed at any meeting of the governing body.

"SEC. 111. That World Relief, Inc., shall on the 1st day of January, April, July, and October of each year make and transmit to the Secretary of the Treasury a complete and itemized report of receipts and expenditures of whatever kind.

"SEC. 112. That Congress shall have the right to repeal, alter, or amend this title at any time.

"TITLE II

"SEC. 201. This title may be cited as the 'Foreign Industrial Development Act of 1948.'

"SEC. 202. In order to coordinate the activities and functions of our governmental representatives abroad and to encourage them in undertaking liaison work between the industries of the world and the industries of the United States there is hereby created a National Industry Advisory Council (hereinafter referred to as the Council), consisting of the Secretary of State, as Chairman; the Secretary of Commerce; and five members appointed by the President, with the advice and consent of the Senate, from the outstanding industrialists of the United States.

"SEC. 203. That the Council, in addition to the duties contained in section 202, shall assist and encourage American industries in working out plans for increasing productivity abroad, raising the standard of living, and making the countries of the world self-sustaining and economically strong enough under a system of free enterprise, to resist the lure of communism.

"TITLE III

"SEC. 301. That all income subject to taxation within the United States earned from January 1, 1948, to January 1, 1952, of every kind of any individual, partnership, corporation, or association which shall be invested as capital or loans outside the continental limits of the United States for the purpose of rehabilitating industries in any other country of the world, shall be completely exempt from all taxes of the United States or of any State, Territory, or political subdivision thereof during this period.

"SEC. 302. That all income earned between April 1, 1948, and April 1, 1958, by any individual, partnership, corporation, or association from investment made in other countries of the world as capital or loans for the purpose of rehabilitating productive agriculture or manufacturing industries in such countries, shall be completely exempt from all income and excess-profit taxes which may be levied by the United States or any State, Territory, or political subdivision thereof during this period.

"SEC. 303. That there is hereby authorized to be appropriated the sum of \$1,000,000,000 for the purposes of national defense to be expended by the President outside the United States.

"SEC. 304. That all funds allocated in the 1949 fiscal budget for economic-aid purposes unexpended are hereby transferred to the account of the National Military Establishment for use in building up the national defense forces of this country.

"SEC. 305. The sections of this act are hereby declared to be separable, and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act."

Mr. VORYS. Mr. Chairman, I make a point of order against the amendment just proposed.

In addition to other frailties, the amendment provides in title III for a blanket amendment of the internal revenue laws, which are not subject to consideration in this legislation, by providing an exemption from income taxes for all persons, individuals, partnerships, corporations, or associations which participate in the program. Also, in section 304, there is a provision that all funds should be transferred to the account of the National Military Establishment for use in building up the national defense forces of this country.

There is no provision such as this in the pending legislation. For these reasons, it seems to me that this is not germane to the bill now pending.

The CHAIRMAN. Does the gentleman from New York care to be heard on the point of order?

Mr. GWINN of New York. I am ready to hear the ruling of the Chair.

The CHAIRMAN (Mr. CASE of South Dakota). The Chair is ready to rule.

The gentleman from New York [Mr. GWINN] has offered an amendment as a substitute for the committee amendment. The gentleman from Ohio [Mr. VORYS] has made a point of order that the amendment offered is not germane, and particularly calls attention to the tax provision contained in title III.

The rule under which the committee is considering the bill S. 2202 waives points of order as to the Senate bill and the committee substitute amendment, but does not waive points of order as to the germaneness of amendments that may be offered from the floor. Nor does it confer any authority upon the committee to consider legislation involving tax legislation, which, of course, would be beyond the jurisdiction of the Committee on Foreign Affairs to report.

For those reasons, the Chair is constrained to sustain the point of order.

Mr. GWINN of New York. Mr. Chairman, I move to strike out title III of the substitute amendment down to section 303, and after striking out that provision I reoffer the substitute as read.

Mr. VORYS. Mr. Chairman, I make the point of order that such a motion is not in order at this time. The Chair has already ruled on this amendment and there is nothing before the House.

The CHAIRMAN. Section 303 of the bill, of course, has not been read. The Chair is inclined to interpret the statement of the gentleman from New York to mean that he seeks to offer his amendment with the last portion of it eliminated. If that be so, the motion should be so stated.

Mr. GWINN of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

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"(2) to recognize that the existing situation endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations;

"(3) to assist, as is traditional in the American way of life, in relieving suffering and in maintaining the principles of individual liberty, free institutions, and genuine independence;

"(4) to effectuate the protection of the general welfare of the United States and the establishment of a healthy economy, based upon self-help and mutual cooperation, in the countries of the world;

"(5) to establish a recovery program which will provide (a) relief to ill-fed and ill-clothed peoples of the world through the generous and unfailing charity of the American people, and (b) relief to the disrupted and stagnant industries of the world through the collaboration and endeavor of American industry.

"TITLE I

"SEC. 101. This title may be cited as the 'Foreign Relief Act of 1948.'

"SEC. 102. That there be, and is hereby, created a body corporate with the name 'World Relief, Inc.' (herein called the Corporation). That the principal office of the Corporation, which shall be a nonprofit corporation, shall be located in the District of Columbia, but there may be established agencies or branch offices in any city of the United States or in any other country under rules and regulations prescribed by the Board of Directors.

"SEC. 103. This Corporation shall continue in existence until April 1, 1952, or to such earlier time as the Congress, by concurrent resolution, shall declare that the need for the continuance of said Corporation no longer exists.

"SEC. 104. That the initial funds necessary to inaugurate the organization and operation of this relief program shall be \$500,000,000, which sum is hereby authorized to be appropriated from any funds in the Treasury not otherwise appropriated as a revolving fund.

"SEC. 105. That the funds necessary for the continuous operation of the program and for the reimbursement of the revolving fund shall be obtained from contributions of individuals.

"SEC. 106. The Corporation shall have power to sue and be sued in the courts of law and equity within the jurisdiction of the United States and in the courts of the countries wherein it is operating if so permitted by the laws of such countries; to adopt a seal; to adopt and establish bylaws and regulations not inconsistent with the laws of the United States; and to solicit, on a world-wide basis, contributions for carrying out the purposes of the Corporation.

"SEC. 107. That the purposes of this Corporation are and shall be to furnish, directly, food, clothing, and other urgently needed supplies to the needy individuals of the world. The Corporation is hereby specifically prohibited from furnishing food, clothing, or other supplies to the governments of any co-operating country or any political subdivi-

sion thereof as distinguished from their individual citizens.

"SEC. 108. That the governing body of the Corporation shall consist of nine members, to be appointed by the President of the United States with the advice and consent of the Senate, one of whom shall be designated by the President to act as Chairman.

"SEC. 109. Vacancies in the governing body of the Corporation shall be filled by the President in the manner hereinabove provided.

"SEC. 110. Voting by proxy shall not be allowed at any meeting of the governing body.

"SEC. 111. That World Relief, Inc., shall on the 1st day of January, April, July, and October of each year make and transmit to the Secretary of the Treasury a complete and itemized report of receipts and expenditures of whatever kind.

"SEC. 112. That Congress shall have the right to repeal, alter, or amend this title at any time.

"TITLE II

"SEC. 201. This title may be cited as the 'Foreign Industrial Development Act of 1948.'

"SEC. 202. In order to coordinate the activities and functions of our governmental representatives abroad and to encourage them in undertaking liaison work between the industries of the world and the industries of the United States there is hereby created a National Industry Advisory Council (hereinafter referred to as the Council), consisting of the Secretary of State, as Chairman; the Secretary of Commerce; and five members appointed by the President, with the advice and consent of the Senate, from the outstanding industrialists of the United States.

"SEC. 203. That the Council, in addition to the duties contained in section 202, shall assist and encourage American industries in working out plans for increasing productivity abroad, raising the standard of living, and making the countries of the world self-sustaining and economically strong enough under a system of free enterprise, to resist the lure of communism."

Mr. HOFFMAN (interrupting the reading of the amendment). Mr. Chairman, inasmuch as this amendment has been read once, I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. VORYS. Mr. Chairman, I make the point of order that this amendment is still far outside the scope of the pending bill.

The CHAIRMAN. Will the gentleman state the grounds of his point of order and point out the provisions of the amendment that are outside the scope of the bill?

Mr. VORYS. The amendment primarily is a relief bill, as I read it. The pending committee amendment to S. 2202 is distinctly not a relief measure.

The title of the proposed substitute indicates that it is intended to provide relief to the peoples of the world, and that is carried out in the declaration of policy. It is a relief measure and, therefore, entirely foreign to the entire structure of the bill under consideration.

The CHAIRMAN. Does the gentleman from New York care to be heard?

Mr. GWINN of New York. I am ready for a ruling.

The CHAIRMAN. The Chair is prepared to rule.

The bill pending before the committee is a bill of considerable latitude. The title reads:

An act to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The language which the gentleman from Ohio read may be the title to the bill or language the gentleman from New York proposed to offer as a substitute, but the Chair is confined to an examination of the actual text of the amendment; and the amendment that is offered in its present form does not, in the opinion of the Chair, go beyond the very general purposes outlined in the bill before us.

The Chair, therefore, overrules the point of order.

The gentleman from New York [Mr. GWINN] is recognized for 5 minutes.

Mr. GWINN of New York. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. GWINN of New York. Mr. Chairman, would it be too much to hope that sometime very soon our Government which is still a constitutionally limited Government, might again be confined to its true functions of government? Are you not conscious to the point of distress of the bickerings, the charges, the countercharges of corruption, communism, socialism, politics in every branch of this constitutionally limited Government of ours, when it goes beyond the true functions of government as our Government was conceived, by thinkers who believed that we have certain inalienable rights. We have those rights from the Creator. Life, property, work, the pursuit of happiness, and the free engagement in all of our private affairs, belong to us, the citizens, and the responsibility is ours.

According to our American concepts, there is no function of our Government that can go beyond the function of maintaining, protecting, and enlarging those rights. The alternative is a form of government by which the people are subjected, to the unimaginative, unproductive, authoritarian, communistic, socialistic, or pseudodemocratic pressure, if you please. Either we determine to stick by constitutional government or the activities of government by pressure will lead straight to disastrous policies at home and abroad, with inevitable corruption, incompetence, waste, and ultimately the scattering and destruction of the people.

Mr. Chairman, this substitute bill proposes to restore the first principle of all giving, which is, after all, an American concept, that any true gift issues from the heart of the giver and goes from one individual to another. That never occurs through government. Government cannot be charitable in our country. Government is incapable of giving with-

out subjecting itself again to the politics, to the corruption, to the waste we hear of from the committee itself over and over again, day after day. In fact, the committee itself is filled with such mistrust and such misgivings as to how the so-called European recovery program can be made to function, that the committee finds it necessary to fill 70 pages of a bill in order to try to avoid the worst weaknesses that are inherent in statism.

We cease to be a constitutional government if the plan of the committee is accepted. We become ourselves a form of statism, and I mean devil statism, which is akin to communism, socialism, and democracy functioning out of tune with its own true purpose, attempting to exercise the inalienable rights and responsibilities of a free citizenry.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from Mississippi.

Mr. RANKIN. What will be the cost of the bill if the gentleman's amendment is adopted as compared with the original bill?

Mr. GWINN of New York. The cost has now been estimated to be \$500,000,000, which the Government appropriates to World Relief, Inc., which supplements the giving of private individuals in America. At the present time that is the only appropriation. It supplements private giving which we assume would reach at least \$500,000,000 or making a total of \$1,000,000,000.

Mr. Chairman, the Jews have just undertaken to raise \$200,000,000 for relief abroad. Who says that the free American citizen will not voluntarily give the relief which this world needs today? Who says it, I repeat? Why, devil statism in our midst says it.

The burden is too great for you free individuals, you free Americans. You are unable, incapable of voluntarily rising to the world emergency and distributing food and clothing to the hungry and the cold of the world.

The people did not say it. The people are ready to give and to function as freemen must function; but the priests and bureaucrats of State worship come forward and say: "You citizens are too selfish, you are too poor, you are too weak to function as freemen." So it goes all through this committee bill, instead of saying to the American individual: "Go out and with your own funds help to restore the world, repair factories, repair mines, repair the transports, the motors, and the fertilizing plants, and go forward in the only way that we can get food and shelter to the rest of the world, that is by practicing freedom."

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from New York.

Mr. REED of New York. Right along the line of the gentleman's splendid talk regarding giving, in which I concur, may I say that my home city of Dunkirk has raised several hundred thousand dollars in goods, which are now in the hands of the people who need help. It was not a case of government giving or city giving;

it was the individuals of that city who, in response to their impulses to give, raised those funds and the goods that went over to those cities of Dunkirk and Anzio.

Mr. GWINN of New York. Of course, that goes along with all of the effort of Americans to restore and rehabilitate the economy of the rest of the world. The Government cannot do it. Only the individual American, with his genius, his creative capacity, his organization, and his know-how can do this.

Mr. REED of New York. Mr. Chairman, if the gentleman will yield further, right on that question of constitutional limitations, ours is the only government where the people who founded it had the forethought to put in the same law a provision to guard against themselves, guarding against propaganda, and the people are not obeying the limitations in the Constitution.

Mr. GWINN of New York. I thank the gentleman for being so bold as to speak of the constitutional limitations of this Republic. There is nothing more distressing than to see us day after day and month after month fail even to mention the limitations that we contemplated in the beginning and still feel in our soils, lest it cease to remain our free American government and become another kind of government.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from Mississippi.

Mr. RANKIN. As I understand the gentleman's argument, under his bill the relief would go to the individuals who are suffering in Europe, and not to the heads of some governments.

Mr. GWINN of New York. I thank the gentleman. This bill really retains the relief provision of the Hoover Relief Act after the First World War. It took only a paragraph to set in motion the relief that was administered by Mr. Hoover, and which took in both private giving and public appropriations. The people got Hoover food and not food from our statism; or from the Socialists in our State Department to the Socialist cabinets in Europe. By contrast, the Hoover relief was operated along the lines of freedom and free giving. That was Hoover food. That is also what this substitute bill provides for. It is to give to the hungry and not to the political schemers and dreamers of Socialist Europe.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from Pennsylvania.

Mr. RICH. Does the gentleman know of any instances where the American people have failed to rise to an occasion to try to help some foreign country when called upon?

Mr. GWINN of New York. I knew of none until we got into this position of being frustrated and defeated as private citizens by our own statism and reduced to such poverty that we were no longer able to give as we should, or we were denied, through frustration, the rights and privileges of proceeding to give. In conclusion, I would like to include an exchange of let-

ters between a constituent, Mr. Leonard E. Read, and myself:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 22, 1948.

MR. LEONARD E. READ,
Bronxville, N. Y.

DEAR MR. READ: As a valued constituent and one who has helped our thinking greatly in the past, may I implore you to give us the benefit of your thought and information on the European recovery legislation, the so-called Marshall plan, now pending? Is it a necessary part of clearing up World War II and what bearing has it on preventing world war III?

Sincerely yours,

RALPH W. GWINN.

BRONXVILLE, N. Y., March 23, 1948.

HON. RALPH GWINN,
House of Representatives,
Congress of the United States,
Washington, D. C.

DEAR MR. GWINN: I am pleased, as one of your constituents, to respond to your letter of the twenty-third. This gives some point to the work of the past several days in which I have been trying to set forth my personal views on the present war situation.

Because of the nature of my comments I think you should know that I do not come from a line of pacifists. Two sons were flyers in the recent holocaust; I was with the Air Service, AEF, in the former one; my grandfather fought in the Civil War; and a great, great grandfather and a great, great grandfather did their turns in the Revolutionary War.

While for some time I have been aware of a growing war sentiment throughout the country I was not, as no doubt you were not, prepared for anything requiring the hurried debates and the immediate Congressional decisions, which the President's message seemed to call for.

In these days when the declaring of wars is no longer a chivalresque prelude of mass murder, one is forced to a game of guessing as to when a state of war exists.

Discerning persons, however, were aware of a state of war between this country and the Axis powers long before the formalizing ceremonies. Indeed, lend-lease was as much of a declaration on our part as Pearl Harbor was on the part of the Japs. The only distinction was that we put food and ammunition in the hands of those who would do our fighting for us while the Japs put bombs in the ships which they believed were destined to fight against them. Pearl Harbor merely served to activate our part in the war, the part itself had already been determined.

War II is generally thought of as over, but I don't know of anything but minor evidence to suggest that it is. True, there is a respite in the fireworks part, and the American posse, in its manhunt, is after a recent ally who is now considered a new enemy of democracy. But—a substantial part of what is referred to as a war economy is still with us; our present annual Federal budget is one-half the amount of the long-range, over-all, \$75-billion cost of War I; the commander in chief of our Nation has, in an official message to the Congress, identified the new enemy by name, and has, with the pomp and ceremony of a declaration of war, called for his armed forces. Lend-lease? No. This time it is known as ERP, and, with it, the draft and UMT.

Although what apparently is ahead is nothing more than a renewal of war II it will, officially speaking, be known as war III. We now are in that war, irrevocably, unless we are willing to do a thing quite contrary to the American fighting spirit, namely, say, "Excuse, please; we don't really mean it."

If I had stood up to a demented bully and had "told him off" and had invited him into the alley and, then, had discovered that the fracas would destroy both of us and, plus this, had been informed that he would suffer destruction at his own hands anyway, I am one who would, while continuing my setting-up exercises, turn to other pursuits and let the matter pass.

The general tenor of these remarks to you, sir, is to suggest that we not go to war with Russia; that we call the whole thing off; that we disregard what others with a vested interest in our stupidity think of us; and, finally, that we give some attention to our own needed improvement rather than to a reformation of the world, a project for which we have no demonstrated competency whatsoever.

Did you ever try to squash out, with the slap of the hand, a puddle of mercury? And find that nothing was squashed at all, but that you had splattered the metal all over the place? Well, that is about what happened in war II. We tried to promote freedom by force. In so doing we got rid of several totalitarian items—Hitler and his gang—but splashed totalitarianism all over the globe, a lot of it in the United States of America itself. We succeeded only in changing the label and our concept of totalitarianism from nazism to communism, the stuff itself being more prevalent than ever.

What is there in the record to suggest that we shall do a more intelligent job this time? What, if, instead of getting rid, of communism, we should end up with more of it than before? Doesn't the evidence warn us that our gun and bomb techniques of saving the world for freedom have some serious imperfections?

Regardless of the correct answer to these questions, we shall not stop the hostilities now underway unless we are aware of the forces leading us to battle and, thus aware, are ready and willing in sufficient numbers to reverse a decision already made.

These forces divide into two parts. Part one includes numerous despicable items, judged by moral standards. Some of them are:

1. A body of opinion which holds that we are actually enriched by war. This opinion stems from the methods used in financing War II, that is, by monetizing debt, a process that puts more dollars in peoples' pockets while real wealth itself is being destroyed. The term "pent-up purchasing power," used widely by leaders in business and government alike, lent fuel to this foolish fire which still rages.

2. The love of war and all its trappings: the martial spirit; the titles; the medals; the escape from distressing home ties; the camaraderie of the herd for some, and the chance to exercise authority for others; and, above all, the relief that comes to the weak in having the Government or the military take over their cares.

3. The situation or the emergency which war creates and the resulting tendency to maintain war politicians in office, while at the same time extending the political power.

While many minor items add finally to a major force, it is not true that these hateful sponsors of conflict combined, are responsible for the present war fever. But, it is these, added to the notions of well-disposed persons, that account for what ought to be described as a dangerous hysteria.

Therefore, part two, among the motivating forces leading to war, are the two really pernicious notions held by persons of good intent, notions more responsible than all the others together. They are:

1. Russia becomes stronger and a greater military threat to the Western Hemisphere as she acquires more territory and as she enslaves more people.

2. That the way to rid the world of communism is to kill the persons who are Communists.

Regarding the first notion, the two beligerents in War II with the biggest territories and the most people were China and Russia. In offensive warfare China was a total liability to the Allies and, without arms and supplies from America, I think the same might properly be said of Russia. Her most important role was to serve as another bunch of grapes which the stupid fox, Hitler, tried to grab off and, in so doing, became diverted from his defensive task. Russia served as an absorbent, a blotter, as she did against Napoleon in the Franco-Russian War.

Offensively, whether in the air, on the ground, or at sea, even with our equipment, Russia was impotent. The most that can be said is that she was able to follow the Germans as they hastened homeward to protect themselves against the British and the Americans.

Modern wars are not won by the massing of relatively immobile troops or by the amount of occupied land. Modern wars are won, if any war can be said to be won, by a mastery of industrial production and logistics.

Consider Russia's industrial production. Not once since the Communists took over, some 30 years ago, has she had as much as a button, let alone a typewriter, a truck, or an airplane, that could compete in international trade. What, in any important sense, can she really make beyond what vodka and caviar typify?

Logistically? What difference does it make how many divisions Russia has? She has no efficient ships or planes to move them nor any adequate transportation system to feed and supply them, once removed any distance from home base. Nor has she any industry to produce such equipment.

Can she create an industry? No. The socialistic type of human-effort organization is incapable of any such achievement. There does not exist any evidence of this in all history. Should Russia desert her planned and authoritarian economy for a free market economy, in order to create a great industry, then, that simply means the desertion of communism. That means the end of the police state. That writes finis to statism. That means she would no longer be a threat to us or to others simply because free peoples do not fight. They have no reason to fight any more than you and I have reasons to strike each other.

"Oh, but," it is argued, "look at all the natural resources, and the industry of Europe, and the people with the know-how she is taking over." Let's dispose of these three false arguments in their order:

1. Russia, we have reason to suspect, is richer in natural resources than nearly any country on earth. However, Henry Grady Weaver, in his excellent book *Mainspring*, suggests that nothing is a natural resource until after man has made it useful to human beings. Coal was not a natural resource to Julius Caesar, nor crude oil to Alexander the Great, nor aluminum, to Ben Franklin, nor the atom to anyone until 1945. Men may discover uses for any substance. Nobody can know today what may be a natural resource tomorrow. It is not natural resources but the uses man makes of them that really count.

The point is that Russia, under her system of the police state, has not been able to make any significant use of her own resources. Why, then, should we fear that she can make use of the resources of other countries?

2. Now, about industry. How would you like to undertake the organization, today, of an industry on the scale of General Motors or the United States Steel Corporation? Now and then in history there exists a man with these qualities who, when working in a free

market economy with all conditions favorable, can do something of this sort. But, today, with socialism rampant in our own country, with the currency debauched, and with the function of management spread to labor unions and government bureaus, it is doubtful if there is a living person who could perform such a feat.

Now put yourself in Stalin's shoes. What he gets done has to be done by the fear of death rather than by the hope of reward. His monetary and other economic conditions are incomparably worse than ours, bad as ours are. He has been a total bust, industrially speaking, from the day he started. Except in a criminal way, he is not a brilliant person, as indeed a gangster cannot be.

But granting your own or anybody else's organizational brilliance, in these shoes, is there one who dares to say that he could organize all of Europe and a great part of Asia into anything resembling industrial efficiency? If so, he is a genius not yet known to his contemporaries or to history.

The police state does not have, nor is it possible for it to have, any competency for this creative function. It can destroy that which is in it and near it—that is all.

Some may cite the case of Hitler. In that case he drew on a country of great productive enterprise, and skilled entrepreneurs, developed in a condition of freedom much greater than is generally suspected. Hitler merely drained all the reserves from a sprightly people and all they had built, and spent it. Russia, nor any part of Europe today, has nothing like this to draw on.

It is well to remember that industrial rehabilitation is not possible under socialism. As a matter of fact the industrial status quo is even impossible of maintenance, the European recovery program, with all of its American billions notwithstanding. See if any evidence to the contrary can be found, anywhere, anytime. Actually, socialism ought to be regarded for what it is and called what it is: self-liquidationism.

3. Now about the millions of additional people that Russia is enslaving. Do you imagine that these new slaves to Russian tyranny are going to become cooperators? Isn't it more than likely that they will become tormentors, even saboteurs? Can't we see, just from our own day-to-day relationships with people, in the family and in the office, particularly when we try to make them goose-step in accordance with our own designs, that the more neighbors Stalin gobbles up the nearer he is to the crash of his whole house of cards? He is tying millstones around his neck and, being power drunk, believes these to constitute new elements of strength, or at least would have us believe it.

From the standpoint of an armed threat to America or to any part of the Western Hemisphere, Stalin and his automatons are nothing more than a blustering joke.

There are only two remaining things which plague me. One is the atomic bomb which some of my scientist friends claim Russians can produce. Maybe she can and maybe she will use it. Or, maybe she will, if savage enough, do a much easier thing: spread some tubes of virus, that is, engage in bacteriological warfare. Using that process she could hide 10 planes and the crews to man them and, after we had pummelled all the Russian people into submission, she could still exterminate us. Hate, which war breeds, probably would assure this. War, it would seem, is a fruitless way to combat this sort of thing.

The other point that bothers me, as well as most Americans, is the way Russia is "taking over other countries." But she is not doing this with armies. No massed Russian forces marched into Czechoslovakia. Only a set of evil ideas marched in which a minority of Czechoslovakians themselves adopted and put over. Are we, in addition to killing the Russians, to search out and

then judge and then kill these minorities? Who among us, in our executive, legislative, judiciary, or military departments, has the effrontery to say he is qualified for this satanic task? I ask again that we remember our last two efforts to make the world safe for democracy by the use of force. I ask that we ask ourselves, How are we doing? Are we so blind that we would kill off more millions of women and children in the name of righteousness and on behalf of justice?

I should now like to examine the second pernicious idea, namely, ridding the world of communism by killing human beings, that is, by war.

First, what is communism? The answer should be given in two parts; that is, communism as it is commonly thought of, and communism as it actually is.

Most persons think of communism only as it manifests itself politically. They reason that Russians are Communists and Stalin is the head man. The system is rotten principally because Stalin and his secret police are ruthless. Those who disagree are sent to the salt mines, the concentration camps or are shot. Phooey to such a system. The world ought to be rid of it. That's easy. Just shoot the Communists.

Few seem to realize that the gangster, Stalin, is a logical and inevitable consequence of the admission of the socialistic premise. If he weren't the head man someone equally as bad would be. He is where he is just as fungus is on a muck heap. And you don't get rid of a muck heap by scraping off the fungus. Nor do you rid the world of communism by brushing off the Stalins. The problem isn't that simple.

The contest that has to be waged is an ideological contest. The things that have to be destroyed are bad ideas, not the persons who are foolish enough to uphold bad ideas. If killing Russians is our answer to this problem then a lot of suicides are in order here at home.

Communism is an idea, a collectivistic idea. It holds that the individual has no rights, that the individual's role is only that of serving the group; that is, the state. Saint Simon put in words what Karl Marx later held to be the ultimate ideal of communism: "From each according to ability, to each according to need."

Such an objective denies, absolutely, the right to private property; that is, the right to the fruits of one's labor. The greater one's ability, the more one acquires, the more one is forced to give up. Obviously, free competitive enterprise would result in no such apportionment of a nation's goods and services as this principle requires. Therefore, the state ownership of the means of production has to form the keystone of this system.

Now, let's see what happens under this ideological system:

(a) The victim; that is, the person with ability, is deprived of what he produces. This removes his incentive to produce.

(b) The beneficiary; that is, the one in need, who receives unearned rewards, is relieved of the necessity to produce, which, likewise, removes his incentive for production.

(c) Hence, as production declines, the incentives to production having been removed all along the line, this procedure of coercive collectivism must inevitably lead to arbitrary and dictatorial punishment. With voluntary production abandoned, and production being an essential requisite to survival, there is always, and has to be, a way found to whip up production among the ever-increasing nonproducers and, also, among those who the authorities think are insufficient producers. Even the original beneficiaries soon become the victims of the thing they helped contrive.

There is another way to explain how socialistic and communistic ideas inevitably lead to the political horror which, when ex-

perienced, cause even the proponents of these ideas to wail, "But I didn't mean this!"

Suppose, for instance, that you take over the financial care of a widowed sister. Do you let her incur whatever bills meet her fancy, or do you, with the responsibility for this phase of her life, exercise an authority consistent with the responsibility? You must reserve the right to exercise authority in this respect or you run the risk of ruin.

It is the same when the state becomes the caretaker. In whatever area a responsibility is assumed in that area authority is exercised. The socialistic program calls for the state to be all-responsible. The essential concomitant of this is all-authority. Practically, however, this process seldom happens in one fell swoop but, rather, as here in America, it goes on item by item. Eventually, the all-authoritarian state emerges, at the head of which there has to be, by reason of the nature of the job to be done, a Stalin, a gangster. If you would inquire into the philosophical reason for this inevitable consequence I commend the chapter entitled "Why the Worst Get on Top," in Friedrich Hayek's *Road to Serfdom*.

I have several conclusions:

Communism and socialism are basically one and the same thing: the state ownership and control of the means of production. The reason that so many think kindly of socialism and hatefully of communism is that the advocates of state interventionism are often thought of as Socialists while the biggest body of practitioners of interventionism style themselves Communists. There is, however, no real division on this point among the Russians. While calling themselves Communists they call their country the U. S. S. R., the Union of Soviet Socialist Republics.

Communism or socialism—or the same thing, state interventionism here at home—is a philosophy to be despised and explained away. It is not a military threat to be feared and shot away.

War I, as I have said, will, when paid for, have a cost of about \$75,000,000,000. War II, if it can be predicted that it will ever be paid for, will cost not less than \$700,000,000,000!

Financially, Mr. GWINN, I have grave doubts of our ability to digest what we have already incurred. A widespread understanding of complex economic problems, an understanding more to be hoped for than seriously expected, will have to maintain if, in the face of the certain yet-to-come shocks of Wars I and II, we are to regain our voluntary society and the free market economy.

War III? It is unthinkable. Nothing the Russians are able to do to us, now or in the future, or to the rest of the world, now or in the future, could possibly equal the damage War III is certain to inflict.

Have you seen, or are you as a Member of Congress able to procure, a copy of what is officially known as "United States Industrial Mobilization Plan—1947," a document of the Munitions Board? From what I know of it there is revealed an inkling of the controls, the regimentation, the political authoritarianism, that War III will install. While I believe these controls will hamper rather than assist in the prosecution of a war and, therefore, ought not to be adopted, I believe, because of the prevailing state of mind, that they are inevitable should we again go to war. As a matter of fact we are even now employing them.

But it is not merely these controls during war and their assured remnants in the "peace" that I fear. It is rather the disorder, the chaos, the destruction of the market, the growing disinclination to voluntary action, the search for a shepherd and a sheep dog as an escape from self-reliance, the total debauchery of the currency, and the loss of morals, which War III will guarantee, that make me shudder for my country.

Read President Wilson's speech following War I. It said in effect, "Back to your plows,

boys, the Government's control over your affairs is finished." Then, read President Truman's speech following War II. It said in effect, "The emergency is still with us. Continued governmental controls are necessary."

Visualize, if you can, who will be speaking following war III. I could write his speech for him right now. It would say in effect: "The people have placed their powers of decision, their social energies, in my hands. Henceforth, we shall all work for and on behalf of the state."

Thus will America, as we have known it, be at its end. The total state will then be ours. We shall use some such euphony as the cooperative state, but it will be the same old stuff—socialism, or, if you will, communism. For it is out of the muck of war that communism grows, as does alga in a stagnant pool.

Actually, this proposal for war III is an attempt to divide the world into two armed camps. One of these will be supported by American labor, American industry, and American boys in the armed services. It is an open confession that we have lost the peace, and that now, in a world which is prostrate by reason of our attempt to rescue it from one dictator, we are picking up where we left off in 1945 and again bent on saving the world by the intervention of our arms.

This time, however, our enemy takes a different and more difficult form. He does not present us with armies to fight or with cities to bomb. He is scattered all over the world, carrying on his deadly work of disintegrating civilization under the guise of socialism, many forms of labor unionism, of racial and civil-rights battles, and disguised in all sorts of "front" organizations and political movements.

We propose, among other things, to stop him by assisting his principal allies, the Socialist Parties of Europe. We propose to stop him by mobilizing at home and draining further wealth from our country.

We are about to fight an enemy that but few understand, least of all the man trained with guns. We are about to face an opponent whose ways are so devious and who has so many disguises that not only are most of us unable to reach him, but we won't know him when we see him. As a matter of fact, much of the enemy will be in our own ranks. For the essence of the enemy, communism, is a state of the mind.

Nonetheless, in attempting to reach this insidious enemy, we will be furthering the aims of Communist Russia, for we shall be weakening the people of the United States to the point where we will be cut down to Russia's weakness.

I said earlier that Russia could not possibly do anything as harmful to us as would a third world war. War III will assure the state ownership and control of the means of production in America. That is communism.

Here's my point: If we become Communists we will kill each other—kill each other in greater numbers than the Russian Army can kill us. Does that sound fantastic? Well, in this instance, I shall refer only to the record. You will find that the greater the development of authoritarianism in any country the greater is the self-destruction, not merely of productive facilities but of persons. And so it has been in Russia in the 31 years of the Communist regime. It is safe to say that the Russians under communism have killed, starved, and slave-labored to death at least 17,000,000 of each other. That equals the estimated number of soldiers killed in all warring nations during War I and War II.

The reason is simple. Authoritarian arrangements must have a tyrant as head man. Tyrants cannot remain at their posts except as they rid their populations of would-be usurpers and supporters of would-be usurpers. Tyrants kill.

There is no reason, whatever, to believe that such an arrangement would work any differently in America than in Russia. Russian individuals living in Russia aren't any different, by nature, than Russian individuals living in America. As persons they are as good as persons here. The manner in which society is ordered is what accounts for the difference. The issue, really, is between the coercive society with its total state and the voluntary society with its limited government.

Now, my neighbor and friend, I beseech you and your colleagues to be on guard against a sinister influence. It is this. There are several American radicals proclaiming against war with Russia. Men with your noble purposes do not like the idea of getting in bed with them. While I do not necessarily attach any trickery to their own utterances, I totally mistrust the commie slickers who lay down the party line, which, often, is the basis for radical utterances in our country.

For example, I am certain that Stalin and his henchmen want us to approve the European recovery program. Those clever, designing and sly folk would not speak out against it if they did not want it to become a part of our policy. They keep a more accurate account of our political pulse and temperature than we do ourselves. Thus informed, they know that the best way to get us to approve ERP is for them to appear to be against it.

Similarly, in this situation. Getting us into war is the quickest way to effect the world revolution. How better to promote it than to have their fronts here speak against it?

The real threat of communism to Americans is not guns and bombs; it is bad ideas, ideas which would destroy every vestige of individual freedom, every precious personal relationship, every advantage of a voluntary society. Communism's target is our minds. It is there where we must construct our defenses. We must know and understand freedom, so that we may protect it and destroy the insidious notions which are the enemy. No atomic bomb has power to compare with the power of ideas. When we know and practice the ideas of liberty, guns and bombs and virus become but the vestiges of a barbaric past.

I appreciate the privilege you have given me.

Faithfully,

LEONARD E. READ.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HAVENNER. Mr. Chairman, I rise in opposition to the substitute.

(Mr. HAVENNER asked and was given permission to revise and extend his remarks.)

Mr. HAVENNER. Mr. Chairman, during the present debate in the House of Representatives I have heard the bill now under discussion described by some of its opponents as a war measure. I do not subscribe to this belief. Indeed, my controlling reason for supporting the European recovery program is that I am convinced that it offers America's greatest hope for preventing future wars.

Throughout my thinking life I have hated the idea of war. I have feared and distrusted the intrusion of military institutions into the fabric of democratic society, because it seemed to me that the two things were fundamentally incompatible, and that if they were forced to endure side by side, the military influence might destroy the processes of democracy. In my youth I used to imagine fondly that peace on earth could be achieved by resolute application of the

doctrines of disarmament and universal friendship to our national and international policies. I was persuaded that the psychology of peace could overwhelm the forces of war in world relationships. The idea that the young manhood of American could or should be transformed into warriors was utterly abhorrent to me.

Mr. Chairman, I have no apology to offer for the idealism of my earlier life, nor do I now intend to abandon any of it save only that part which stark realism in this bloodshot world has convinced me is temporarily untenable. The dearest thing in life to me is the freedom of the American way of life. My forefathers and yours fought and died to create the Magna Carta of individual liberties, which is the Bill of Rights in the American Constitution. In my humble way, I have always struggled to protect civil liberties in America against every threat of impairment or destruction. Sometimes my devotion to the Bill of Rights has made me a target for bitter criticism and denunciation. There have been occasions when the ugly eye of suspicion was directed at me because I would not submit to outbursts of mass hysteria which sought to set aside some of our constitutional guaranties of the rights of individuals. But I shall continue, so long as I live, to fight for civil rights, individual liberty, and for the preservation of the American way of life.

It is precisely because I hold these things so dear that I have determined to support the pending legislation. I regard it not as a war measure, but as a carefully conceived program to win the kind of peace for which a vast number of young Americans have given up their lives.

Twice during my lifetime the soil of Europe has been drenched with American blood. After the First World War, despite the decisive part our armed forces had played in the defeat of Germany, the Congress of the United States refused to join the League of Nations, which had been created by President Wilson. At that time a majority of the American people, including the present speaker, supported our congressional leaders in adhering to the policy of George Washington and refusing to participate in entangling foreign alliances.

The abstention of America rendered the League of Nations internationally impotent. The League degenerated into a mere debating society, whose futile efforts to preserve world peace soon became the object of open scorn by the military dictators who sprang into power in the bankrupt areas of Europe. Emboldened by their belief that America would never interfere with their ambitions, the German and Italian tyrants proceeded with their program of world conquest. They enlisted the support of Japan. Great Britain attempted a policy of appeasement. The result was World War II and finally Pearl Harbor.

Then the die was cast with respect to our foreign policy in the future. The American people determined, with invincible unanimity, that never again would this Nation refuse responsibility for maintaining the peace of the world.

We invaded Africa, Europe, and the islands of the Pacific. Italy collapsed, Germany was completely crushed, Japan surrendered.

But for the intervention of our armed forces, the outcome of the war would have been totally different. Russia would inevitably have been subjugated by the Axis attack. England could not long have survived. All of continental Europe would now be under Nazi domination. Japan would have completed her conquest of Asia, Australia, and the islands of the Pacific, including the Philippines. And today this country and the entire Western Hemisphere would be in imminent danger of attack by those militant enemies of democracy if, indeed, the attack were not already under way.

In the brief space of three decades America has twice been compelled to conquer the greatest threats in all history to the democratic way of life, and we are now irrevocably committed to the maintenance of peace throughout the world, by whatever means are necessary. Failure in this commitment is unthinkable. It would be a betrayal of our countless hero dead who gave up their lives on battlefields in all parts of the earth in the sacred belief that they were making peace possible for future generations of mankind everywhere.

Today, although the echoes of the recent world conflict have scarcely subsided, we find ourselves confronted with a new and amazing threat to world peace and the democratic way of life. This threat is amazing because it emanates from one of our principal allies in World War II, whose national existence would have been completely destroyed if we had not gone to her assistance when she was staggering under the assault of the Nazi military machine.

Nowhere in all history can any comparison be found for the base ingratitude which Russia has displayed toward America for saving her from utter destruction by the Axis forces. As soon as her triumphant invaders were overcome by the intervention of America's military might, Russia, in effect, declared war upon her savior. She immediately repudiated her previous pretense that she had been fighting with us to make the world safe for democracy. Instead, she denounced the United States as a warmonger and an imperialist menace to the peace of the world, and proceeded by political intrigue to impose her form of totalitarian government on every neighboring nation where human rights and individual liberty had been recognized. Lithuania, Estonia, Latvia, Poland, Yugoslavia, and Czechoslovakia have already been swallowed into the totalitarian maw of communism, and the same threat is now directed at Italy, Greece, and France. It is unmistakably apparent that Russia's program of cold war conquest is ultimately designed to wipe out all of the remaining democracies on the continent of Europe. In every instance where a cold war has been waged America has been held up as the real enemy of the people about to be conquered.

In this ruthless campaign of conquest Russia asserts that she is merely winning

the peace for the future protection of her own people.

The falsity of this pretense is so apparent that America can no longer delay in taking the steps necessary to preserve some measure of safety for the remaining nations of this world whose peoples desire to live in liberty and freedom.

The threat of Russian communism is to destroy liberty and freedom and establish tyranny in every part of the world. The purpose of the Marshall plan is to put a stop to this fanatical campaign and to draw a line across the continent of Europe beyond which the ravages of cold war will not be permitted to extend. This will be accomplished not by force of arms but by peaceful economic and financial assistance to millions of people who were left in poverty and misery by the war and who are unable today to help themselves.

America has a deep moral obligation to aid these people. With our own blood and sweat and tears we freed them from the yoke of Nazi enslavement. They were our allies in the late war, and victory could not have been won without them. We told them that we had entered the war to make the world safe for democracy and freedom, and every American who died in that vast conflict believed that he was making the supreme sacrifice to redeem that sacred pledge. To repudiate such an obligation now would be a betrayal not only of the freedom-loving peoples of Europe but of our own heroic dead as base as the perfidy which the Russian Communists have exhibited since we saved them from national destruction. Such a course by America, the greatest exponent of liberty and freedom in all history is unthinkable.

Ten years ago the American Nation awoke too late to a realization that the Fascist dictators of Europe had embarked upon a military campaign to crush freedom and democracy wherever they could attack that way of life. Before we could mobilize our national resources, Hitler and Mussolini had almost succeeded in their mad adventure and the lives of countless young Americans had to be expended before they were overcome.

Today we face a political program of communism which has the same objectives as those of Hitler and Mussolini but which has infinitely more finesse than the Nazis and the Fascists were able to perfect. The technique of the communistic "cold war" is diabolically clever because thus far it has avoided any overt violation of the recognized principles of international law. But it is now unmistakably apparent that if the Communists succeed in their program for a political conquest of Europe, we of America and the remaining democratic nations of the rest of the world are marked for extinction.

The time has come when the American people, with a steadfast faith in the theory of democratic government, must throw all of our vast national resources, which the processes of democracy have enabled us to acquire in a brief period of history, into a final test against the tyranny of communism. The pending

legislation will pit the political program of democracy and individual liberty against the political program of communism and mass slavery.

Communism is the antithesis of democracy. Under communism one group seizes permanent control of all of the powers of government. Democracy is the product of the age-old struggle of society to prevent the domination of any one class and to provide the greatest opportunity for the individual to work out his own destiny. It is under the democratic system of government that man has achieved the greatest measure of success and happiness in life.

The invariable aftermath of a successful Communist revolution is that a new clique is given the absolute power of exploitation over all of the people. As Supreme Court Justice William O. Douglas said in a recent speech at the University of Florida:

It is as if a vengeful god chased a devil off a throne and then, with the scepter in his hand, became the new devil.

Effective democratic government is the only political antidote to communism. War cannot crush the Communist ideology. Indeed war always leaves in its wake fertile ground for the seeds of communism, which thrive in human misery and suffering. Democracy can be made effective by practical measures which recognize the human rights of all citizens and raise the standard of living at all levels of society.

At home and abroad America's paramount policy must be to promote liberal, humanitarian programs for the benefit of the masses of the people. We must strengthen our own democratic institutions as an example for the democratic forces which we are supporting in other nations. Inability to demonstrate the superiority of the American way of life to every other form of organized society would inevitably mean failure in our efforts to encourage democracy and freedom elsewhere in the world.

In my opinion the most important thing which this Congress could do here at home would be to raise and extend the standards of our social-security system so that the United States would lead all the nations of the world in caring for its aged and infirm citizens, and in wiping out poverty. Russia's most telling challenge to the American democracy has been its boast that all the people of Russia enjoy complete social security, and her sneering taunt that in America, the land of the rich, poverty is prevalent.

Last year the leadership of the House turned thumbs down on social-security legislation, and nothing was done. Recently, however, a ways and means subcommittee has been appointed to consider amendments to the Social Security Act, and I earnestly hope it will do the kind of a job that ought to be done. If we want the hundreds of millions of people in the world to be in the democratic ranks, we must show them the way with practical programs of social reconstruction.

Mr. Chairman, one of the greatest social crises in all history confronts the world today. Inexorable forces are

sweeping over the face of the earth, and the fate of western civilization is at stake. This is the hour of destiny for the American people. Upon their wisdom and their courage depends the survival and extension of democratic government. The pending bill is designed to meet this challenge. I shall vote for it with confidence in its integrity and high purpose.

Mr. GAVIN. Mr. Chairman, I move to strike out the last word, and rise to speak in support of the amendment offered by the gentlemen from New York [Mr. GWINN].

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. GAVIN. Mr. Chairman, some time ago I noticed in the Washington Post a story stating that 50,000 Communists were gathered in Rome. I wondered with conditions as they are in Italy, particularly as far as transportation is concerned, how 50,000 people could come into Rome unless they had some vehicles to transport them. On the tour of Europe last fall while we were in Rome, we visited the American cemetery at Nettuno near Anzio, which is, I would estimate, 50 or 60 miles from Rome, where we saw the graves of 7,499 American dead, a number of boys from my part of my State of Pennsylvania. On the way to Anzio in the forenoon I noted gatherings of people along the road. I was advised that these were people belonging to farm cooperatives who were assembling to attend a rally in Rome that night. On the way back from Anzio I noted that these groups were in trucks on their way to Rome with the big red flags with the insignia of the hammer and sickle emblazoned thereon flying from the trucks. One truck particularly, a comparatively new Dodge truck, took my eye. So at the briefing with the military and State Department officials the next morning, I inquired as to how they secured these trucks. If my memory serves me correctly, I was informed that they were surplus war material purchased through a corporation which had been formed and which is known as ARAR, which is an abbreviation for the name Azienda Relievo Alienazione Residuali. After considerable discussion at this briefing of the military and State Department representatives we were informed that it was a branch of the Italian Government. Since my return, I have made some inquiries about ARAR, and have been advised that this is an Italian corporation which acts for and on behalf of the Italian Government in the purchase of surplus property, and that all types of surplus materials have been purchased by this corporation, military as well as civilian. At the time this surprised me greatly to know that such a corporation was in existence as a part of the Italian Government and able to buy surplus war material because I was of the opinion that the Italian Government was pretty much broke. So in my inquiries after my return, I ascertained, and this comes from the State Department, and I will quote:

During our conversation, the total number of 76,192 vehicles sold up to April 30, 1947, was discussed. On that date, approxi-

mately 77,000 vehicles were left for sale and it is assumed that most, if not all, have been sold by this date. The following table answers in detail your request for types of equipment handled by the ARAR:

	Sold up to Apr. 30, 1947	On hand Apr. 30, 1947 ¹
Jeeps.....	7,837	4,854
Trucks (up to 1-ton).....	8,173	1,050
Trucks (1- to 3-ton).....	7,108	11,549
Trucks (3- to 10-ton).....	18,008	25,409
Trucks (over 10-ton).....	788	818
Ambulances.....	1,981	4,110
Miscellaneous.....	2,252	7,534
Trailers.....	5,976	16,730
Motorcycles.....	16,632	3,751
Italian vehicles.....	3,368	209
German vehicles.....	4,069	828
	76,192	77,842

¹ Sold at rate of 10 to 12 thousand per month.

The larger purchasers of this equipment were transportation companies, trucking firms, Italian state railroads, farm cooperative groups, and the Fiat Motor Co., which bought large quantities, reconditioned the equipment, and sold it in smaller quantities to smaller groups. While it is known that some of the farm cooperative groups have Communist members or may be Communist-controlled, the majority of these farm cooperative organizations are free from Communist domination.

I was also surprised to know that ARAR would be permitting our surplus materials to fall into the hands of Communist sympathizers.

What I would like to know is why our Government would sell our materials to such a corporation and how it was financed.

I would also like to know who determined the policy permitting the sale of surplus materials to this corporation; materials which fell into the hands of Communist groups.

So, it looks as though we are furnishing the money to sharpen the razor to cut our own throats.

Recognizing the fact that conditions in world affairs are desperate and critical, and, if these trucks were surplus war material and fell into the hands of Communist sympathizers through this organization, ARAR, what assurance do we have that this program is to be properly administered and what we supply through the European recovery program will not be handled by this same ARAR group.

This whole program should be disassociated from the State Department and placed in the hands of people who will do the kind of a job we want done, to secure the results anticipated.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAVIN] has expired.

Mr. GAVIN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. Now we are going into another colossal program of world spending and it should be handled in a hard-headed, practical manner by sound, clear-thinking, experienced operators and not a lot of world-thinking do-good-

ers. When I tried to find out who determined the policy that would sell our surplus war material to a corporation that would permit it to fall into the hands of communistic sympathizers, I was unable to get any information.

Now, again, today, we are asking who is going to administer this program of five or six billion dollars. If it is the same old crowd you might as well pour it down the drain. Before we do anything we ought to find out who is going to head up this European relief program. Are you going to have another instance where American trucks, jeeps, trailers, and motorcycles fall into the hands of communistic sympathizers, equipment that may eventually be used against us? As my good friend the gentleman from New York [Mr. GWINN] said, it is about time we woke up and took a stand and demanded to know who is going to do this administrative job and how it is going to be handled and what results we are going to obtain for this several billion dollars we are to spend. The whole program is a gamble, purely speculative, but if the gamble is made—and it is a gamble—we are entitled to know and we should know before we take action on this important measure today as to who is going to handle this job of spending billions of dollars of the American taxpayers' money.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

THE SO-CALLED MARSHALL PLAN

Mr. RANKIN. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Chairman, no man in Congress has fought communism harder than I have. No man in Congress has taken more abuse than I have taken from the Communists and their sympathizers in our midst, from the ones on the Federal pay roll to the ones in our educational institutions, who have been busy trying to undermine and destroy everything for which America stands.

Therefore, when I rise to speak in the interest of my own country, I do so conscious of the condition of the world and of the intrigues being carried on in this country to undermine and destroy our Christian civilization as well as our American institutions and our American way of life.

If every man in this House were to vote his honest, conscientious conviction, this bill would be either defeated or re-committed to the committee by an overwhelming majority; and that is what should happen.

Then we should bring out a bill from the Military Affairs Committee to construct the strongest air force on earth; to return the atomic bomb to our military authorities, and let the world know that America is ready to defend and protect herself. That would do more than all the billions of our taxpayers' money you could possibly pour into the sink-holes of Europe and Asia.

It will take the overburdened taxpayers of this country a hundred years to pay off this \$17,000,000,000 of debt called for by the so-called Marshall plan.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield for a question.

Mr. RICH. Is it not a fact that the materials we ship now under this bill will go into the hands of the enemies instead of the ones we intend to help?

Mr. RANKIN. We have practically no assurance that what we ship to Europe or to Asia will not ultimately fall into the hands of the Communists.

When I was at home last year I talked with a young man who was a captain in our Army and was stationed in China for 2 years. He asked me why we proposed to send money to feed the Chinese. He said that they have been starving to death by the tens of thousands in China for thousands of years. He said he saw them die by the roadside, the dogs eating their dead bodies, and the other Chinese fleeing past and never stopping to pick them up.

Yet you come in here with a proposition to dig down into the pockets of the overburdened taxpayers of America, take \$570,000,000 of their money, and send it to China.

The people at home last year asked me how I stood on the Marshall plan. I said that I first wanted to try out the Rankin plan. They asked me what it was. I said that it was for those lazy people in Europe to sober up, get out and go to work; then if they needed more money we should let them extend their own credits, and not ask us to add further to the load of the overburdened taxpayers of America. I never had a single man from one end of the State to the other take issue with me on that subject.

There is not a country in Europe, including Great Britain, that is as deeply in debt as the United States.

I am going to support the amendment offered by the gentleman from New York [Mr. GWINN]. I think it is a sensible one, and I believe it should pass. Its errors can be corrected in conference.

Then let us bring out a bill here to restore or to build up our aviation corps, make this country strong and powerful,

and let the world know we are prepared to take care of ourselves.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Georgia.

Mr. COX. Let me say to the gentleman from Mississippi that it is my belief that this bill could be used to wreck this country if it is to be administered by the people who made the program. I support it because of the strength of my hope that the President will exercise care in the naming of an administrator; for, as the committee sponsoring the bill stated in their magnificent report time and time again, the success of the plan depends upon the people who administer it.

Mr. RANKIN. Mr. Chairman, I sympathize with the gentleman in his supreme optimism with reference to the wisdom of the President of the United States, after his miserable fiasco in dealing with the so-called civil-rights program.

I have no such illusions. I saw what went on with UNRRA. You dug down into the pockets of the American people and poured money by the billions into the pockets of a gang of well-dressed strutting individuals in Europe, and it was not worth a tinker's dam to the recovery of devastated Europe. It did not do anything to help the people of Europe to recover. In fact, I think it really hindered recovery.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. REED of New York. While there are hundreds of things about this bill that I fail to understand because I do not know what is going on behind the iron curtain—for instance, I just had a document from one of the most distinguished Members of this House, the gentleman from Virginia [Mr. BLAND], in which it is stated that we are destroying our merchant marine. In 2 years we have given away 1,500 ships, and under the European relief bill it is proposed to give away 200 more in violation of the very act we passed here recently.

Mr. RANKIN. Let me say to the gentleman from New York [Mr. REED] and to every other Member: Do not forget

that you are going to have to answer for this measure when you go home.

I know there is a wave of propaganda for it; I know there is a group of international bankers clamoring for it. I know the Steel Trust and the big oil interests are for it.

They tried something like this right after the last war. They brought in a resolution, the gentleman from New York [Mr. REED] I am sure will remember, to cancel the Italian debt or to extend it for 62 years, knowing that no international debt had ever been paid that had been extended beyond the life of one generation. I fought it, and I believe the gentleman from New York [Mr. REED] fought it; but they wanted to cancel that \$2,000,000,000 debt in order to increase Mussolini's credit in New York.

How much longer are we going to be led into these blind alleys?

I represent about the hardest-working people in America. I am going to put into this RECORD some statistics showing just what this measure will cost them, this and the other billions of their dollars that have been poured into the sink-holes of Europe—and Asia.

The time has come for Americans, for their Congressmen, to respond to the call of duty and pass laws to protect America, and give the world to understand that we are going to look after our own country and after our own people first.

Then we will be respected, and no nation on earth will dare attack us.

As I said, I represent a district of hard-working people. They pay their share of the Federal taxes. The same thing can be said of the people of the entire State of Mississippi.

I am inserting some tables showing the population of each county, the share of each county in the foreign-aid commitments of this Government from July 1, 1945, to June 30, 1947, and also the share of the foreign aid for the people of each county under the proposed European recovery plan 1948-52, the share of the total foreign aid provided and proposed for the people of each county in the State, and also the county ad valorem and poll taxes paid by each county for the fiscal year 1941.

The matter referred to follows:

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of counties of Mississippi

County	Population, 1940	Share of all foreign-aid commitments July 1, 1945, to June 30, 1947 (population X \$183.03) based on \$24,099,211,087	Share of foreign aid proposed under European recovery plan 1948-52 (population X \$129.11) based on \$17,000,000,000	Share of total foreign aid provided and proposed 1945-47, 1948-52 (column II plus column III) based on \$41,099,211,087	County ad valorem and poll taxes, fiscal 1941
	I	II	III	IV	V
Adams.....	27,238	\$4,985,371	\$3,516,608	\$8,502,069	\$165,336.93
Alcorn.....	26,969	4,936,136	3,481,968	8,418,104	197,565.65
Amite.....	21,892	4,006,893	2,826,476	6,833,369	139,539.30
Attala.....	30,227	5,532,448	3,902,608	9,435,056	202,434.56
Benton.....	10,429	1,908,820	1,346,488	3,255,308	60,625.19
Bolivar.....	67,574	12,368,069	8,724,479	21,092,548	601,978.75
Calhoun.....	20,893	3,824,046	2,697,495	6,521,541	122,474.83
Carroll.....	20,651	3,779,753	2,666,251	6,446,004	114,733.39
Chickasaw.....	21,427	3,921,784	2,766,440	6,688,224	135,602.68
Choctaw.....	13,548	2,479,690	1,749,182	4,228,872	89,993.25
Claiborne.....	12,810	2,344,614	1,653,899	3,998,513	105,663.52
Clarke.....	20,596	3,769,686	2,659,150	6,428,836	181,665.80
Clay.....	19,030	3,483,061	2,456,963	5,940,024	91,190.62
Coahoma.....	48,333	8,846,389	6,240,274	15,086,663	360,333.86
Copiah.....	33,974	6,218,261	4,386,383	10,604,644	240,288.50
Covington.....	17,030	3,117,001	2,198,743	5,315,744	113,280.81
De Soto.....	26,663	4,880,129	3,442,460	8,322,589	221,867.66
Forrest.....	34,901	6,387,930	4,506,068	10,893,998	219,327.25

Total cost of foreign aid apportioned on a Nation-wide per capita basis as applied to the population of counties of Mississippi—Continued

County	Population, 1940	Share of all foreign-aid commitments July 1, 1945, to June 30, 1947 (population × \$183.03) based on \$24,099,211,087	Share of foreign aid proposed under European recovery plan 1948-52 (population × \$129.11) based on \$17,000,000,000	Share of total foreign aid provided and proposed 1945-47, 1948-52 (column II plus column III) based on \$41,099,211,087	County ad valorem and poll taxes, fiscal 1941
	I	II	III	IV	V
Franklin.....	12,504	\$2,288,607	\$1,614,391	\$3,902,998	\$73,914.29
George.....	8,704	1,593,093	1,123,773	2,716,866	90,402.03
Greene.....	9,512	1,740,981	1,228,094	2,969,075	74,820.27
Grenada.....	19,052	3,487,088	2,459,804	5,946,892	153,162.31
Hancock.....	11,328	2,073,304	1,462,558	3,535,862	148,333.84
Harrison.....	50,799	9,297,741	6,558,659	15,856,400	675,170.56
Hinds.....	107,273	19,634,177	13,850,017	33,484,194	765,151.02
Holmes.....	39,710	7,268,121	5,126,958	12,395,079	327,739.63
Humphreys.....	26,257	4,805,819	3,390,041	8,195,860	359,688.12
Issaquena.....	6,433	1,177,432	830,565	2,007,997	96,455.63
Itawamba.....	19,922	3,646,324	2,572,129	6,218,453	104,284.65
Jackson.....	20,601	3,770,601	2,659,795	6,430,396	161,057.22
Jasper.....	19,484	3,566,157	2,515,579	6,081,736	142,483.09
Jefferson.....	13,969	2,556,746	1,803,538	4,360,284	103,261.38
Jefferson Davis.....	15,869	2,904,503	2,048,847	4,953,350	118,307.97
Jones.....	49,227	9,010,018	6,355,698	15,365,716	347,888.85
Kemper.....	21,867	4,002,317	2,823,248	6,825,565	100,533.65
Lafayette.....	21,257	3,890,669	2,744,491	6,635,160	88,743.80
Lamar.....	12,096	2,213,931	1,561,715	3,775,646	100,824.30
Lauderdale.....	58,247	10,660,948	7,520,270	18,181,218	423,486.86
Lawrence.....	13,983	2,559,308	1,805,345	4,364,653	95,795.81
Leake.....	24,570	4,497,047	3,172,233	7,669,280	144,096.15
Lee.....	38,838	7,108,519	5,014,374	12,122,893	252,893.17
Leflore.....	53,406	9,774,900	6,895,249	16,670,149	391,482.21
Lincoln.....	27,506	5,034,423	3,551,300	8,585,723	196,664.31
Lowndes.....	35,245	6,450,892	4,550,482	11,001,374	133,104.09
Madison.....	37,504	6,864,357	4,842,141	11,706,498	222,837.01
Marion.....	24,085	4,408,278	3,109,614	7,517,892	122,009.63
Marshall.....	25,522	4,671,292	3,295,145	7,966,437	140,397.83
Monroe.....	37,648	6,890,713	4,860,733	11,751,446	156,663.87
Montgomery.....	15,703	2,874,120	2,027,414	4,901,534	105,772.85
Neshoba.....	27,882	5,103,242	3,599,845	8,703,087	113,558.96
Newton.....	24,249	4,438,294	3,130,788	7,569,082	161,381.79
Noxubee.....	25,669	4,698,197	3,314,125	8,012,322	136,634.49
Oktibbeha.....	22,151	4,054,298	2,859,916	6,914,214	102,648.14
Panola.....	34,421	6,300,076	4,444,095	10,744,171	169,775.03
Pearl River.....	19,125	3,500,449	2,469,229	5,969,678	215,438.73
Perry.....	9,292	1,700,715	1,199,690	2,900,405	71,910.97
Pike.....	35,002	6,406,416	4,519,108	10,925,524	263,401.60
Pontotoc.....	22,904	4,192,119	2,957,135	7,149,254	142,531.50
Prentiss.....	20,921	3,829,171	2,701,110	6,530,281	121,222.17
Quitman.....	27,191	4,976,769	3,510,630	8,487,399	235,661.55
Rankin.....	27,934	5,112,760	3,606,559	8,719,319	161,154.17
Scott.....	23,144	4,236,046	2,988,122	7,224,168	130,405.20
Sharkey.....	15,433	2,824,702	1,992,555	4,817,257	221,561.95
Simpson.....	22,024	4,031,053	2,843,519	6,874,572	131,259.11
Smith.....	19,403	3,551,331	2,505,121	6,056,452	122,626.71
Stone.....	6,155	1,126,550	794,672	1,921,222	66,072.94
Sunflower.....	61,007	11,166,111	7,876,614	19,042,725	473,809.10
Tallahatchie.....	34,166	6,253,403	4,411,172	10,664,575	268,621.07
Tate.....	19,309	3,534,126	2,492,085	6,027,111	129,186.98
Tippah.....	19,680	3,602,030	2,540,885	6,142,915	92,828.91
Tishowingo.....	16,974	3,106,751	2,191,513	5,298,264	138,707.30
Tunica.....	22,610	4,138,308	2,919,177	7,057,485	203,623.23
Union.....	21,867	4,002,317	2,823,248	6,825,565	185,269.68
Walthall.....	17,534	3,209,248	2,263,815	5,473,063	71,057.83
Warren.....	39,595	7,247,073	5,112,110	12,359,183	296,382.75
Washington.....	67,576	12,368,435	8,724,737	21,093,172	545,457.62
Wayne.....	16,928	3,098,332	2,185,574	5,283,906	125,389.29
Webster.....	14,160	2,591,705	1,828,198	4,419,903	117,539.69
Wilkinson.....	15,955	2,920,244	2,059,950	4,980,194	90,226.04
Winston.....	22,751	4,164,116	2,937,382	7,101,498	137,883.98
Yalobusha.....	18,387	3,365,373	2,373,946	5,739,319	130,202.75
Yazoo.....	40,091	7,337,856	5,176,149	12,514,005	285,442.03
Total for counties.....	2,183,796	399,700,182	281,949,902	681,650,084	15,640,202.31

These figures were prepared for me by experts in the Library of Congress, and if you will study them carefully, you will see that this total foreign-aid program will cost the people of each county on an average of as much as their ad valorem and poll taxes will amount to in 40 years.

This will show you the staggering burden this program will impose upon the people I represent—as well as the people of the entire State of Mississippi, and every other State.

One of the most enlightening articles I have found on this subject was written by Mr. Henry J. Taylor, and appeared in the March 1948 issue of the Cosmopolitan magazine.

Along with that article is the following statement, which I trust everyone who is interested in this subject will scan carefully:

FORTY-NINE THOUSAND FOUR HUNDRED TRAINS

The Marshall plan, now in debate in Congress, means free to Europe 13,200 trainloads of coal, 11,300 trainloads of grains, 10,200 trainloads of meat, 4,900 trainloads of steel in the equivalent of steel ingots, 4,100 trainloads of fats and oils, 3,700 trainloads of sugar, 1,500 trainloads of cotton, 152,000 trucks, 26,000 freight cars, 200 more merchant ships in addition to the 800 we have already given away.

It means \$500,000,000 in free American electrical equipment, everything from power-houses to punch drills; another \$500,000,000 in new American oil refineries and pipe lines; \$400,000,000 worth of American steel plants; \$2,200,000,000 in oil, gasoline, and grease to be shipped free; \$1,200,000,000 in iron and steel. Countless thousands of other items are involved. The shipments would begin at once.

So far only 4 years are included in the plan, and only a part of western Europe. The bill, \$17,000,000,000, to be paid by every man and woman who works in America. Other bills

that would be set by this pattern: (1) Asia, (2) Latin America, (3) the Middle East, and (4) Indonesia are yet to be heard from.

The article of Mr. Taylor to which I referred is entitled "Will You Buy the Marshall Plan?"

It reads as follows:

Look in your cupboard, coal bin, or clothes closet. There you will see the future workings of the Marshall plan.

Look at the prices in the grocery store. Ask yourself why it is hard to build a house or get a car. What are you paying for milk? For meat? Ponder tonight the connection between the steel famine and your own job security, the oil shortage and this country on wheels, the machinery scarcity and the problem of new production to whip inflation. Now you and I are ready to think about the Marshall plan.

For the Marshall plan—officially known, since Secretary Marshall disavowed that title, as the European recovery program—does not

mean dollars. It means goods—mostly the same goods that America itself needs.

Never before in the history of the world has a relief proposal like this subsidy in goods been assembled.

It means the difference between the products that 16 European nations (chiefly Britain) believe they need and the products they can produce or buy in the next 4 years—with America donating that difference.

We American people are already paying the bill for the Government's postwar relief programs abroad at the annual rate of \$376 per United States family. By this proposal the bill would be built up to \$362 per American family by 1951.

Accordingly, the pocketbook, the personal welfare and the future of every American citizen are directly involved in the question: Will you buy the Marshall plan?

Knowing that every farm, every home, every factory, every pay roll, prices, pensions, taxes, individual security, and the basic stability of the United States are all directly affected, it is up to each of us to be honestly informed and to answer. For now is the time the question must be decided in Congress in accord with the will of the people.

What is our will? Given the facts, we can find our own way to this answer for both our own good and also the good of the hard-pressed world. But we need to know the plain, unvarnished truth. And, at the moment, propaganda rules the roost.

It is not enough to say we want to help Europe—the needy, the heartworn and weary. Everyone agrees about that. In the past years of war unnumbered men have died to give humanity another chance. We who remain cannot say goodbye to their efforts—not when we remember that they said goodbye to life itself. But to humanity, in the end, it is results—not pronouncements—which count. And in these critical times we cannot indefinitely postpone getting real results from anything we do for relief and recovery abroad.

The war has been over nearly 3 years. After all, something must be wrong with the way we have aided Europe so far, or the gigantic postwar aid already given would have helped more than it has and possibly won us more friends.

Our world-recovery donations (\$22,000,000,000 since the end of the war) have failed to achieve their promised objectives. If they had not failed we would not now be called upon to send so many new billions.

But when earlier expenditures fail to deliver promised results, attention is generally distracted from the failures by making new promises and putting the objectives on an even wider base. New labels are sought, new slogans concocted, new arguments advanced. Generalities about the future smother the facts and fashions of the past.

What are the chief arguments usually advanced for our buying the latest plan now that it is no longer merely an idea with good objectives, but has become a specific piece of proposed legislation, presented on an "all or nothing" basis?

1. We must protect western Europe from the Communist menace.
2. Our own economic self-interest (i. e., avoiding a depression) is involved.
3. We can afford to be generous on this scale on a humanitarian basis.

Before we examine the validity of these arguments, let's see how and where the plan really began.

It began in London. I was there when it started. While it was being put together abroad, I journeyed to most countries involved: England, France, Italy, Greece, Switzerland, Belgium, Luxembourg, Holland, and Germany. I went to Paris while it was finally being thrashed out there. I came home and saw it finished in Washington, D. C.

Much of the European story behind the headlines and public speeches has not been

told. The facts about the birth of the plan abroad, the inside inter-European commitments and cross-trades, the amazing contradictions in the program itself—all are vital, but smothered. The effect on us in our homes and work places is certainly not clearly understood. So come to London for the real beginning.

In January 1947 British Foreign Secretary Ernest Bevin notified Secretary Marshall that new large-scale American aid for England was necessary, or Britain would suffer economic collapse by June.

He made a request that was kept top secret. He asked for the equivalent of five and a half billion dollars over the next 4 years. The 1945 congressional grant of \$3,750,000,000 was being consumed at twice the rate anticipated. It was passing through the British economic system without long-term effect.

Bevin's preliminary appeal for a new loan was not made known to either the American or British public. Even the forthcoming crisis itself, foreseeable from the inside, was played down until it burst full-blown in July. Meanwhile, this is what was happening:

In a series of January dispatches to London, Secretary Marshall told Bevin that in his opinion Congress would not again appropriate a large, new fund for Britain except possibly as part of a general economic program for European recovery. Congress had objected to the original British loan because it did not represent a rounded European solution.

Throughout February, Bevin replied that the British Government understood this objection, in principle, but—as at the time of the original 1945 grant—England could not wait for such a widespread program.

In London you could see that a feeling of being bogged down permeated the British Foreign Office. Bevin needed action. He got it. He implemented his claim for separate aid by suddenly announcing that Britain was so hard-pressed that she would have to withdraw immediately from Greece.

Bevin ruffled tempers in the State Department, for he announced this in Washington and London at the same time, and publicly. But the American agreement to take Britain's place in Greece (with Turkey later included), and to vote \$400,000,000 for this purpose was the answer.

Revealed March 12 as the Truman doctrine, this was, in fact, a stopgap substitute for new, large, and direct aid for England, which it was clear Congress would not grant.

Prospective British withdrawal from obligations in western Germany, and the assumption of these occupation costs by America were agreed to at the same time. But this part of the agreement remained top secret, and announcement was withheld until November.

Nevertheless, British insistence on straight separate aid did not slacken. The pressure was increased throughout the spring, not only on President Truman and Secretary Marshall, but also on most members of the United States Cabinet, and especially on Secretary of the Treasury Snyder. That pressure had reached a climax by June 1.

On June 5 Secretary Marshall made his now famous commencement speech at Harvard. He was speaking primarily to England—a fact fully realized by Bevin but lost on the British and American public alike—when he said, in three sentences, that further large-scale American aid could be expected only as a part of a general coordinated European program. With that, Secretary Marshall dropped the subject. But when Mr. Bevin tagged it the Marshall plan, the force of a great American name was lent to the subsequent European proposals.

I was in London when the British Ambassador in Washington confirmed the fears of the British Government that England had

lost her priority on American assistance. At that point what has since been called the Marshall plan became really the Bevin plan. It became Secretary Bevin's responsibility to construct an outline for American aid to other countries in such a manner that approximately the same amount of aid would go to Britain as if the separate aid, asked for in January, had been judged agreeable to Congress.

This Mr. Bevin accomplished in the Paris meetings of 16 nations during July, August, and September, which I went to Paris to observe.

Mr. Bevin's January appeal to Secretary Marshall for \$5,500,000,000 went into the Paris plan from the outset, and stayed there.

France and Italy objected strenuously to the British proportion. But they played along with England's big, long-term proportion in exchange for a bird-in-hand understanding that England would support immediate United States stopgap aid for them amounting to \$685,000,000.

Mr. Bevin agreed. The British Government went on record with Secretary Marshall as urging \$685,000,000 American stopgap aid for France and Italy—\$227,000,000 to Italy, \$458,000,000 to France. They got \$540,000,000 in stopgap aid on December 19.

Now the time has come to act on the long-range presentation—predominantly aid to Britain, plus the additional collateral reliefs.

The overshadowing aid-to-Britain feature was kept carefully under wraps, a fact first noted by Washington newspaperman Peter Edson.

Page after page of other statistics are supplied in the official presentation to Congress. But in all the 131 pages, the percentage of American aid allocated to each country and the predominant share scheduled for England are not revealed. It required a separate investigation to obtain for this article the official figures showing where our billions would go, country by country.

Here are the facts:

England	\$5,348,000,000
France	3,701,000,000
Italy	2,918,000,000
United States-British zone,	
Germany	2,499,000,000
Holland	2,436,000,000
Belgium-Luxemburg	1,419,000,000
Austria	713,000,000
Denmark	582,000,000
Ireland	497,000,000
Greece	473,000,000
Norway	234,000,000
Portugal	150,000,000
Iceland	88,000,000
Turkey	18,000,000
Total	21,021,000,000

Sweden and Switzerland are in for nothing. Actually they expect a favorable trade balance of about \$176,000,000. This means net requests for over \$20,000,000,000 from Uncle Sam. The difference between that figure and the announced \$17,000,000,000 is to be made up chiefly by the International Bank and Monetary Fund, which is also 30 percent United States taxpayers' money.

England's \$5,348,000,000, which is one-third of the \$17,000,000,000 in the Marshall plan, is exactly the amount asked for by Bevin in January, 6 months before Marshall attempted to answer England at Harvard University.

That, in brief, is the background of the plan. Now let us consider the arguments advanced for its support.

Is the threat of communism in western Europe a valid argument? If so, Britain's 32 percent share in the funds must be automatically excluded from this claim. No one has even suggested that the British people are on the verge of voting Communist under any circumstances.

This is admittedly and equally true of 9 more among the 15 other countries involved:

Ireland, Iceland, Denmark, Portugal, Belgium, Luxembourg, the Netherlands, Sweden, and Switzerland. These represent another \$5,000,000,000; a billion dollars to Ireland and Denmark alone.

The Communist problem in two other countries involved, Austria and Greece, is commonly conceded to be military, not economic. This means that anticommunism appeal for us to buy the plan, is largely confined to France and Italy, where communism has been consistently losing ground in the grass roots for over 2 years; and western Germany where the last Communist vote was 7 percent, Turkey, 4 percent.

Once revealed on a country-by-country basis the anti-Communist angle in the overall, all-or-nothing seventeen-billion-dollar presentation takes on a different aspect. And, in any case, few military men would care to argue that dollars alone would be effective if the Red Army marched.

What about the argument that America's economic self-interest is involved, that we must export to avoid depression?

We are in a fight against inflation. Yet nothing could be more inflationary than vast exports at public expense, not repaid, striking us squarely in our shortages.

Our exports in 1947 totaled \$14,500,000,000, chiefly free. Our balancing imports were \$5,500,000,000; an over-export gap of \$9,000,000,000. We know, or should know, these exports are abnormal.

Our real trouble today is that the home demand—to say nothing of foreign gifts—is far in excess of our ability to produce.

We need not worry about a falling off in demand for things we can't produce. We should not buy that idea. If there is to be a decrease in our exports—and that appears to be the thing the foreign-relief planners and other prophets of our domestic doom seem to fear—this is the best possible time to absorb the reduction. They should either admit this fact or else not claim they are trying to fight inflation. Both contentions cannot be true. If there is really going to be boom and bust, all we have to do is ship enough goods abroad for which we won't be paid to assure it. We went on that ride once before—after the last war.

And the argument that we can afford to be this generous on a humanitarian basis? This is the major claim on which the issue must be decided and changes in the commitments made or not made in the plan.

It is the direct cost at home and the results abroad which must be considered.

Our civilization is founded on compassion and charity. The deep and honest desire of the American people is to help people abroad as much as we can within good and generous limits. No other nation in the history of the world has ever regarded the rest of the world in this light. That is another reason why we can be proud we are Americans. But this does not permit continually giving Europe a blank check on our resources or on our lives.

Further, why are we not told clearly a little-known fact about our official charity; namely, that our aid does not actually reach people abroad as a free gift, as millions of Americans suppose?

By and large, the people abroad buy from their governments or middlemen what our Government sends free. They do not receive our gifts as charity. Their governments, and others overseas, pocket the difference. Practically none of the official donations of the United States Government end up as charity to the wretched. That is why so much of our vast aid is unknown to individuals in Europe.

In our own government, who finally constructed the Marshall plan? Who wrote the President's presentation?

Clark Clifford and Charles Murphy, young White House advisers, did the actual writing. A young task force put the program together, directed by Under Secretary of State Lovett.

"We started to figure this thing out on the back of an envelope, and it got slightly out of hand," explains Charles Kindleberger, 37, a State Department adviser on financial policy.

Earlier reports by the Krug, Harriman, and Norse committees were purely advisory, and the vital administrative features recommended in the Harriman report were ignored. The names of the actual planners hardly carry national prestige. These are the men in the Washington task force who came up with the final answers: Charles Bonesteel, 3d, State; Frank Southard, Treasury; Frederick Northrup, Agriculture; James Boyd, Interior; Philip Kaiser, Labor; Col. Raymond M. Cheseldine, Army Civil Affairs; Thomas Blaisdell, Commerce; Burke Knapp, Federal Reserve; and a special State Department planning group consisting of William Bray, Lincoln Gordon, Ernest Gross, Arthur Kimball, Charles Kindleberger, Paul Nitze, William Phillips, Harold Spiegel, and Walter Surrey. Nearly all are in their thirties. Theirs was the program which was finally taken to Congress with the request for a 4-year commitment and \$17,000,000,000; all or nothing.

Will the plan, if adopted, be ably administered? No one can say, but we will have to do better than we have been doing. Look at the way we have handled our No. 1 problem—Germany.

As working people in America, our dole to Germany is costing us about a billion dollars a year.

The Marshall plan countries surrounding Germany—Switzerland, Holland, Denmark, Sweden, France, Italy—whose economies are interwoven with Germany's productivity, suffer through the German paralysis. So most are among the 16 nations now asking us for aid. With Germany on a dole, they must ask us for a dole too.

Accordingly, in restoring the productivity of Europe, it is only common sense to begin with Germany—the sector most demoralized and over which we have large control—yet with all safeguards against German rearmament of any kind.

Since we say the Marshall plan is dedicated to European recovery, and Secretary Marshall himself speaks of German peace-production recovery as the crux of the problem, our public may suppose that at last we have changed our original scorched-earth policy in Germany. But fantastic as it may seem, at the same time that one set of hands in 1. of the 20 separate buildings that house the State Department in Washington was writing the Marshall plan for Congress, another set of hands in another building was writing a new and sweeping directive for further dismantling peace-production machinery in Germany.

In our own Western area over 600 nonwar German industrial plants are now to be dismantled, scrapped, or removed as reparations under this new 1948 dismantling policy. Some thirty-thousand German workers have been withdrawn from production to carry out this new dismantling program.

The paralysis we are maintaining in Germany hits Italy more seriously than any other country in western Europe. Accordingly, Congress was called upon to vote Italy \$227,000,000 stopgap aid in December, and the Marshall plan emphasizes, with nearly \$3,000,000,000 more, the difficult situation there.

With one hand we choke off German peace-time productivity in the center of Europe and deal out a dole; with the other hand we enlarge the dole to Germany's neighbor-

ing countries. It seems one hand doesn't know what the other is doing. * * *

Europe's recovery problem is primarily a production problem. Any program we enact, in order to succeed, must be administered, here and abroad by hard-headed, realistic, production-minded Americans especially qualified for the gigantic task and operating as a selected agency for this complex effort.

Instead, nine departments are directly involved in a set-up so confused, conflicting, intertwining and unworkable that the official organization chart itself is utterly bewildering—even to the men who drew it. Said one of them to me, "It looks like Gracie Field's 'Biggest Aspidistra in the World.'"

If we haven't learned anything administratively from the twenty-two billions we've already spent, we had better learn something, and make the necessary administrative changes, before we spend seventeen billion more; an amount equal to practically the entire profits of all American industry here at home last year.

Some form of aid to Europe is doubtless indicated, but is it not reasonable to suggest that any further congressional appropriation be limited to 1 year? We should not be committed for a longer program since we cannot know what our friends abroad may or may not do for their own self-help or what may develop here at home. Further bills can always be passed, when and if needed.

The Marshall plan means \$7,000,000,000 of taxes in 1948 from all of us beyond what we would otherwise pay.

Some say that if a billion dollars of the new aid is handled by the International Bank (80 percent United States money), the taxes may be only six billion additional this year. But the plan calls for \$6,800,000,000 in the first 15 months. This sum is nearly two-fifths of the total sum paid in personal income taxes by everybody in America this year. It almost equals the income taxes paid by all American corporations. It is about 70 percent as large as our entire national defense budget, already voted. Yet it excludes new and forthcoming little Marshall plans for Latin America, Asia, the Middle East, and Indonesia, the patterns for which it will establish.

It does not seem to take into account the fact that there is a limit to the number of failures America can absorb.

At some point our leaders failed, or we would not have suffered as we did in the depression. At another point our leaders failed, or we should have been so strong on land and sea and in the air that there could have been no war, and certainly no Pearl Harbor.

Now they fail again if they do not see that the future peace of the world depends on the internal strength of the United States. And they fail yet again if they squander our strength so we are weak when the chips are down.

Mr. Chairman, if we embark upon this kind of program, we will be turning the ship of state adrift upon an uncharted sea of unpredictable adventure that may end in national disaster.

If we are going to pursue that course we might follow the advice of Oliver Wendell Holmes and—

Nail to the mast her holy flag,
Set every threadbare sail,
And give her to the god of storms,
The lightning and the gale!

Mr. CURTIS. Mr. Chairman, I move to strike out the last word.

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS. Mr. Chairman, experience has shown that the distribution of relief by governments is never very suc-

cessful. Whenever salaried government employees distribute commodities free there is a danger that more harm than good will be done.

This is why even though the American people have, through their Government, spent \$20,000,000,000 in Europe since the ending of the war, the picture appears worse than it was when hostilities ceased.

Let us consider the hypothetical case of a young man in some American community who is destitute and much in need of funds. If some kind neighbor, a scoutmaster, Sunday-school teacher, or pastor, motivated solely by personal concern, quietly and confidentially helps the young man, a lasting good will come of it. If, on the other hand, that young man marches to the courthouse, fills out Government papers, and receives public relief, more or less as a matter of right, chances are that he has been hurt instead of helped. I believe this principle applies to aid extended to nations.

It is proof of the Biblical words, "And though I bestow all my goods to feed the poor, and have not love, it profiteth me nothing."

The churches of America have gone by the words of the Proverbs, "The righteous considereth the cause of the poor."

Long before the war ended, spiritual forces in America were preparing the way for peace. Recently Dr. S. C. Michelfelder, executive secretary of the Lutheran World Federation in Switzerland, said that he addressed a group of 100 German journalists not long after hostilities in Europe ceased.

At the start of his talk, their attitude was cold and unsympathetic. Then he told them before the war with Germany ended, the Lutherans of America were planning, praying, and raising money for material relief of the German people and reconstruction of Lutheran churches in that country. These journalists, who had almost forgotten that kindness could exist between different peoples, were greatly touched.

When our former enemies can see the Christian people of America following the admonition to "love your enemies, and pray for them that persecute you," all America has gained in world friendship.

Now lest you think American church aid to foreign lands is negligible, a mere drip from the spigot of United States wealth, I want to cite three figures. In the 2½-year period, from January 1945 through the end of the 1947 fiscal year, contributions in cash and goods from American churches were these: The Jewish faith gave \$125,076,819; Protestant bodies, \$55,864,031; Roman Catholics, \$31,925,835.

Thus the grand total for the three leading faiths is \$212,866,685. These are official figures from the advisory committee on voluntary foreign aid. We shall review work of denomination groups in a few moments.

But look behind the figures. Replace the picture of Lady Bountiful—the United States Government—strewn billions of tons of food and supplies over the face of the earth, to be snatched by the most agile and traded by the shrewdest. Replace that picture with one of a

pastor or rabbi or lay worker of a foreign church. Perhaps he has not as much by bulk to give. But he knows where to distribute his relief supplies and who is receiving them. And they are given within the bond of brotherhood of a church or parish or community.

Such private relief ventures as church foreign aid, the House Committee on Foreign Affairs recently said, demonstrate "an elasticity that is not found in the over-all programs carried on under public authority."

A dollar spent by a church group is equivalent to many, many dollars spent by the Government. It is more effective, it is motivated solely by love for mankind, and it carries a spiritual force that just does not exist in the dispensing of relief by governments.

It is important that we as a Congress take note of the great amount of relief that has been administered in Europe and Asia by these church voluntary organizations.

I am not going to cover at this time the notable accomplishments of nonchurch voluntary groups. The work of the American Red Cross, CARE, CRALOG, Foster Parents' Plan, and the many nationality groups organized for foreign relief are a separate chapter in the voluntary aid picture.

Let us first look at Church World Service, largest agency of the Protestant and Orthodox churches, which administers and channels foreign aid for more than two dozen Protestant denominations. These include the Baptists, Brethren, Congregational - Christian, Disciples, Evangelical, Lutheran, Methodist, Moravian, Presbyterian, Episcopal, Anglican, Reformed, Seventh Day Adventists, United Brethren, Universalists, and other smaller groups.

I shall try to give you a complete picture of all church groups. If any go unmentioned here, it is because their work is channeled through an outside voluntary aid program, or administered through agencies in the various foreign countries.

The preliminary report of Church World Service for 1947 shows more than 28,000,000 pounds of supplies contributed for foreign relief, with a total of more than \$14,000,000 in disbursements for relief and reconstruction.

Under this agency more than 5,000 long tons of wheat were contributed by American farmers through the Christian Rural Overseas Program. The pastor, Rev. Bodo Hyne, representing the churches of Germany, said in accepting the wheat:

May this event exemplify to the entire world that understanding * * * and genuine goodness prepare the way, even in the lives of nations, which alone will bring us all to salvation.

Then there is the Heifer Club, by which a group of these Protestant bodies built up the herds of Europe by shipping young cattle to war-torn countries. These generous people did not understand all of the refinements of modern diplomacy. "They walked by faith and not by sight," but they laid the foundation for trust and confidence and good will upon which a peace might be built.

Another group of Protestants, the Committee on Christian Science War-time Activities of the Mother Church began its overseas relief activities in Britain in 1940, and in 1946 and 1947 shipped more than 350,000 parcels at an estimated cost of \$1,750,000 to Europe and the Far East.

As soon as mails were reestablished, the mother church set out to locate its scattered members throughout the world in order to give them quick aid—

The Christian Science committee informed me.

You see, one of the chief assets of these church-relief programs is the emphasis on speed, on efficient, effective action.

So far this year, from January to the 1st of this month (March), the Christian Science churches have expended another \$183,323 in foreign aid.

The Church of Jesus Christ of Latter-day Saints—the Mormons—tell me that since the close of hostilities, to date, they have shipped a total of 95 freight-car loads of clothing and food, at a cost of well over \$1,000,000, to church members in Europe and Japan.

The Unitarian service committee in 1947 alone supplied \$112,673 for foreign relief plus \$452,643 in overseas shipments. This went almost entirely to continental Europe.

The great work of the American Friends—the Quakers—service committee is outstanding in the annals of church accomplishment overseas. Grand total of their expenditures for food, clothing, supplies, and shipping for 1945, 1946, and 1947 was \$14,142,725. In 1947 alone, Europe received \$3,727,335 in Quaker relief, while Asia was the recipient of \$4,465,527.

The War Relief Services of the National Catholic Welfare Conference was established in 1943 as the single administrative agency in the United States for Roman Catholic foreign relief. Eighty percent of its expenditures, which I previously quoted for you, went for child care.

The Jewish foreign-relief contributions, largest of the three leading faiths in America, include food, parcel, and monetary donations from many Jewish subsidiary groups, and includes aid to displaced persons, to Jewish inhabitants of Palestine, and to others throughout the world.

No doubt the relief sent abroad by the churches of America has been a good thing for the churches themselves. It has made them stronger, for "faith apart from works is barren." These churches will receive a multiple blessing, for the Bible reminds us to "give and it shall be given unto you."

There is a certain amount of relief work that must be carried on by the Government. However, because some nations use relief for ulterior purposes, the recipient is often skeptical of the motives of the giver. Waste, undue overhead, political and diplomatic intrigue always accompany governmental relief. That administered by a voluntary group is not nearly so subject to these pitfalls.

That is where your church world relief comes in. That is why it should be encouraged, continued, and enlarged.

The church has a tremendous task in bringing about world peace. The church today faces its greatest opportunity and its greatest responsibility of all time. The ideal of brotherhood must be resold in the world. A world-wide program of evangelism is sorely needed. If we believe that the power of God can heal a broken life, it follows that that same power can heal a community or a nation or the world.

God forbid that the church would ever become so political that it would place all its faith in government and fail in that task which it alone can perform—the regeneration of human hearts.

The Government of the United States and the taxpayers who support that government are indebted to our churches for doing a wonderful job, a job which cannot be equaled by government.

Mr. Chairman, I shall support the amendment offered by the gentleman from New York.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Indiana.

Mr. HARNESS of Indiana. I take it that the gentleman has noticed in the press that the little town of Coatesville, Ind., was completely destroyed the other day. Homes and business properties were reduced to total ruin; 24 American citizens were killed, and practically every inhabitant in the town injured. I have not heard any bleeding hearts here pleading for aid to them.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Pennsylvania.

Mr. RICH. This morning we heard several Members of Congress asking for flood relief for the stricken people in their own communities. Has the gentleman heard anything about the Members of Congress, with bleeding hearts, going out and trying to help the flood sufferers who have been ruined by floods taking place all over this country, and aiding and assisting them? No. If we would only spend one-fifth of the amount of money we are spending here, we would make these Americans happy.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending substitute and all amendments thereto close in 10 minutes, the last 3 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. PHILLIPS].

(Mr. PHILLIPS of California asked and was given permission to revise and extend his remarks.)

Mr. PHILLIPS of California. Mr. Chairman, the amendment offered by the gentleman from New York is a great relief, in the face of the inconsistencies which apparently surround this bill. I suspect that I am in the same state of mind as the majority of the Members of

this House. We most earnestly desire to support the committee if it is possible to do so. We most earnestly desire to support the President or the State Department in anything which may seem to be for the good of the United States in a world crisis, in spite of our previous experiences. But, there is not one Member of this House who has not experienced in his own community, in his own State, and in the Nation, the very definite experience that where aid is given freely by a governmental agency, that aid very often does damage to the recipient, rather than good. The amendment suggested by the gentleman from New York [Mr. GWINN] approaches this problem in a way which would not only be characteristically American, and as we want it to be, but it would be for the benefit of those people to whom we are trying to aid and rehabilitate.

I will say that I am sorry that the section in title III, which would have given exemption from taxes to private aid, could not be retained. I hope that it will be enacted in some other way.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Ohio.

Mr. VORYS. Does the gentleman think we will solve the entire question covered by the four titles of this bill by merely making \$500,000,000 available for private relief under a corporation that has utterly no controls put on it by law?

Mr. PHILLIPS of California. I am very much in favor of the corporation. I was sorry when the gentleman from Massachusetts [Mr. HERTER] did not try to sustain his own suggestion in the committee, which I thought was the strongest part of the bill. I am firmly of the belief that administration is the key to the entire problem.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. NICHOLSON].

Mr. NICHOLSON. Mr. Chairman, I support the amendment because I understand it eliminates military aid to these countries. I cannot conceive of advocating peace and then handing munitions to the Chinese, for instance, where there is a civil war and where they are shooting each other down. For the life of me, I cannot understand how anybody can go home and say he voted to send arms to start another war so that we have to go in and finish it. That is one reason I rose here, Mr. Chairman, because if we want really to help rehabilitate the people of war-torn countries, it never can be done with guns and ammunition. The idea of our sending arms to the Chinese is beyond my reason. Never mind Turkey and Greece. The Balkans have been fighting as far back in history as we can remember. I am sure the people in this country, every single one of them, want peace. They do not want to send ammunition and guns. If it is our battle, let us fight it, and let us raise the money to do our own fighting. Let us not hire mercenaries as King George III did.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. NICHOLSON. I yield to the gentleman from Nebraska.

Mr. BUFFETT. If we send weapons to these countries and give them the power to make war, is it not entirely possible that we will give them the power to commit us to war, and that America will no longer be able to decide whether or not it is going to be in war?

Mr. NICHOLSON. We are committing ourselves to war when we send them munitions. Do you think the people that are against the group we help are going to love us because we give them ammunition to go ahead with the fight? I guess not. The military aid included in this bill, as it is now, is almost a declaration of war against Russia.

Mr. BUFFETT. Certainly the American people have not been told that.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. SMITH].

Mr. SMITH of Kansas. Mr. Chairman, I realize I am just a young man around here and I do not have much right to put my thoughts against the distinguished gentleman. We seem to have an idea in this country that we can do everything with dollars. Later on this week we are going to do something about the foot-and-mouth disease in Mexico. We spent \$35,000,000 down there. We thought we had the know-how. We took our tractors and our technicians down to Mexico and said to the poor peon that has driven oxen for 500 years, "We are going to kill your oxen and give you mules to work." Anybody that knows anything about mules knows that that is a rather difficult job. But we went down there and spent these millions. We found they could not use the mules. We abandoned our great project. We now propose to build a fence across Mexico to keep out the foot-and-mouth disease. I submit that we are trying to build a weak fence around Europe. On this matter of handling mules, some of you gentlemen on the minority side know something about mules. You have long witnessed a man riding a one-eyed mule. His right eye must be out, because this mule has been going to the left all the time.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise on behalf of the Foreign Affairs Committee in opposition to the amendment. The amendment offered by my good friend the gentleman from New York is well thought out and has good reasoning if it went far enough. But it tries to take into the vast problems of rehabilitation we have before us the methods of private charity. Herbert Hoover, when we were discussing Public Law 84 before our committee, said that it was not possible for private charity to take this burden but that we must use the established systems of distribution already set up in these countries to obtain the best results.

In addition to that, if we use the method in the amendment we will have too little and too late, because \$500,000,000 is obviously not enough. We must meet the deadline of April 18, 1948, of the Italian elections, or we will be too late. There is no time to organize the many private charities.

Actually, the gentleman from New York, my good friend, in his amendment has gone much beyond the committee because he will send this relief both to Russia and her satellites. On page 47 of the bill, he says that the purposes of this corporation are and shall be: "to furnish directly food, clothing, and other urgently needed supplies to the needy individuals of the world." Question: Does this Congress want to supply the needy people in Russia?

In addition to that, we can not feed the people directly. That will require many organizations to be set up and integrated. As you know, we have a large American voluntary relief program already under way. A subcommittee of the Foreign Affairs Committee of which I was chairman investigated that program at the request of the gentleman from New Jersey, Dr. EATON and the gentleman from Massachusetts [Mr. HERTER]. We found that relief is moving from the United States at the present time at the rate of \$800,000,000 a year, which includes parcel post shipments, voluntary agencies, and private people giving relief. So that we already are contributing through private agencies \$800,000,000 per year. If we adopt the method proposed by the gentleman from New York for this new corporation, we will then centralize in one body all the private relief agencies in this country. We now actually have voluntary registration of these agencies with the United States Advisory Committee on Voluntary Foreign Aid.

May I comment briefly on title 2 of the amendment, because we already have similar provisions to title 2 in the committee's bill. On page 57 of the committee's bill amending section 4 (a) of the Bretton Woods agreements, we have a National Advisory Council which is a council of fiscal experts consisting of the Secretary of the Treasury as chairman, the Secretary of State, the Secretary of Commerce, the new Administrator and others to approve the financial elements of the program and the rehabilitation of these countries.

I now yield to the gentleman from New York [Mr. GWINN].

Mr. GWINN of New York. If Italy is the concern of the gentleman from Pennsylvania, we might pass a quickie bill to cover Italy and then proceed with our deliberations to cover other situations, might we not?

Mr. FULTON. The trouble is that the over-all rehabilitation is so urgent in each of the countries, that it will not wait. My view on this bill is that we are aiding the democratic nations to stand on their own feet and get off the breadlines. We want them to rehabilitate themselves and support themselves through their own efforts.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired.

The question is on the substitute amendment offered by the gentleman from New York [Mr. GWINN].

The question was taken; and the Chairman being in doubt, the Committee divided; and there were—ayes 60, noes 103.

So the amendment was rejected.

The Clerk read as follows:

TITLE I

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1948."

Mr. STEFAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, when references are made to deadlines and when references are made to specific funds appropriated by Congress for relief, I feel that members of the committee charged with this very responsible and most historic piece of legislation should tell the Members of the Congress the real facts, or at least clarify what appropriations have been or are being made.

Only a few days ago we brought to you a bill making deficiency appropriations of \$55,000,000 for interim aid, which must be added to the \$522,000,000 which you appropriated not so long ago. That is to help also in Italy.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. KEEFE. As a matter of fact, that \$55,000,000 that was included in the deficiency, and a very urgent deficiency, was money that was requested to keep the pipe line open to Italy? That is correct, is it not?

Mr. STEFAN. The gentleman is correct.

Mr. KEEFE. So this talk of an April 18 deadline, as far as this legislation is concerned, is entirely out of place in this debate?

Mr. STEFAN. The gentleman from Wisconsin, who is a member of the Deficiency Committee, knows that when this ERP bill is passed it must come to our committee to implement it with appropriations, and none of this particular food, help, or rehabilitation would be ready on April 18.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. VORYS. In section 104 there is a billion dollars made available to the RFC, which will become immediately available.

Mr. STEFAN. But you must keep your pipe line filled, and I know something about pipe lines. Our committee has worked many months on foreign pipe lines. That \$100,000,000 will not fill your pipe line for April 18, but the additional \$55,000,000 already appropriated will.

On tomorrow your deficiency committee will report to the full committee a very important deficiency appropriation bill and it will include \$143,000,000 additional for the feeding in occupied areas. That will make approximately a billion dollars that we turn over to the Army for feeding in the occupied areas for this 1948 fiscal year. The Army is distributing this relief in an able manner. It will not be handled by the State Department for certain reasons.

There is a request before the Appropriations Committee for an additional \$1,250,000,000 for the next fiscal year for feeding in the occupied areas.

Now, I think the members of the committee should take a survey of what we have already and are presently appro-

priating, and tell you how it is appropriated. Let the public have all the facts.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from South Dakota.

Mr. MUNDT. I simply wanted to point out that the \$55,000,000 appropriated last week was the filling up of the remainder of a contract which the legislation in interim aid made available at that time.

Mr. STEFAN. That is right.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from New York.

Mr. JAVITS. Is it not a fact that the decision of an election such as the Italian election is a psychological decision, and is it not fair to say that what we are trying to do in this bill is to provide for Europe a program of rehabilitation rather than relief in the expectation that that will determine their psychological decisions? They have had relief before but we are up against the 18th of April.

Mr. STEFAN. There might be something to what the gentleman has said because many of us have been harried for appropriations to continue putting into effect a psychological program in Italy before April 18, before the election occurred. And we did something about it a long time ago.

My purpose in taking the floor at this particular time is to keep the record straight as to appropriations.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. BREHM. A program of psychological propaganda has been put into effect in America too.

Mr. STEFAN. Yes, and it is an effective one.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. CHURCH. I just want to comment on the fact that the gentleman is not only on the Deficiency Subcommittee but also is chairman of the State, Justice, Commerce, and Judiciary Subcommittee. I commend him for his clarifying statement.

Mr. STEFAN. I thank the gentleman.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. CRAWFORD. I wish to ask the gentleman this in all seriousness, there is nothing facetious about this: What psychological battle have we won in any of our international relations since Hiroshima and Nagasaki?

Mr. STEFAN. I could not answer that. You can see for yourself what we and the world are involved in today. Diplomacy seems to have failed.

Mr. MUNDT. I will be glad to answer it.

Mr. STEFAN. I yield to the gentleman from South Dakota.

Mr. MUNDT. We won the psychological battle of northern France and Italy by passing the interim aid bill last December.

Mr. McDOWELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not an expert on foreign affairs and I had not intended to speak on this bill, but the last six or eight speakers have gotten all hot and bothered down here about who is going to administer the money, the \$6,000,000,000 contained in this bill.

As must be obvious to every person, how the bill is administered is going to be the important thing. The gentleman from Georgia [Mr. Cox] read a doleful list of names of men who might be considered for employment in ERP if we give the State Department the money, and among others he named one David Lasser. I am not an expert on foreign affairs, but I am an expert on David Lasser.

David Lasser is from my State, Pennsylvania. David Lasser, during the administration of Gov. George Earle led a mob of unemployed into the capital of my State. They occupied the beautiful senate chamber of the Legislature of Pennsylvania for several days. They cut up the leather, they beat up the beautiful brass railings of the capital, they threw things down on the heads of folks sitting on the floor below, they spit on them, and did various other things. Mr. Lasser makes no attempt to deny that, he merely says it was a mistake of his youth.

Mr. Lasser was the president of the American Workers' Alliance, an organization which Earl Browder admits to having founded as the organ and an arm of the Communist Party.

Understand, I do not accuse Dave Lasser of being a Communist, because I do not think he is. The trough that he is now feeding in down at the Department of Commerce is too well padded and too sweet for him to remain a Communist down there, but he has been a little careless about his associations in the past several years. Let me tell you this about Dave Lasser who, I believe, will be on this panel that is going to administer this money if they can get it—and I guess they are going to get it. Dave Lasser was among other things in his past the president of the Interplanetary Travel Association. Now, Mr. Chairman, that is not a suburban trolley line, that is the Interplanetary Association to transfer folks and people, and things from here to yonder, from Heaven to Hades and back again, I presume. The advertising slogan of this organization was: "Overnight to the Moon." If we are going to give \$6,000,000,000 to some guy who can get to the moon overnight, I am against it unless we give something of the same kind of transportation to J. Edgar Hoover, because we will not get the \$6,000,000,000 back. That is Mr. David Lasser; and I think it would be well if the committee that is advocating this bill, and I expect to support the bill with a great deal of misgiving, and I should think that it would be the duty of the committee to find out between now and tomorrow when we vote on the bill something about David Lasser and see who is going to administer this \$6,000,000,000.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am glad I happened to be on the floor when my colleague from Pennsylvania brought up a subject

with which I am somewhat familiar. It so happens I was a member of the Pennsylvania Assembly at the time he mentioned, when there was a hunger march on the capitol at Harrisburg.

Mr. Chairman, I do not see any particular reason for drawing this red herring across the trail here in the consideration of this bill. The man he mentions, David Lasser, was involved in an incident that occurred 12 years ago. Since that time Mr. Lasser has been investigated by a committee of this House. I think that was about 6 or 7 years ago. He was investigated and completely exonerated, and that fact appears in the RECORD, in the hearings and in the official reports.

Why the gentleman from Pennsylvania [Mr. McDOWELL] wants to bring that up this afternoon and draw a red herring across the trail, attacking a man who has rendered an efficient, loyal, patriotic service to the Commerce Department I do not know. It is, in my opinion, the wrong thing to do. It should not be done. I see no purpose in attempting to crucify the character of a man who has proven himself, who has been investigated, who stands very high in rendering a patriotic service to the Government.

If I had known the gentleman was going to bring this subject up I would have had the records here. I will show them to him or to any other Member of the House who wants to see them within a half hour. I do not think it is right. I do not know whether the gentleman from Pennsylvania [Mr. McDOWELL] is isolationist or not, I do not know whether he is doing this to get publicity or not, or what his purpose is, but it is the wrong thing to do. He should not keep trying to crucify a man who has been cleared time and time again.

I know that the Members present here this afternoon do not recall the particular instance where this man was investigated years ago. I do not think it is the proper thing to do, as I stated. It is drawing a red herring across the trail here in order to mislead the members of this committee in the consideration of this very important measure.

Why did he not call Mr. Lasser before his Committee on Un-American Activities and investigate him? The gentleman is a member of the Committee on Un-American Activities. Why did he not call Mr. Lasser over there and charge him before his committee? He did not call Mr. Lasser before his committee, and no member of the Committee on Un-American Activities called him before that committee. Yet the gentleman comes on the floor of the House and attacks Mr. Lasser. He is, in fact, attacking the character of a man who is rendering a loyal, patriotic service to our Government.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I may say that I met Mr. Lasser on two occasions some years ago, one time being when he appeared before the Ways and Means Committee as a witness. I remember in 1940 or 1941 when charges were made against him that I investigated them very thor-

oughly. I found that he was fighting against the communistic control of a certain organization of WPA. He fought the Communists. At that time I took the floor and made a speech.

Mr. EBERHARTER. Mr. Chairman, I want to say one other thing. Mr. Lasser holds a relatively unimportant position in the Commerce Department. He is not an employee of the State Department.

Mr. McCORMACK. I made a speech in defense of Mr. Lasser when the charge was made that he was a Communist. As a matter of fact, he was fighting the Communists at that time.

I may say that the gentleman from Pennsylvania [Mr. McDOWELL] does not make the charge that Mr. Lasser is a Communist. I have spoken with him and I refreshed my memory the other day on the remarks I made in 1941. I value my reputation and I respect the other fellow's right to value his reputation. In 1941 I made a very careful investigation and my remarks then were based on the results I found at that time. But, in any event, I made a very thorough investigation.

Mr. EBERHARTER. There was an official investigation made by a committee of this House, the Appropriations Committee, and Mr. Lasser was completely exonerated.

Mr. McCORMACK. And I found that Mr. Lasser was vigorously fighting the Communist elements in that organization.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COX. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the remarks of the gentleman from Pennsylvania were pertinent because of the disclosure that has been made that Mr. Lasser participated in the formulation of the program which you are now in the act of implementing. I want to say, Mr. Chairman, that if this program is to be administered by the David Lasser crowd in the Government service at the time, the \$17,000,000,000 that we are appropriating may be used to subsidize European socialism.

Mr. Chairman, the committee report, which I have already stated is one of the finest reports that I have ever read, states over and over again that this program will fail or, at least, that the success of the program depends entirely upon the character of administration that we get. While the committee in its bill has sought to provide for an Administrator, disassociated from the State Department, that Administrator according to this bill is under the control and the direction of the President, and to the extent that the State Department enjoys the President's confidence, the State Department will be in control of the show. Now, Mr. Chairman, it has been, I think, demonstrated to the complete satisfaction of the American public that the policies of the State Department heretofore pursued are, in large measure, responsible for the terrible plight in which this country now finds itself. The appeasement of Russia has been criminal. I would be most unhappy if I did not have the hope and indulge the expectation that the President, realizing

the sentiment of this country and the fear which it has of an administration of the kind that the State Department has heretofore been carrying on, will meet the challenge and will name somebody as Administrator whom he will support and who will exercise that sound, fine Americanism and businesslike judgment in the administration of this program that will insure to some extent the fulfillment of the hopes that we indulge.

Now, Mr. Chairman, if this program is to be administered as many supporting it hope that it will be administered this \$17,000,000,000 will be used to subsidize European socialism, and it may come back to us somewhat in the same manner as the scrap iron that we sent to Japan prior to the last war.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as I was limited in time in my opposition on behalf of the committee to the amendment offered by the distinguished gentleman from New York [Mr. GWINN], I should like to make an explanation so that we can have on the RECORD what has happened on the question of relief appropriations. In a 3-minute period it is hard to make a speech on the merits and also talk about appropriations. I believe when this is explained a little more fully the gentleman from Nebraska the distinguished chairman of the subcommittee on appropriations for the State Department, and I, will not be much in disagreement.

On the question of the deadline of April 18, 1948, of which I spoke, it was implied that I had set the deadline. Actually I had not. The chairman of the Committee on Foreign Affairs as well as the ranking minority member of the Committee on Foreign Affairs had at all times stressed the importance of the psychological impact of this authorization bill on the Italians prior to their election on April 18. They both have urged that we get the authorizing legislation out of the Foreign Affairs Committee as soon as possible so that these people would know that we were aiding them on a long-time basis as distinguished from a short-time program.

In addition, I was called with my colleague before the Speaker of the House of Representatives and also the gentleman from Indiana [Mr. HALLECK], the majority leader, and that deadline was set by them and given to the Foreign Affairs Committee as a deadline before which we should try to advance this bill. Therefore rather than that deadline being my own, it was actually set by the leadership of the Republican Party and the Democratic Party.

As to the appropriations themselves, I was previously speaking of this current bill, which is an authorization bill, and was not speaking of appropriations under the bill. There is no one in this House that feels that this bill we are now passing actually appropriates money other than the \$1,000,000,000 which the Reconstruction Finance Corporation is authorized to give immediately. This provision is in effect just as soon as the President signs the bill, so that there are funds that are available immediately, as soon as the President signs the bill, with-

out going through the usual appropriations procedure.

The \$55,000,000 spoken of by the gentleman from Nebraska was actually, as the gentleman from South Dakota said, appropriated under the interim-aid program. That was part of the \$590,000,000 authorized by this House previously. As you recall, the Committee on Appropriations appropriated only \$522,000,000 under that authorization. Then they appropriated the \$55,000,000 more, making a total of \$577,000,000 under Public Law 389. Then \$18,000,000 for China of the last appropriation act that was passed, was actually authorized under Public Law 84, the joint resolution for the relief of countries devastated by war. So that when you see that picture, we are then speaking of the same appropriations, but we on the committee are talking of a different matter when we speak of authorizing bills. In my previous talk here I was speaking of the authorizations, while the distinguished gentleman from Nebraska was speaking of appropriations under the authorization bills.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Illinois.

Mr. VURSELL. Will the gentleman tell us what he means by a long-time program? Does that mean 1 year or 4 years?

Mr. FULTON. That means a program for the long time rehabilitation of capital assets in these countries, as distinguished from bread line or soup kitchen relief. The program itself will be authorized and appropriated each year by Congress. There is no commitment under this bill for either an authorization or an appropriation for longer than the current fiscal year beginning June 30, 1948.

Mr. VURSELL. The gentleman says there is no authority for the long time program, but it would seem to me to hold out to the European people the hope that it would be for more than 1 year, in fact, a continuous performance, because I notice the date 1952 is used throughout the bill. This certainly leaves the Members of Congress, the people of America, and the world to think that it is a 4-year commitment on the part of this country.

Mr. FULTON. As the gentleman knows, under the bill passed by the Senate it is distinctly expressed as a hope—that is the exact word used—but not as other than a moral commitment. The current House version of the bill reported out by the Foreign Affairs Committee, now under consideration, requires both an authorization and appropriation each year. We intend to watch the program closely as progress is made under it.

As one of the delegates of this Government to the United Nations Conference on Trade and Employment at Habana, I wish to make a few observations regarding the charter for an International Trade Organization which was adopted at that meeting. The conference began on November 21, 1947, and ended on March 24, 1948, with the signing of a final act which authenticates the text of the charter. Thus, 3 years of study and planning and 2 years of almost constant negotiation have come to a suc-

cessful conclusion since the United States first issued in December 1945 its proposals for the expansion of world trade and employment which suggested the formation of an International Trade Organization.

The necessity of my presence here in this body prevented my continuous attendance at the Habana Conference but I have followed closely and with deep interest the progress of the negotiations. At Habana, representatives of 53 democratic nations worked out a comprehensive agreement for the mutual benefit of all. The charter for an International Trade Organization—to be called for convenience the Habana Charter—is designed to smooth the road of international commerce not only for the United States but for the world at large. In essence, the charter provides a set of fair rules which the adhering countries will follow in their trade with each other. I consider this charter a declaration of economic peace among the signatory countries.

These countries agree that under its provisions each will seek to promote employment and buying power among its own people without injuring the economies of other member countries. They undertake to cooperate in encouraging and facilitating economic development through foreign investments and otherwise. The members of the Organization commit themselves to negotiate for scaling down their barriers against international trade and the elimination of discriminatory trade practices. Other rules embodied in the charter cover the conduct of trade, on a fair basis, between state and private-trading enterprises, as well as the activities of international cartels and the formulation and operation of intergovernmental agreements to deal with problems of temporary surpluses in basic commodities.

The Habana Charter will provide a foundation which could lead to a long period of world economic peace. We must avoid the pitfalls and errors into which we and most of the rest of the world fell after World War I. Then many countries thought they could help cure their economic ills and maladjustments resulting from the war by hurting their neighbors. They used such devices as cartels, restrictive quotas, and discriminatory trade practices. Generally, defensive and retaliatory moves followed each such act.

A depression set in, caused by many economic and monetary forces and world trade sank to a new low. For example, the total exports of the United States fell from \$5,241,000,000 in 1929 to \$1,611,000,000 in 1932. Our imports declined, in the same period, from \$4,399,000,000 to \$1,323,000,000. Exports originating in my own State of Pennsylvania declined from \$341,000,000 in 1929 to \$100,000,000 in 1932. The exports of iron and steel plates, sheets, and so forth, typical Pennsylvania products, dropped from \$33,044,000 to \$2,512,000 during the same period, a 92 percent drop for our manufacturers in Pennsylvania.

Belatedly and painfully, we and the rest of the world found out that economic isolation won't work any more

than political isolation will. The Habana Charter is evidence that we do not intend to let that part of history repeat itself.

The ITO Charter and the European recovery program are complementary. Each helps the other. The European recovery program which we are now considering in this House will help countries to help themselves get back into production and into trade with each other and with the rest of the world. Unless the emergency aid which we may now provide does achieve this result, it will be wasted. It is not enough merely to keep the peoples from starving to death. Neither we nor they are willing or able to proceed on a charity basis for an indefinite period. Powerful as it is, this country's economy cannot stand that strain. As soon as possible, the countries we propose to assist must be able to stand on their own feet, to produce more things for their own use, and to exchange for things which they must obtain from other countries.

The vital importance of immediate assistance cannot be too strongly emphasized, but this alone is not enough. The countries of the world must be able to see ahead to a future wherein there is a broadening highway of expansion in international commerce. The ITO Charter is an economic blueprint for such a future.

I am proud to have had a part in the steps which this Government has taken to help rebuild a more stable and prosperous world. I recommend careful and detailed study of the Habana Charter by the people of the United States. I am confident they will find it satisfactory and worthy of approval.

As a part of my remarks, I wish to include a brief summary of the Habana Charter for an International Trade Organization.

SUMMARY

The main objective of the charter is the raising of living standards throughout the world. It proposes to do this by promoting the expansion of international trade on a basis of multilateralism and general nondiscrimination, by fostering the growth of production and employment, and by encouraging the economic development of backward areas. Its substantive chapters set forth a series of international commitments with respect to national policies regarding customs administration, hidden restrictions on trade, import and export quotas, exchange controls, preferences, and other forms of discrimination, State trading, subsidies, restrictive business practices in international trade, intergovernmental commodity agreements, the international aspects of domestic employment policies, economic development, and international investments. Other chapters outline the structure, functions, and procedures of the International Trade Organization.

The chapter on employment and economic activity emphasizes the fact that employment, production, and demand for goods and services are not only of domestic concern but are necessary for the well-being of all countries. Members agree to take action designed to

achieve and maintain full and productive employment through measures appropriate to their political, economic, and social institutions.

The chapter dealing with economic development and reconstruction was, as it had been in the previous conferences on the charter, one of the most hotly debated sections at the Habana Conference. Under the provisions of this chapter, members agree to cooperate with other countries through the medium of international agencies for the purpose of promoting general economic development as well as the reconstruction of those countries whose economies have been devastated by the war. The chapter specifies the principles which shall apply to the promotion of economic development and reconstruction and the treatment of international investment. It indicates the conditions and specifies the procedures under which particular measures, otherwise inconsistent with the commercial policy provisions of the charter and with trade agreements made pursuant thereto, may be used to promote economic development and reconstruction. Similarly, the chapter delineates the particular conditions and procedures under which preferential agreements for economic development and reconstruction may be employed.

Almost a third of the charter is devoted to provisions on commercial policy. Under the provisions of the chapter dealing with this subject members agree to extend to each other general most-favored-nation treatment and to undertake negotiations directed toward the reduction of tariffs and the elimination of preferences on a reciprocal and mutually advantageous basis. In general, the charter also prohibits the imposition of discriminatory internal taxes and regulations on foreign products. In view of the peculiar features of moving pictures as a commodity in international trade, special provisions were included to deal with cinematograph films.

It was agreed that basically quantitative restrictions would not be allowed. It was recognized, however, that under certain conditions and with regard to certain commodities it might be advisable to allow exceptions. The permitted exceptions are carefully enumerated and circumscribed, with safeguards to prevent their possible abuse. These exceptions include the use of import quotas on agricultural and fisheries products if they are necessary in connection with governmental programs restricting domestic marketing or production. Import quotas are also permitted for the purpose of safeguarding a member's balance of payments.

Safeguards are also included to insure that the interests of other members are not unreasonably prejudiced by the indiscriminate use of subsidies. A modification of considerable interest to the United States was made in the provisions dealing with export subsidies. Such subsidies may now be used without the prior approval of the organization, as had been previously required under the Geneva draft over the objection of the United States. They, however, must not be employed by a member to acquire

more than its equitable share of world trade in the particular commodity.

Since state trading has become of growing importance in recent years, the charter has included a section dealing with this aspect of commerce. This section provides that countries carrying on trade through state enterprises should conduct their commerce in accordance with the general principles of nondiscriminatory treatment which are applicable under the charter to private trade. In particular, state-trading enterprises are required to make their purchases and sales solely in accordance with commercial considerations and to give the enterprises of other member countries adequate opportunity to compete for such purchases or sales.

The charter also contains general commercial provisions dealing with freedom of transit, antidumping and countervailing duties, customs valuation, documents and other formalities in connection with importation and exportation, marks of origin and the publication and administration of trade regulations. These provisions are designed to reduce or eliminate the many burdensome restrictions imposed on trade through administrative devices, including the so-called invisible tariffs, which often prove to be more of an impediment to trade than the usual form of tariffs.

A final section of the chapter on commercial policy contains a number of special provisions. Of particular importance are the provisions which permit a member to withdraw tariff concessions in the event that they should lead to such relatively increased imports as to cause or threaten serious injury to domestic producers. This is the so-called escape clause which the United States has included in previous trade agreements, notably the general agreement on tariffs and trade recently concluded at Geneva, to insure that domestic interests are adequately safeguarded. Also of interest in this section are provisions permitting the formation of customs unions and similar arrangements. Finally, the section lists a number of general exceptions to the obligations of the charter so as to permit measures for the protection of public morals, health, safety, and the like and to meet certain temporary exigencies arising as a result of the war, such as measures for the acquisition or distribution of commodities in short supply.

Closely related to the commercial policy provisions of the charter is the chapter on restrictive business practices. This chapter requires that Members shall take appropriate measures to prevent business practices, whether on the part of private or public enterprises, which restrain competition and foster monopolistic control whenever such practices have harmful effects on the expansion of production or trade. The charter sets up various consultative and investigative procedures to implement this obligation for the prevention of restrictive business practices.

The charter recognizes that primary products, such as agricultural commodities and minerals, are sometimes subject to special difficulties which necessitate

special treatment of the international trade in such commodities through inter-governmental agreements. The charter therefore defines the general principles which are to govern intergovernmental commodity agreements, the circumstances under which they are to be used, and the procedures for developing and administering them. These provisions seek to safeguard the interests both of producer and consumer countries and to afford an effective solution to the particular commodity problem involved.

The remaining articles of the charter deal with the structure and functions of the International Trade Organization, procedures for the settlement of differences, and a number of general matters, including relations with nonmembers, general exceptions for national-security reasons, methods of amending the charter, procedure for withdrawal of a member from the Organization and for termination of the charter, and requirements to be met for entry of the charter into force. The principal organs of the Organization will consist of a conference, an executive board, and a secretariat, including a director general and his staff. Differences may be settled by consultation or arbitration between the members or by reference to the executive board or conference or to the International Court of Justice under certain circumstances. The charter prohibits a member from entering into a preferential arrangement with a nonmember which prevents the latter from according to other members any benefit of such an arrangement. In general, members are prohibited from according to nonmembers treatment which, being more favorable than that accorded to other members, would injure the economic interests of the latter. Members are free under the charter to discriminate against nonmembers if they so wish.

The charter is to enter into force when a majority of the countries which signed the Final Act of the Habana Conference have approved the document. However, if a majority fail to approve at the end of 1 year after the signature of the Final Act, then the charter may come into force whenever 20 countries approve the charter. If the charter has failed to come into force by September 30, 1949, those countries which have approved the charter may consult among themselves as to whether and on what terms to bring the charter into force.

The Clerk read as follows:

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic and political conditions, stable international economic and political relationships, and the achievement by the countries of Europe of a healthy economy independent

of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

PURPOSES OF TITLE

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

- (1) promoting industrial and agricultural production in the participating countries;
- (2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and
- (3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

Mr. BOGGS of Louisiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Boggs of Louisiana: On page 48, line 25, strike out the word "economic" and on page 49, line 1, insert at the beginning of the line the words "and unity."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 5 minutes after the gentleman has concluded.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. VORYS. Mr. Chairman, reserving the right to object, the gentleman from Louisiana does not intend to pre-

clude the committee from commenting on his amendment, does he?

Mr. BOGGS of Louisiana. Not at all. I shall be very glad to yield to any member of the committee.

Mr. VORYS. Do I understand that debate then would close 15 minutes from now?

The CHAIRMAN. It can be changed to that, but, as the unanimous-consent request now stands, debate is limited to 10 minutes.

Mr. VORYS. In such case, Mr. Chairman, I am constrained to object so that the committee can have 5 minutes.

Mr. BOGGS of Louisiana. It was my understanding that the request of the gentleman from Ohio [Mr. Vorys] was that debate be concluded 5 minutes after I had finished.

Mr. VORYS. In view of the statement of the Chairman, however, there is only one thing to do.

The CHAIRMAN. The gentleman may amend his request. The only time that the gentleman had at the time the other request was made was 5 minutes.

Mr. VORYS. I think the committee has heard from the gentleman, and therefore I object to an extension of his time. He can explain the amendment in 5 minutes and the committee will have 5 minutes to speak on it.

The CHAIRMAN. Objection is heard.

Mr. BOGGS of Louisiana. Mr. Chairman, this amendment does a very simple thing, nevertheless, I believe it is as important and as vital an amendment as any that will be offered here today or tomorrow. The House committee has, in my opinion, improved considerably on the language in the Senate bill. The Senate bill expresses the hope that what we do in this legislation will lead to economic unity in Europe. The House committee amended that language to state that it is the declared policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity.

My amendment does only one thing. It will strike out the word "economic" at the point where the bill reads, "it will speedily achieve that economic cooperation," and make it read "It will speedily achieve that cooperation," and then adds two words "and unity," in Europe which is essential for lasting peace and prosperity.

The entire theory of the Marshall plan, as I understand it, is that we have abandoned the principle of piecemeal aid to Europe. We have faced the fact that unless there is unified action on the continent of Europe by free peoples and free nations of Europe, that one by one they will be overwhelmed by communism, and one by one they will be plucked off. I presume that the argument will be advanced that by writing in the word "unity" we create an additional affront to Soviet Russia, and, second, we create possibly additional problems for the small nations. I submit to the members

of this committee that such can never be the case, because the very essence of this legislation is to stop Russian aggression and Russian encroachment throughout the free nations of Europe. And, second, insofar as presenting any further difficulties for the small nations is concerned, on the contrary I maintain that it will send out to the free nations of Europe, large and small alike, a message of hope; a message of encouragement; a message which they have been waiting for, lo, these many months.

All of you have followed the press reports, all of you have followed the debate on this measure and previous measures, all of you have noticed that throughout the continent of Europe the progressive nations which are seeking an answer to this terrific problem have come forward with the statement that unity is positively essential.

We say in this legislation that we favor economic unity. I favor such economic unity but I submit to you that economic unity alone cannot possibly solve this problem; that this problem is one that greatly transcends economic unity, and that economic unity itself, without political institutions, is almost impossible of perfection. What would be the situation in our own nation? What type of economic unity would you have in America if you did not have the political institutions which are necessary to effectuate and carry out the economic agreements entered into?

In the testimony before this committee and in the Senate, the statement was made time and time again that unity was the objective of the legislation. It has bipartisan support. Governor Dewey, of New York, speaking on Lincoln's Birthday, said:

The great purpose of European unity should be set forth specifically in the legislation now before the Congress. Our aim should be to give in proportion to European effort to achieve unity. We can, and I believe we must, launch a program which will bring about the greatest force for permanent peace in this world since the adoption of the Constitution of the United States.

Mr. Chairman, in closing, I include a letter that I recently received:

UNION PARLEMENTAIRE EUROPEENE,
New York, N. Y., March 8, 1948.
Representative HALE BOGGS,
House of Representatives,
Washington, D. C.

MY DEAR MR. BOGGS: Since the idea of European federation has passed from the state of preparation to that of realization, I wish to thank you most cordially in the name of the European Parliamentary Union for the decisive initiative you have been taking together with Senators ELBERT THOMAS and WILLIAM FULBRIGHT, to assure this tremendous step toward peace.

For no historian will contest the fact that it was your congressional resolution for a United States of Europe that has aroused American opinion in favor of European union. The almost unanimous support given to your initiative by Congress and public opinion throughout the United States has become the springboard for the Marshall plan with all its tremendous consequences for both continents, and for the future of the human race.

You can be sure that we shall never forget your decisive contribution to the cause

of European unity and of permanent friendship between our two continents.

With every good wish, I am

Cordially yours,

RICHARD COUDENHOVE-KALERGI,
Secretary General, European
Parliamentary Union.

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. Boggs] has expired.

(Mr. BOGGS of Louisiana asked and was granted permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, this amendment is characteristic of possibly a string of amendments which will now come along, all of them very laudable in purpose, perhaps, in adding additional statements to the general principles and purposes and declarations of policy in this bill. I believe the committee will be constrained to oppose them all for this reason: Either they are a matter of tweedledee or tweedledum, as I think might be argued for this amendment, or we are fooling with political dynamite. The committee itself proposed rather substantial changes in the policy statements and we were dissuaded from them because while we wish to speak out our own principles, we have to avoid any position of thrusting our political point of view upon these nations. The committee changed the word "hope" to "policy to encourage these countries through a joint organization," as will be found in lines 20 and 21. But the committee felt that it would be unwise to insert any further political demands in this introductory statement because, as I say, of the political dynamite involved; and we urge the Committee of the Whole not to adopt changes which, while appearing to be small may turn out to be substantial, and especially when we have only a brief time to consider them.

Let me say further that if we debate over long on the preliminary portions of this bill we may never get to the end of the bill. I hope therefore that the Committee of the Whole will be disposed to get over into the more substantial parts of this measure soon so that we may perfect them.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. BOGGS of Louisiana. Does the gentleman contend that this is any more than an expression of policy?

Mr. VORYS. I think that insofar as this is an expression of policy it already appears in better form than the gentleman offers it. As the gentleman knows, I am in sympathy with his feeling as to the necessity of union over there and I can express my feelings on the floor, and we have expressed them in the report, and the gentleman can express his feelings; but once we write something into this legislation that may be considered and used by our enemies as political propaganda in that we are tying political strings of a character we did not intend, to what we are doing, I think we get into trouble.

It is not because I oppose the fine purpose the gentleman has in his mind, but because I think it is sufficiently ex-

pressed in the language the Committee has brought to the floor that I urge the gentleman's amendment not be adopted.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. BOGGS of Louisiana. By voting down this amendment would we not indirectly be sending out word to the world that we are not in favor of union? And is it not a fact that we will have just that much greater repercussion from the Soviet Union?

Mr. VORYS. That is the unfortunate part of this type of amendment at this place in the bill, that its voting down may be misconstrued because its author may claim more virtue for it than is necessary. But I feel sure that the nations of the world, both our friends and our enemies, when they read this policy and purpose declaration, will know what we mean and will know that it is our policy properly to encourage unity in Europe.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JAVITS. I fought in the committee for these very views expressed by Governor Dewey. I am satisfied the committee has gone a very long way in the changes which the gentleman from Ohio just read, and I have reason to believe that they are satisfactory to the original author of them.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The question was taken; and on a division (demanded by Mr. Boggs of Louisiana) there were—ayes 24, noes 58.

So the amendment was rejected.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin: On page 48, line 4, strike out the words "largely upon the" and insert the following: "Primarily on the concept that all men are created equal, that they are endowed, not by any State or political system, but by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness and such principles are necessarily supported by."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 10 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KERSTEN of Wisconsin. Mr. Chairman, when the gentleman from Ohio a few moments ago stated that there would perhaps be a string of amendments that would not improve the title he might have included mine within that designation. But I would like to call the attention of the Committee to the language of the bill as it appears at present commencing with the top of page 48 with the sentence:

The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the estab-

lishment of sound economic and political conditions, stable international economic and political relationships.

In other words, Mr. Chairman, the philosophy that the bill presently sets forth is a philosophy wherein these great principles of liberty, free institutions, and independence rests upon economics. If we want to talk about imposing political philosophies upon any other country we are here setting forth what is economic determinism, which is Marxism, which is socialism. We are not imposing on any nation a political philosophy if we incorporate in the measure the language of my amendment which states that these great principles rest upon the ideas set forth in our own Declaration of Independence, that these rights are endowed by the Creator, not by any state or political institution. That is the language that our forefathers had the temerity to assert to the world, not just for the United States but for all people. Should we be little men and be afraid to set them forth in the purposes of this bill and to assert them as the foundation of the rights of liberty and independence?

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from California.

Mr. HINSHAW. I desire to compliment the gentleman for offering this amendment because it is quite true that you cannot base the principles of liberty on economic factors. They have to be based on the principles that the gentleman has stated appearing in the Declaration of Independence. They are the same principles that have made the United States what it is during the last 150 years.

Mr. KERSTEN of Wisconsin. I thank the gentleman. If you do not wish to incorporate this language, then I ask that the entire language pertaining to the fundamental principles be deleted. Why should we as Americans state that liberty and independence are based largely on economics and international trade? If we do that we are playing right into the hands of the Socialists. We should not be afraid to reassert what we have stated in our Declaration of Independence that these are basic rights given us by our Creator and they do not come from any state. We are affirmatively thereby attacking the philosophy of communism, Marxism, socialism, and economic determinism, and we are stating what our forefathers were not afraid to state and what the American Nation has not been afraid to state heretofore, but which we here in Congress appear to be afraid to state. Why in God's name should we be afraid to state it?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MUNDT. Mr. Chairman, I rise in opposition to the pending amendment.

(Mr. MUNDT asked and was given permission to revise and extend his remarks.)

Mr. MUNDT. Mr. Chairman, I may say to the committee that the question the gentleman from Wisconsin has raised

by his amendment was discussed at great length in the committee room and if you will compare the bill that is before you with the one which the Senate sent over you will see that we have moved our bill materially in the direction he has indicated. The difficulty with his amendment is that in the first place his argument fails to take into consideration the first three words in line 6, page 48. At no place do we say that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests on economic relationships. We say economic and political relationships.

The words "and political relationships" were introduced into this legislation by the House committee. They were not in the Senate version of the bill. The reason we did not try to repeat the phrases of the Constitution of the United States or of the Declaration of Independence is that obviously we do not want to give fuel to the fires of the Communists who could then say we are "trying to mold the whole world into the exact pattern of economic and political behavior of the United States." We are not trying to superimpose by the power of this bill our Declaration of Independence or our Constitution of the United States or our particular American political pattern on these individuals, but we do point out to them that the maintenance of sound economic and political relationships are essential, and those relationships would have to be adapted to the countries and to the backgrounds and to the traditions of Europe.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not a fact that one of the reasons why we did not go further in the direction of the gentleman's amendment in this declaration of policy and principles was the frank recognition that for us to try to compel them to give at least lip service to our views would move them away from those views rather than toward them? It was because we want them to move and hope they will move more and more toward those views that the gentleman from Wisconsin expressed and with which we all agree. It is impractical and impossible to persuade people to a view by legislation.

Mr. MUNDT. That is correct. One of the great lessons of history is that every country has to evolve a system of government and a system of political life that is adapted to its traditions and background, and certainly we in America cannot hope to impose upon all the countries of the world the precise American system. We shall encourage them to move in our direction because we believe our system is best, but we cannot compel them to accept it by a law passed here in Congress.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Wisconsin.

Mr. KERSTEN of Wisconsin. Does the gentleman think there is anything objectionable for any nation to assert

that these inalienable rights are derived from its Creator?

Mr. MUNDT. I see nothing objectionable to that particular phrase and it is of course one to which all right-thinking Americans fully subscribe, but if we were to incorporate a large part of the language of the Declaration of Independence which would indicate that we expect them to follow the framework and the principles of the American system of government we would be going too far in this legislation. We have made it clear in the legislation that they must have political and economic relationships which are sound and workable in order for independence to be preserved.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Ohio.

Mr. VORYS. While I have a profound belief that my liberty comes from my Creator, yet I wonder whether I should attempt to write my religious beliefs into legislation for 16 nations, and that is a possibility in this amendment.

Mr. KERSTEN of Wisconsin. Mr. Chairman, if the gentleman will yield further, has not the committee written into the bill that these rights of independence and of liberty are derived from economics?

Mr. MUNDT. No. We have not. If you will read the whole sentence, we specifically added to the Senate language which dealt only with economic matters the words "and political relationships." So we have changed it to include both economic and political relationships.

Mr. KERSTEN of Wisconsin. In other words, they are derived from political and economic relationships, according to this bill.

Mr. MUNDT. No; they are implemented by economic and political relationships. We have not said they are "derived from them."

Mr. KERSTEN of Wisconsin. You have said that they are based on them largely, yet we as Americans say they are based on something else. Are we departing from our political philosophy?

Mr. MUNDT. No; we are talking about the restoration and maintenance of European countries principally. The difficulty with the gentleman is that he has interpreted the whole legislation in terms of his amendment. The committee did not do that. We did not have the amendment before us. We say that the restoration or maintenance in European countries of principles of individual liberty, and so forth, rest largely upon the establishment of sound economic and political conditions. That very definitely and precisely brings the political relationship into the picture without trying to prescribe precisely the American system for countries which do not have the background, experience, and training, in order to make it function successfully at the present period of history.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KERSTEN].

The question was taken; and on a division (demanded by Mr. KERSTEN of Wisconsin) there were—ayes 18, noes 50.

So the amendment was rejected.

Mr. BARDEN. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Chairman, on two occasions today the debate has touched on the question of the personnel and the type of men that have been handling our money in foreign countries. It is rather disturbing to me to see that not one single Member of this House would rise to defend the actions of the men that have been handling this money. This country will not support any program without faith in the men handling the program.

There has been read on the floor today a long list of men. I am putting it mildly when I say that most of them have been branded as "pinkos." As far as I am concerned there will be no "pinko" handling my money or my people's money. I want somebody to give us some assurance about the men that are going to handle this money. I am sick, I am nauseated over the reports that are coming to me about the type of men that have been handling this money. It simply does not make sense to expect a half Communist, a Communist, or one with Communist leanings to be a success in fighting communism. And that is what we are interested in.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. Briefly, for a question.

Mr. MUNDT. I just wanted to give the gentleman some assurance, because I feel exactly as the gentleman does about this matter, that we inserted an amendment—

Mr. BARDEN. Has the gentleman been serving on the Committee on Foreign Affairs?

Mr. MUNDT. Yes.

Mr. BARDEN. Why has he not been doing something about this before?

Mr. MUNDT. We have been endeavoring to get the Democratic administration, of which the gentleman who has the floor is a member, which I am not, to remove these men from the State Department.

Mr. BARDEN. I am not a member of anything that puts the stamp of approval on a man that is not loyal to this Government, especially if he is a Government employee spending Government money.

Mr. MUNDT. To get back to the bill, we have provided an amendment that the FBI has to certify to the loyalty of the people operating this legislation. I think the gentleman shares with me an admiration and respect for the members of the FBI.

Mr. BARDEN. I certainly do. I wish it were four times as large as it is and twice as active.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Georgia.

Mr. PACE. The trouble is, however, that the bill does not require them to certify, it simply requires them to investigate and file a report. One can be the most disloyal person in the United States and they can still employ him. You do not require that these employees be certified as to loyalty at all, and the omission is very significant.

Mr. BARDEN. Let me straighten that out. May I ask the gentleman from South Dakota if that statement is correct?

Mr. MUNDT. That is not within the jurisdiction of our committee, but if the gentleman can convince us that further clarification is necessary we want to correct it.

Mr. BARDEN. The gentleman is a member of the committee that brought in this bill. I want to know if that statement is correct.

Mr. MUNDT. The interpretation by our committee of this amendment is that a favorable report is required of the FBI.

Mr. BARDEN. When the FBI files its report, then what?

Mr. PACE. That is it.

Mr. BARDEN. Then what, when the FBI files its report?

Mr. MUNDT. I did not get the question.

Mr. BARDEN. When the FBI makes its investigation as to the loyalty and so forth of this man who is supposed to be or proposed to be a member of the spending personnel and files its report, then what?

Mr. MUNDT. Then if he is a loyal citizen on the basis of the FBI investigation and the economic administrator desires to appoint him, he can do so.

Mr. BARDEN. Suppose the report says "No," what is there to force the Administrator to keep that man from being appointed anyway?

Mr. MUNDT. The intent of the Congress in this legislation is that anybody not certified favorably as to loyalty by the FBI shall not be appointed.

Mr. BARDEN. Oh, well, that was the intent of Congress back yonder when we were spending the \$25,000,000,000 that have already been spent. There are enough men in this country above question to man these positions, and the people, the taxpayers, if you please, have the right to expect 100-percent loyalty to their Government and the American way of life from those selected.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield.

Mr. KEEFE. Assume that the FBI makes an investigation, and assume that the FBI files that report of its investigation with the State Department. Who is going to know, outside of the people in the State Department, what that report is? The Congress can't find out, because we have already been told that those reports are secret. A committee of the Congress cannot find out from the State Department and cannot get the facts from them.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. BARDEN] has expired.

Mr. BARDEN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KEEFE. Is the gentleman aware of those facts?

Mr. BARDEN. I regretfully state that I am aware of them, and that is what I want to clear up. May I ask the gentleman from Ohio [Mr. VORYS] if that is his interpretation?

Mr. VORYS. The gentleman from Ohio knows that the FBI cannot be made the appointing power. The review of appointments in this legislation is two-fold, as to the protection given to personnel. The review is two-fold; one is in the form of confirmation by the Senate, and the other is that I cannot conceive of the Committee on Appropriations of the House of Representatives bringing to the floor of the House appropriations to implement this legislation unless and until they know who are going to run it. Whether they are screened by the FBI or not, I think the Committee on Appropriations will have something to say before they bring an appropriation to the floor of the House.

Mr. BARDEN. May I say to the gentleman that I know most of the members of the Committee on Appropriations. They are very fine gentlemen and would be as cautious as they know how to be. But I am talking about what we have been doing with the \$25,000,000,000 practically all of which has already been spent. I saw in the paper the other day where this gentleman had been economic administrator for Italy. The newspaper carried the story under big headlines and carried his picture and named some of the "pink" organizations that he had been a member of. Then the newspaper stated that he had been economic administrator for Italy. He recently resigned and is now managing Mr. Wallace's campaign. Of course that does not make him a little bit to the left, but it is some evidence that he is bearing that way. If he has been economic administrator in Italy, I am not surprised if the election in Italy should be close on the 18th. I am not joking about this. This bill has worried me more than any piece of legislation since the declaration of war. I think there are some very, very serious matters involved. I would like very much to vote for it, and I may vote for it, but I am telling you now that I have some misgivings about it. I am worried about these people who are going out overseas. I know some of them. I have read the records of some of them, and the gentleman from Ohio knows that they are still in the Government and in the other countries of the world scattering this money around. If that is what is going to happen, then they can do a terrific amount of damage with \$17,000,000,000.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. BARDEN. I am glad to yield to the gentleman.

Mr. TABER. Under the decisions of the Supreme Court, it is absolutely im-

possible for us to prevent the employment of any specific person through the appropriation bills. We can only withhold funds from the State Department or any other department or agency where we find that they are employing people who should not be employed.

Mr. BARDEN. May I say to the gentleman while he is on his feet, I think one of the men named in this list today was one that the Appropriations Committee refused to appropriate money for. Is that not true?

Mr. TABER. Oh, yes. There is no question about it. He does not have any business in connection with a program of this kind. It is really an indictment of the program that it is built up with such people.

Mr. BARDEN. I say again, it seems to me the committee would require that these reports of the FBI be made available to the Foreign Affairs Committee or to the Appropriations Committee where they can review them and, if necessary, cut them off. But, as it is now, the FBI will make an investigation, it can be filed with the Department, and all the powers between here and hades cannot bring that report here unless they are willing to bring it out. Therefore the FBI report ceases to be of much protection. I gather from the debate today that we have accomplished very little, if anything, with the money already spent in foreign countries, even though we have spent the staggering sum of almost \$25,000,000,000. The American taxpayer has the right to expect his tax dollars to be wisely spent—and honestly spent. I think the State Department should do a little house cleaning and put folks to handling our foreign programs that inspire confidence, not distrust. I hope General Marshall will realize that bad company is dangerous before it is too late—and damage to his good name results.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. BARDEN] has again expired.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN asked and was granted permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, the gentleman from North Carolina [Mr. BARDEN] is not any more worried about this business than are some others. It is not bothering me at all because I do not intend to vote for it, no matter what you do about it. Nothing is to be gained by providing billions of dollars to be spent abroad and then letting a bunch of crooks spend it. You can talk all you want to about writing amendments into this bill, there is no man or woman who has been here 10 years who does not know that the departments do not pay any attention to what the Congress wants or does, when the law runs counter to what they wish to do.

The members of the Appropriations Committee know very well that the departments employ certain people no matter how vigorously the Congress protests. I remember when this Congress said that no money in a certain bill should be paid to three named individuals, but the Su-

preme Court said we would have to pay them just the same, and I assume we did pay the bill for their services.

Until the administration gets ready to clean house in the Commerce Department and in the State Department, I do not propose to give them another dollar to be spent abroad; not one dollar, and we would do well to deny them every dollar until they fire the last Red on their list.

They spoke about this man Lasser. He is in the Department of Commerce, if I am correctly advised. He is there after the Congress once said he should not have any more United States money while employed by a certain department. I say, he is still there. I do not understand and I cannot understand why the Committee on Foreign Affairs asks us to give these executive departments billions of dollars, when we know that some of the people who are going to spend that money either belong to or are affiliated with organizations which advocate the overthrow of this Government by force and violence. To my way of thinking, it just does not make sense. I think if the Committee on Foreign Affairs would get these departments cleaned out first, then we would have some confidence in some of these departments. You can talk all you wish about these FBI reports, I know, and the Committee on Expenditures in the Executive Departments and its subcommittees know, from bitter experience, that it does not make any difference what the FBI reports show as to the loyalty or disloyalty, or criminality of different individuals; those men still have their jobs with the executive departments and we cannot get the reports. Now, why is it? I ask, why is it that we cannot have those departments cleaned out, and have people who believe in America and American Government administer this program and other programs for which we are asked to appropriate public funds?

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. BUFFETT. In connection with what the gentleman has just said, I read in a responsible paper this sentence:

In the course of its loyalty check the FBI has determined that today 1 out of 12 Government employees has a police record, and the records, according to FBI Chief Hoover, usually do not list civil misdemeanors.

But the great mass are felons.

Mr. HOFFMAN. Oh, the New Deal has always had a taste for "smelly" people. I remember when Mrs. Roosevelt entertained and supported the Communists. I will give you another illustration, if you want it. This does not have to do with Europe but with those gangsters who were recently paroled. A committee of this House has already presented to the Parole Board evidence which could not be disputed showing that those men deceived, or at least presented false information—and there is a distinction, bless your heart—the parole board when they got their paroles; and they are still out—gangsters, members of the Capone gang. Apparently the same influences which got them out still keep them out.

What this country needs is a house cleaning, starting with the Presidential

Office and traveling on down until the last Red sympathizer is kicked out.

Mr. PACE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it just so happens that when the gentleman from North Carolina rose I was trying to draft an amendment to this identical section. I want to congratulate the committee on going halfway on this problem, and I hope they will go the whole way.

The language in the bill, beginning in the last line of page 63, is as follows:

No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title until such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator.

That assumes, of course, that the personnel director is a man of good judgment and that if the report is not favorable, he will not employ such individual. The difficulty, however, is that that has not always been our experience. I would like, therefore, to know if it might be agreeable to the committee, not in this identical language, for I am sure the committee can draft better language, to accept after the word "Administrator" when we reach this section, language saying as the bill reads, that he shall file this report with the Secretary of State and the Administrator and that they cannot employ such person until he has been investigated and it is certified that he is of unquestioned loyalty to the United States, its Constitution, laws, and form of government, and has never been a member of any organization advancing views to the contrary?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PACE. Just a moment and I will be delighted to yield.

The purpose there is, I think, to carry out the intention of the committee and certainly the desire of many Members of Congress that they not only be investigated by the FBI, but before they can be employed the report must be filed certifying to the fact that they are of unquestioned loyalty.

Mr. JUDD. Mr. Chairman, will the gentleman yield now?

Mr. PACE. I hope some gentleman speaking for the committee can give me the answer. I will be delighted to yield to the gentleman from Minnesota, for I know of no member of the committee more able to speak for it.

Mr. JUDD. I am unworthy of the compliment, but I thank the gentleman.

If the gentleman can devise a formula and language that will deal more effectively with this matter, I will support it and I am sure that the members of the committee, almost or entirely without exception, will support it. We have struggled with this for more than a year. In one of the bills we passed last year we required that the employee be investigated and approved by the FBI before being hired. Then it was made clear to us that the FBI does not certify, it does not approve or disapprove. It is not a Gestapo. It merely investigates

and then reports whatever it finds, both good and bad. The FBI does not evaluate. Somebody else has to evaluate its findings. So all we could do was to insist that the employee be investigated and the report be presented to the Administrator. He then must make the evaluation and decide whether or not to employ the individual. If you can find a surer way whereby we can keep improper persons out of this program, I am convinced the committee, almost unanimously and with open arms will accept such an amendment.

As the gentleman knows, I am probably as painfully cognizant as anyone could be of the damage which improper employees in the State Department can do and have done. Despite all efforts to prevent it, a group of people in the Far Eastern office took the victory in Asia, which a hundred thousand young Americans had given their lives to win, and all but gave it away in 2½ years. I can assure the gentleman that we on the committee are as anxious as anyone could possibly be to make sure that all who are placed in these administrative jobs are loyal first and only to the United States.

Mr. PACE. I felt confident that was the desire of the committee and I hope that overnight proper language can be found that will cover this situation. Many of us, may I repeat, would not be satisfied with simply the filing of a report.

Mr. LOVE. Mr. Chairman, I move to strike out the last word.

(Mr. LOVE asked and was given permission to revise and extend his remarks.)

Mr. LOVE. Mr. Chairman, in considering the amount of our help toward the rehabilitation of western Europe, we must not forget our domestic economy. Our food prices here at home are unbearable. In 1947 some \$2,000,000,000 worth of food products were shipped from our markets to Europe. This was largely the cause of ridiculous grocery bills in the United States.

The facts are that a small amount of the so-called relief food ever reached the poor people of Europe. This food was sold by the governments of Europe and could be purchased only from black markets and high-priced public markets. The poor people of Europe could not buy our relief food, and very little was given to them.

Under the pending bill, totaling \$6,860,000,000, some \$3,186,000,000 is to be spent for food again. In other words, half of the Marshall plan funds are to be used for food only. It is my contention that this amount estimated for food is entirely too high and that a larger percentage of our gifts should be used for reconstruction and not for day-by-day temporary aid.

The continuation of such a large food program also is bound to keep our grocery prices high, at the expense of over 2,000,000 aged Americans who get pensions of an average of some \$36 per month. The cost of living for office workers, school teachers, wage earners, and all our people in the United States should be considered before we continue

to ship excessive exports of food to Europe for the next 15 months.

I also note in the committee report on page 64, that the bill calls for \$60,000,000 to be spent for freight cars for European relief in the face of our present domestic-car shortage, and \$78,000,000 is allotted for trucks. The report also calls for shipment to Europe of \$2,000,000 worth of scrap iron, irrespective of our own scrap-iron shortage. Under the plan we are to export \$8,800,000 worth of iron ore and \$119,000,000 worth of finished steel products. Two hundred and sixty-four million dollars is to be spent for tobacco as a part of the program.

Most certainly the excessive food program of the pending bill should be drastically curtailed not only for the best interest of our domestic economy but for the actual reconstruction of western Europe as well.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in view of the fact that the acting chairman of the Committee on Foreign Affairs of the House has seen fit to indicate that the language on page 64 of the bill, which has just been referred to, can safely be left in the bill and perhaps leave it to the Appropriations Committee of the House to protect the people of America and Congress, I should say something that has been passing through my mind all these many months.

We get all agitated and stirred up with reference to the fact that some disloyal person may be in the employ of the State Department or some other agency of Government. Let us think for a moment about this bill with all of the protection that you can write into this paragraph on page 64. You pass this authorization legislation. The Appropriations Committee implements it with money. Then the Administrator, whoever he is, with all of his employees who have been screened and approved, go to work. They start this great pipe line of food and supplies to these European countries.

What happens when the boat arrives at Naples with, say, a carload of wheat? What happens when this material gets over there? Who handles it?

Now, there is the issue. You do not hear anybody from the Committee on Foreign Affairs talking about it. They talk as though our job is done when we screen these employees, appropriate these billions of dollars, translate them into thousands of carloads of goods, put them on a ship and send them to Europe. Who handles the distribution over there? Why, you know and I know just as well as we know we are sitting in this room, that it is going to be handled by the civilian government of the nation that is the recipient of our bounty, be that government good, bad, or indifferent; be that government good, corrupt or otherwise. The only inhibition that there is in this law is the inhibition that has been written into it to deny relief in the event they go communistic. Now, they can have in Italy, you know, 35 or 30 percent of their people favoring communism, and they can so vote. As long as the majority of them are not Communists and do not so vote—although 35 to 40

percent of them may be Communists and they may be cardholders and they may so vote—they will still get aid under this bill. And, the same is true of every other country.

Did you ever think of that just a minute? Let me paint a picture to you that I did to General Marshall and a group of the upper crust of the State Department when I asked them a few questions about this thing. There are a few simple things that I can understand, and I know this, my colleagues, that we have been asked to spend millions of dollars for the Voice of America. For what purpose? To tell the people of the world, and especially the people of Italy, that America sends them food, America is going to help them, America sends help. So, we appropriate the money and we buy the wheat, and we put it on a boat, and we send it to Naples to feed the hungry. But, the minute that wheat is unloaded from that boat, title to that wheat is transferred to the civilian government of Italy. We lose all control over it. And, the little fellow that heard the Voice of America and says, "You are going to get wheat, Salvatore" finds that when he goes into a bake shop to get his bread, that he has to pay for it, and pay through the nose, and pay the price not that the people of America put upon that bread, but the price that the civilian government of Italy places upon that bread, be that price high or low, and be that Government good, bad, or indifferent.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Now, my friends, I have asked all of those questions of the Secretary of State and of those who appeared before the Committee on Appropriations, and that is the way this program will operate; make no mistake about that. That is the way every relief program operates.

So, what becomes of little Salvatore who listened to the Voice of America, who told his hungry wife and family, "Yes, great, good America sends us bread, they send us clothes" and then walks into the store and the storekeeper, who may be one of the 35 percent that are card-carrying Communists, says, "Salvatore, that is a lot of bunk. You have got to pay for this stuff and pay what the Government says you pay." He says, "I have no money. I haven't a job, I have no money. My family must eat. We must have shoes and clothes." The storekeeper says, "Come to the meeting tonight, Salvatore, and we will see that you get a ration book and you get a job and you get money." Who does he think gets him the food, the United States of America or the Communist Party, to whose party meeting he goes that night and is taken care of?

Talk about screening these employees in the name of trying to prevent the influence of communism. Such contention

is not in accord with the realities, because the whole program must necessarily operate exactly as I have told you. America loses control of every single one of these items the minute it leaves the ship at the shore line of the nation to which it is consigned. We might as well understand that and know it when we vote on this program. We might just as well know and understand what we are doing and how perhaps inevitable it is that the program will not succeed as contemplated.

I am worried about this whole situation. I have slept over this thing, because we have had all of these programs before the subcommittee of which I have the honor to be a member. It is a pretty difficult thing to understand. The only thing that I could get by way of answer was, "Our hands are tied, we cannot do anything about it, because if we as a Nation seek to intervene and lay down intimate rules and regulations for the handling of this program we will be playing right into the hands of the Soviets, who already contend that we are guilty of meddling in the affairs of sovereign nations and are guilty of imperialism."

Mr. Chairman, it is a terrible problem to know just what the situation is to be. I expect to say something further on this tomorrow. I have a rather carefully prepared statement that I want to make in exposition of my own vote upon this program. If I vote for this program ultimately, it will be with tremendous reluctance, because of the implications that are involved.

Mr. RAYBURN. Mr. Chairman, I move to strike out the section.

Mr. Chairman, I realize that in passing legislation like this there is a risk, a great risk. Some of this money may be wasted. I feel certain that some of it will be wasted. But even with that, viewing this world as I do today, let me repeat what I said here before, I am more disturbed about the world today and what might happen than I was in 1938 and 1939. I am willing to take this risk. Maybe we can help save the world and our civilization. I think there is more tinder in the world today that may break into a flame than there was even then. As the gentleman from Wisconsin said, I too at a later time in this discussion am going to have something further to say. But I thank God every day of my life that I think 99½ percent of the people of the United States have more good in them than bad. I still think that the President of the United States, conscious of his tremendous responsibilities, will name a good administrator for this law, and that that good administrator will, out of one hundred and forty-odd-million people, find a few thousand good people, honest people, patriotic people in the United States to help him administer it.

[Mr. RIZLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I do not think we have had a bill which has been before this Congress since I have been a Member that has the Members as disturbed as this one has and I mean Members on both sides of the aisle. Everyone is searching his heart honestly trying to find what he thinks is the right solution.

I do not know what the rest of you think but I listened to the gentleman from Wisconsin [Mr. KEEFE], a few minutes ago and he made a great speech. With all due respect to everyone who has spoken on this bill up to now, I think he made the greatest contribution to this debate that has been made, because he is the only speaker so far who has gotten away from superficialities and things that do not make any difference and brought us right down to what we are facing in this bill. He put his finger on the heart of the problem.

Back in the cloakrooms and behind the rail the Members of this House are asking each other how they are going to vote and how they feel about it. They are all disturbed. Then somebody will chirp up and say: "Well, it is a chance, a hope and for \$6,000,000,000. I am willing to vote that amount even if I do not know whether it will do any good; I am willing to take that calculated risk." But I say to you that just hoping is not enough, that Congress has a responsibility to do something more than just take a calculated risk.

The gentleman from Wisconsin [Mr. KEEFE] pointed out one vital thing in this bill, that we are going to vote for it on the theory that it will stop the mad onrush of communism. There are many, who will tell you it is for its psychological impact, and yet the gentleman from Wisconsin [Mr. KEEFE] pointed out to you what the psychological impact is going to be in Italy. In that country between 35 and 40 percent of the people are Communists—and in France the same way, and in many of the other countries. We send this \$6,000,000,000, or whatever the amount is, over there to Europe, but the little man Joe Salvatore, comes in and has to pay the black market price or at least a price his own government establishes to his own government for aid that the American taxpayers are furnishing. It is costing us just as much to have him buy it as it would be if he were getting it free. What will be the psychological impact of this \$17,000,000,000 long-range plan when the peasants and the other people who are supposed to be affected by it have to come in and pay for it with money that they do not have?

Why does the Foreign Affairs Committee, why does the President and the Secretary of State, all of them, persist in this most unwise policy? I cannot figure out any reason for it unless it is to be found on page 37 of the report where it says that they will take the local currencies that they will get out of the peasants and make loans to private en-

terprise. It says that American firms may participate in that. Is that what we are voting in this bill? So some American firms can take \$6,000,000,000 in French francs or Italian lira and go into business over there?

Mr. Chairman, we are supposed to be voting for a bill here that will have a psychological impact on those 16 participating countries, which will help them in trying to ward off communism. I think the gentleman from Wisconsin [Mr. KEEFE] all too clearly drew the picture. Mr. Chairman, the gentleman from Wisconsin made the greatest contribution here today if the Members would but listen, that has been made since we started debate on this bill. I hope for once that the Foreign Affairs Committee instead of adhering to its own policy of writing a bill and then resisting efforts to improve it will give consideration to this point. Let us strike out the local currency provision and let us write this bill in a proper manner. I do not know whether I will vote for it or not. I went over this same thing when we voted previous millions of dollars to France and Italy. We do not want to forget that it is still going to the 35 or 40 percent Communists over there as well as the non-Communists. What kind of psychological impact do you think it will have on little Salvatore who may be an Italian who hates communism when he sees the Communists coming in there and taking largess from the United States in the same manner that he is able to?

I implore the committee to give some consideration to this. Let us write a bill that if it passes and if we do spend billions of dollars will have the desired psychological impact.

Mr. BREHM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not intended to say anything at this time. Tomorrow I would like to insert my remarks at length on the subject. In my opinion, if a secret vote were taken by Members of this House there would not be a hundred votes for this bill. I do not believe that all the members of the Committee on Foreign Affairs would vote for it if there was a secret vote. No bill has been propagandized as much as this bill has in the history of my fifty-odd years of living.

Mr. Chairman, I just returned from home where I have been for 2 weeks. I met with many, many groups and talked with many individuals. They are confused. Finally I asked them all this question: "What should I do in regard to the foreign-aid bill?" Now, they are as much in favor of foreign aid as I am so far as furnishing food, clothing, medical supplies, and things of that kind to the needy are concerned, providing the needy get them. They finally wound up and gave me an almost unanimous vote that if aid were extended for 1 year, with a separate agency administering it, they then felt that I should support it.

That brings me right down to the present moment.

Mr. Chairman, the gentleman from New York [Mr. JAVITS], a member of the

committee, stated, and I quote from the March 24 RECORD:

We give them to understand that we are not making a 4-year commitment of any kind or character.

Then he goes on to say:

This is a very sharp difference from the Senate bill, as my colleague from South Dakota has already pointed out. In the Senate bill it is stated, and I use the exact language of S. 2202: "There is hereby authorized to be appropriated."

That means that the Foreign Relations Committee has already done its work and the only thing that is necessary is for annual appropriations to come in on the basis of a policy and a program already committed for legislatively.

I would like to ask this question of the committee. We do set up, as I understand it, for 1 year the commitment so far as appropriations are concerned. This bill will go to conference. Does the Committee on Foreign Affairs intend to insist on a 1 year program, or are they going to yield to the Senate conferees and bring it back containing a longer period? The point is this: Some of us have decided that on a 1 year basis, with an independent agency, we may go along and give it a trial. On the other hand, are we going to yield to some of our doubts and uncertainties and then find you have yielded to the Senate conferees for a 4-year period?

Mr. MUNDT. Mr. Chairman, if the gentleman will yield, before answering that question, I welcome the gentleman into the fold of those supporting this legislation and I will say that it is definitely an appropriation for 1 year, and it is an independent agency. Speaking as one who hopes that he will not be one of the conferees, but is afraid he will be, I will say that if I am a conferee we are going to hold out to the bitter end for this 1 year authorization and appropriation because that was virtually the unanimous attitude of the committee.

Mr. BREHM. If I support it on the 1 year basis and it comes back for a longer period, I most definitely will reverse my vote even though I am not reversing my opinion on a 1 year commitment trial basis.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from Georgia.

Mr. COX. The foreign countries who will be the beneficiaries under this bill understand, as we know, that we are undertaking to set up a 4-year program. While Congress seeks to withhold a commitment for appropriations for only a year, I know, you know, and every Member of this body knows that it is a 4-year program we are setting up, and we might just as well be honest with ourselves, with the country, and with the world, and admit it as such.

Mr. BREHM. Does the gentleman from the Committee on Foreign Affairs care to answer that statement?

Mr. MUNDT. I will answer by the language of the bill itself, and no Member of Congress can change the language by his individual interpretations to bind any future Congress. I read from page 82, line 15:

The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorizations.

Mr. BREHM. We cannot commit a future Congress, can we, as to appropriations of money?

Mr. MUNDT. We could not do it if we desired to do it, and we have no desire to attempt to do it.

Mr. COX. Mr. Chairman, if the gentleman will yield further, that is a 4-year program, and by the committee sponsoring it understood to be so. I submit to you the language just quoted. In other words, for more than 1 year they will have to come back and ask for new authorizations and new appropriations.

Mr. BREHM. But future Congresses could reject it. They are not bound to appropriate beyond 1 year.

Mr. COX. The gentlemen are not dealing frankly with the American public, because while there is no attempt to commit the Congress to an appropriation for more than 1 year, it is contemplated that the program will be a 4-year program, and that authorizations will be asked for in the years to come, and the Committee on Appropriations of this House will be requested to make appropriations.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BREHM. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from Wisconsin.

Mr. KEEFE. In line with what the gentleman has just been discussing, have we so soon forgotten that when the Greek-Turkish aid program was before the Congress it was stated with definiteness and certainty that that was a 1-year program?

Mr. VORYS. Mr. Chairman—

Mr. KEEFE. Just a moment please. I do not have to have you all shaking your heads. I will show you the remord made by the Administrator, Mr. Griswold, when he came before the Committee on Appropriations and testified without any equivocation that this was a 1-year program, and he stated in that record that he wanted it definitely understood that he would not permit himself to be stuck away over there for any longer than a period of 1 year. They are back here now asking for more money, and we will vote it, and the year following they will be back for more money and the committee will be here urging it, and we will go on forever and ever, and no man from this committee or the State Department or anyone else can set any time in the foreseeable future when this program may be expected to come to an end.

Mr. BREHM. The gentleman feels that this is a 4-year commitment?

Mr. KEEFE. I do not believe there is any question about it. The people over there have stated so.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from Ohio.

Mr. VORYS. May I say first that the text of the Greek-Turkish Act does not contain any 1-year limitation or commitment whatsoever. What witnesses say in closed hearings before the Appropriations Committee does not necessarily bind this Congress.

Mr. KEEFE. They are in the printed record.

Mr. VORYS. On the matter of how long this program should last, may I point out to the gentleman and the House and to foreign nations that this continuity is not necessarily for 1 year. Let me read from page 49, lines 10 to 14, this language:

It is further declared to be the policy of United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

So that at this point and other points in the bill it is pointed out that continuity is at all times dependent upon action abroad. The only commitment as to time is that the law stays on the books for 4 years, but authorizations and appropriations are reserved to future Congresses and to future sessions.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Notwithstanding all that the gentleman says, the fact remains and the RECORD shows that when the debate was on in the other body the principal sponsor of the legislation said that he would feel morally bound to follow through for the full term.

Mr. VORYS. If what?

Mr. HOFFMAN. Oh, if, if; if they ask for it.

Mr. VORYS. If the foreign nations comply with all the provisions in this proposed bill.

Mr. HOFFMAN. And if we were suckers enough to go along.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from California.

Mr. PHILLIPS of California. I ask the gentleman to read these words on page 82:

Such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952.

May I ask the gentleman if he thinks that is a 1-year bill?

Mr. BREHM. Does anybody wonder that the folks back home are confused?

Mr. CHURCH. May I ask the gentleman from Ohio if he said a while ago, "Depending on the asking abroad"?

Mr. VORYS. No. Read the bill.

Mr. CHURCH. The gentleman said "asking abroad" or "action abroad"?

Mr. MUNDT. If the gentleman will yield, I should like to speak to the ques-

tion raised by the gentleman from California, because this clearly sets forth the intent of Congress. I quote from page 82, lines 4 and 5. I happen to be the author of that amendment, so I think I can explain it.

Such funds shall be available as are hereafter—

We all understand the meaning of the word "hereafter"—
as are hereafter authorized and appropriated—

"As are hereafter authorized and hereafter appropriated," that is all. There is no commitment beyond that, no promise, no pledge, no commitment. We simply declare that "as are hereafter authorized" future Congresses shall authorize and appropriate or not authorize and appropriate funds for this program as they in their own good judgment and at that future date deem wise and prudent and productive. We enter this program with the expectancy that it will continue until 1952 if all goes well and peace-preserving productive results are being achieved but there is no legal commitment in this legislation to go beyond the next fiscal year.

Mr. BREHM. Well, Mr. Chairman, if there were any assurance that this program would stop communism, I would be willing to commit this country indefinitely to such a program. I do not want to put one stumbling block in the way of stopping this ideology, but neither do I want to commit my people to increased hardships only to find that the program has failed as other similar programs have, because of poor or stupid administration. This proposed bill does attempt to safeguard our interests more than any of the other relief bills did, and if I should vote for it I want it distinctly understood that I am not committing myself or my people to a period longer than 1 year. At the end of that time I could take a look as to results and if still in Congress I could govern myself accordingly.

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to me that this is a very important point. I take this time to continue the discussion, because no one can read this bill and by any stretch of the imagination think that as it is now written it is a 1-year bill. This is going to be read by the people in foreign countries, this is going to be read by the governments of foreign countries, and it is going to say to those governments, on page 82, "such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952," which makes it a 4-year bill.

No matter what the committee intended it to be, the language stating that authorization in this title is limited to a period of 12 months refers specifically to the authorization of \$4,300,000,000 and nothing else. If that was not what the committee intended it to refer to, then decidedly the committee should correct the language in its own bill.

It was my intention, as I know it was of others in the Chamber, to try at the proper time to clarify the language at the top of page 82, and the language on page 97. There is language which is very confusing on three pages of this bill, on page 82, again on page 97, and on page 49, all on this same point. I believe the committee intended to make it a 1-year bill, but I am firmly convinced if the committee members will read the language, they will know that in the eyes of every nation in the world this is a commitment for 4 years. I do not believe the Congress wishes to commit itself for 4 years. If this were a 1-year bill it would say that the authorization expires except by positive action for a renewal. However, it actually says that if it is not carried out properly, it can be stopped by positive action to stop it. That is exactly the opposite. I have an amendment which I intend to offer, suggesting a clarification of this language. I yield to the gentleman from New York.

Mr. JAVITS. There is no law against asking—and the gentleman will agree with me on that. There is no commitment because someone can ask. The gentleman, I think, will agree with that. Let me call the attention of the gentleman to the Senate language and to the House language. Let us see if we are not creating confusion or if there is confusion. The Senate language is found in the draft which is before us all on page 31.

Mr. PHILLIPS of California. Let us not talk about the Senate bill. Let us talk about the bill that is before us. Mr. Chairman, I yield only to talk about the bill because my time is limited. Please read page 97.

Mr. JAVITS. The House bill at page 82 which the gentleman himself referred to says unless the funds shall be appropriated as hereafter authorized and appropriated. There is no uncertainty about that.

Mr. PHILLIPS of California. That is, through June 30, 1952.

Mr. JAVITS. That is not appropriated. Then there is the language to be found on page 97.

Mr. PHILLIPS of California. I refuse to yield, Mr. Chairman, unless the full language is read, may I say respectfully to the gentleman from New York, as it is in the bill.

Mr. JAVITS. I am reading.

Mr. PHILLIPS of California. Let me read page 97. On page 97 it says "after June 30, 1952," or after the date of the passage of a resolution which declares the powers are no longer necessary. In other words, you have to take positive action to stop it short of June 30, 1952. Now there could be a very simple amendment to the bill. It would carry out what the committee says over and over again it wants to do, namely, to say that it would take positive action to continue aid beyond June 30, 1949. The bill should contain a positive statement that Congress does not commit itself to anything beyond June 30, 1949, unless the nations help themselves and unless further aid can be justified. I am not arguing with the committee. I am at-

tempting to say what the committee itself says. I am saying that the bill does not say what the committee says it does on the floor.

I yield to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. I am happy that the gentleman has called attention to the language in section 122 on page 97 of the bill under the general heading "Termination of Program." The program terminates after June 30, 1952, unless sooner terminated by the passage of a concurrent resolution.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is certainly no confusion in my mind in relation to the matter that is being discussed and in which there is naturally a very deep interest. Preceding this legislation there was a meeting of 16 nations and out of that meeting has come certain arrangements, and a resultant program covering a period of 4 years has been entered into. When I vote for the passage of this bill which I shall do because I believe the powers of our country should be exercised affirmatively and effectively for peace, and to meet the threat of communism, there is no doubt in my mind as to what I am doing. I am voting for a 4-year program. There is not going to be any deception or misunderstanding in my mind as to what I intend to do. I think we might just as well be frank and meet the issue so that the people of the world will know of our intent. Let the Members vote one way or the other. If the bill passes, I think the people of the world, those outside the so-called iron curtain and many millions behind it who hate communism, will know just what the American Congress and what the American Government intends to do.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. VORYS. The gentleman is emphasizing a possible moral commitment in his mind. Does the gentleman think that in voting that way he can legally commit a future Congress to authorize or appropriate a thin dime for this program?

Mr. McCORMACK. I was going to come to that. In this bill there is language which clearly shows that the authorization and appropriation must be enacted each year. But I am stating what I am voting for. I am stating what is in my mind. I am stating what the world construes we are doing—a 4-year commitment, until June 30, 1952. If next year we fail to enact or to authorize and make the necessary appropriation for the next fiscal year, than those countries will be justified in feeling that the United States broke its promise and, so to speak, reneged upon its agreement. I think we ought to face the issue clearly. It is true, as the gentleman says, that this particular authorization is for 1 year; that the next Congress will have to pass another authorization and another appropriation. But there is not only the moral obligation, but as I see

it there is more than a moral obligation; as far as those countries are concerned who cooperate, and those countries who do not adopt a Communist government are concerned, they could expect the United States Government to carry through their obligation in relation to them until June 30, 1952, if the conditions of relief and rehabilitation extend during the 4-year period.

Mr. MATHEWS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. MATHEWS. Why a 4-year program and not a 3-year or 5-year program?

Mr. McCORMACK. I am stating what I am voting for.

Mr. MATHEWS. Why? Why a 4-year program?

Mr. McCORMACK. Four?

Mr. MATHEWS. What is there magic in 4 years?

Mr. McCORMACK. There has been a controversy and discussion as to whether it is 1 year or 4 years. I am not rising at this time to discuss whether it should be 4 years or 3 years. I am stating that under the language contained on page 82, when I vote for the passage of this bill—

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. I ask unanimous consent, Mr. Chairman, to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. I am going to vote to maintain the word of America as far as those nations are concerned who are cooperating, who have not adopted communistic forms of government, either through the ballot box or where it has been imposed upon those people.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. VORYS. The question has been asked, Why is this 4 years instead of 3 years or 5 years? It is 4 years because the 16 nations at Paris said themselves it would be a 4-year program within which they expected to become independent. That is the only reason why there is any mention of a 4-year period.

Mr. McCORMACK. I understood that, but my friend from New Jersey asked the question for a different purpose than I had in rising. I rose not to discuss that. I could have answered that, but I rose to frankly convey to the members of the committee that when I vote for this bill I know I am voting for an authorization and appropriation for 1 year. I am voting also for a 4-year program, and I intend to continue, if I am a Member of Congress next year, to have America keep her word with those nations who cooperate, with those nations who have not adopted either voluntarily, or have had imposed upon them a communistic form of government.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. KNUTSON. I wish to compliment the gentleman. He is one of the few who has had the courage to state the fact that we are committing ourselves to a 4-year program. If I am a Member of the next House—although I shall vote against this bill—I will feel morally obligated to the second and the third and the fourth years.

Mr. McCORMACK. I appreciate the gentleman's observation. I simply rose, after sitting here and listening to the debate, to at least express my own personal views that when I vote for the passage of this bill I realize I am voting for a 4-year program, and I intend during all those 4 years if I am a Member or any part of this House, as far as the co-operating nations are concerned, to carry through the pledge and the promise of the United States of America.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the distinguished dean of the House, the gentleman from North Carolina.

Mr. DOUGHTON. Does not the gentleman interpret the language of this bill to unequivocally commit us to a 4-year program if the other nations carry out their part?

Mr. McCORMACK. That is absolutely so, and I think we ought to be frank and honest with ourselves, and we ought to be frank and honest with the other countries of the world so they will know that America's promise is good.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Does not the gentleman feel that it is a little unusual to find on page 82 of the bill language which requires in order to implement this program for another year a new authorization as well as a new appropriation?

Is not one authorization sufficient?

Mr. McCORMACK. May I say to the gentleman from Wisconsin that I think the committee has done an unusually good job. They have had a hard task. I did not rise to criticize the committee. I shall support the Committee; but in supporting the committee I want to make my position clear.

I rose simply for one purpose of informing the Committee of the Whole of my own personal views, that when I vote for the passage of this bill, I am voting for a 4-year program, and I shall vote to carry out the promises and the pledge of the United States of America.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SADOWSKI. Can we hope then for any tax reduction for the people of

America before that period? Why are we talking about tax reduction when we are going to have to pay for all these things?

Mr. McCORMACK. Did my friend ask me to yield for a question or a speech? I voted against tax reduction. I do not know whether my friend voted for or against it. I may say to the gentleman that I did not rise to discuss tax reduction, I rose simply to make my position clear so there could be no misunderstanding on the part of anybody now or hereafter as to my position.

I say to the membership that we should vote for or against the bill upon the merits realizing that we are voting for a 4-year promise.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, Sidney Smith said about 200 years ago that "it is fitting that a man should give a reason for the faith that is in him."

I am going to stop kidding myself. We cannot afford to kid ourselves. This program may take 4 years, it may take 3, it may take 10; but the program is for the purpose of establishing as firmly as is within our power the bastions of the free way of life we fought to preserve, and that is what I am for and that is what I stand for. It is the result and not the length of time it takes which is the important thing.

There was a man named Churchill back in 1750—he might be related to the Churchill of the present day, I do not know; but he said, and this might well have referred to the Russians in their present mood:

They spin their webs of more than common size,
And half-starved spiders feed on half-starved flies.

It is my conviction that we are going to try to bring some sustenance to the half-starved flies of the world until the time shall arrive when the half-starved spider, left without its nourishment, may turn upon itself and die from the poisons which infest its system. I have great misgivings as to whether the money will be spent wisely or well. We shall have to set up the wisest devices possible to assure that. I remember in 1941 many measures which came before this House were, in my opinion, a prelude to war. It was my belief then that those measures would lead to war, and in my belief they contributed to that result before we were prepared to follow through, to protect ourselves from the consequences of our commitments.

It is my opinion also that this bill, together with other measures which will follow it, are our last best hope of peace in the world. These measures contemplate that we prepare in advance to be strong enough to back up what we undertake to do. I might be wrong this time, as I have been wrong on other occasions, but that is my conviction.

I am going to support this bill. I am going to hope that we will make our-

selves as strong as we can in its administration, in its distribution, and in the avoidance of waste and folly and misuse. I hope we will not put it in the hands of those who have wasted the substance of this country heretofore.

I am going to close with another quotation which I think expresses pretty well the belief of a great many Members in this House. This was said by Elizabeth Barrett Browning, and it is a good star to steer by in this difficult time:

Happy are all free peoples,
Too strong to be dispossessed,
But blessed are they among nations,
Who dare to be strong for the rest.

I hope we will have the strength, the wisdom, and the judgment to work this thing out, to try to find the right, as God gives us the ability to see the right.

[Mr. KNUTSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending section do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. KERSTEN of Wisconsin. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin: On page 50, line 9, after subsection (3) add a new subsection, as follows:

"(4) by encouraging the free passage of people from one participating country to another."

Mr. KERSTEN of Wisconsin. Mr. Chairman, this section sets out the broad purposes of the title of this bill. In other words, the entire program seeks to accomplish certain definite purposes. The first one seeks to promote industrial and agricultural production; the second one the creation of a sound currency, and the third the reduction of barriers which may hamper trade between the participating nations. All of these are good and laudable objectives. It seems to me that perhaps the most important objective, and one that has been mentioned by many students of this European problem, is the free passage of peoples of one participating country to another. If there is anything that will further the economic union, the economic integration of these nations, which we all hope for, it is that. It is not merely free trade. We are advocating free trade and the lowering of barriers between these countries. As we are doing that, why do we not also seek to encourage the free passage of peoples? If we are seeking, gentlemen of the Committee, as you all have stated, economic and political integration, ultimately, why do we not set forth as one of the purposes of this legislation the free passage of peoples between these participating countries. I cannot see what possible objection you would have to that.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from South Dakota.

Mr. MUNDT. Does the gentleman's amendment refer to the free passage of people for the purpose of visiting or from the standpoint of immigration?

Mr. KERSTEN of Wisconsin. The free passage of people from one of the participating countries to the other to visit, and the granting of visas.

Mr. MUNDT. Not for the purpose of immigration and change of residence, but simply from the standpoint of visiting?

Mr. KERSTEN of Wisconsin. I do not think we should tie it down to that, but the general proposition of free passage of peoples, just as we advocate the lowering of trade barriers.

Mr. MUNDT. Then the gentleman advocates the repeal of the immigration laws.

Mr. KERSTEN of Wisconsin. This does not pertain to the United States at all. We are talking here about the objectives that we seek so far as the participating countries are concerned, that is, the 16 countries. In No. 3 we advocate that trade barriers between them be lowered. Now, I ask that in addition to the lowering of the trade barriers for the passage of goods, that we advocate and encourage the lowering of the barrier to allow the free passage of peoples in those countries. If you lower the barriers for trade, why is it not even more important to lower the barriers for the passage of the people?

Mr. MUNDT. If the gentleman would confine his amendment for the purpose of visiting, I would favor it, but if you attack the immigration statutes of the various countries, I am afraid our committee would have to oppose it.

Mr. KERSTEN of Wisconsin. I do not think we should tie ourselves down to any particular thing. If we state that the free passage of these people should be encouraged, we are then advocating what has been advocated by students of this problem from the beginning.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Why does not the gentleman add to his amendment "for commerce and travel of people."

Mr. KERSTEN of Wisconsin. I would accept that amendment to my amendment.

Mr. DEVITT. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from Minnesota.

Mr. DEVITT. The gentleman does not seek to change the immigration laws of the several countries, but merely to allow the free passage of peoples.

Mr. KERSTEN of Wisconsin. That is correct; merely to encourage them. I would be willing to accept Dr. JUDD's amendment.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from California.

Mr. HINSHAW. The gentleman knows, and everybody on the committee knows, that what they are trying to do is to establish a United States of Europe ultimately, and for that purpose there

should be free travel between the several countries, not only for commerce and trade, but for settlement as well, just as there is in the United States.

Mr. KERSTEN of Wisconsin. I believe there should be at least a start of the lowering of the barriers between the peoples of these participating countries, and we should encourage it.

Mr. Chairman, I ask unanimous consent to amend my amendment in accordance with the suggestion offered by the gentleman from Minnesota [Mr. JUDD].

Mr. VORYS. I object, Mr. Chairman.

Mr. KERSTEN of Wisconsin. Then I prefer to have my amendment stand as it is.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, this amendment is dealing with one of the purposes which the CEEC countries proposed for themselves at Paris, but it is not properly drafted. I shall be constrained to object throughout the proceedings to amendments at the Clerk's desk, because we do not then know what is or is not in the amendments. It seems to me that this could well have been brought to the attention of the committee. All Members were invited to bring amendments to the attention of the committee. We spent a long session this morning attempting to review all amendments of which we had heard. We never heard of this one until now, and it is not properly drafted. Therefore, it is my hope that this amendment in its present form will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KERSTEN].

The question was taken; and on a division (demanded by Mr. KERSTEN of Wisconsin) there were—ayes 10, noes 33.

So the amendment was rejected.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The Clerk read as follows:

PARTICIPATING COUNTRIES

SEC. 103. (a) As used in this title, the term "participating country" means—

(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration; provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is

hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title may be utilized for the purposes of this subsection: *Provided*, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that act.

Mr. O'KONSKI. Mr. Chairman, I have an amendment to offer to this section. I ask unanimous consent that tomorrow, when the House convenes and we get into the Committee of the Whole, I be given permission to present my amendment at that time, when more Members are present; otherwise I shall be forced to make the point of order that a quorum is not present.

Mr. CRAWFORD. Mr. Chairman, I think the gentleman's tactics are entirely out of order, and I shall have to object.

Mr. O'KONSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'KONSKI: On page 50, line 16, after "including", insert "Spain" and a comma.

Mr. O'KONSKI. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'KONSKI. Mr. Chairman, in the report of the committee there appears a very interesting map that I wish to call to the attention of the Members. We find there shown the countries under the influence of communism, the countries in blue that are in danger of being overtaken by communism, and then a blank spot. The blank spot is Spain, the second largest country in Europe, that is omitted under the present bill from this plan.

Let us be realists for a change and ask ourselves this question: If war were to break out between the United States and Russia, say tomorrow, next week, or next month, how much resistance do you think there would be from Italy where they are going to hold an election soon and almost 40 percent are going to vote Communist? How much resistance will there be from Norway, where the Russians have already imported 40,000 troops into Spitsbergen disguised as coal miners? How much resistance do you think there would be from France which has approximately 30 percent Communists voting in her elections? In other words, if war were to break out, which is an eventuality that we are preparing for in this bill—if war were to break out within a week, you would find that the fighting front would be Spain, the only country which would offer effective resistance. Yet that country is the only country in Europe which is omitted from this bill.

There is something very interesting that ought to be told about Spain. We are being bothered by international

gangsters all over Europe, who make it necessary for us to pass this kind of bill. Let me ask you how many of you gentlemen recall the name of Dimitrov, the present dictator of Bulgaria? How many of you remember the name of Gottwald, the man who recently butchered democracy in Czechoslovakia? How many of you remember the name of Tito, the dictator of Yugoslavia? How many of you remember the names of Francois Victor, the great leader of the French Communists and Francisco Scotti, Rudolph Picciardi, the individuals who are causing all this trouble in Italy at the present time? Every one of those names and scores of others are the names of men who tested their metal and got his experience by fighting in the civil war in Spain in 1936. The individuals who were defeated in Spain by the Spanish people are the individuals who are today the leaders of Communism in Czechoslovakia, in Bulgaria, in Yugoslavia and all over Europe. The point I want to make is that here we are talking about stopping communism, and the only country in Europe that has shown any effort or has had any success in stopping communism is Spain, yet that is the only country of all the European countries that is left out of this plan to stop communism.

Let me ask you this question: Why is Spain not in this bill? Spain is not in this bill because Spain was not invited originally by the 16 participating countries to come to the Paris Conference. Now, why was not Spain invited to the Paris Conference? Spain was not invited to the Paris Conference because appeasement was still in the air.

In other words, Great Britain, France, and Italy who extended the invitations to the nations extended an invitation to Russia and to the Russian satellite nations, but did not extend an invitation to Spain. The only reason why they did not extend an invitation to Spain is that France, England, and Italy preferred the company of Stalin and his satellites to that of Spain, knowing full well that if Spain were represented at the Paris conference, there would be no chance whatever of having Russia and her satellites there. That is the same reason why we did not allow Spain to participate in the United Nations, because we thought if we let Spain participate Russia would walk out. It is the same reason that we have appeased Stalin all the way through. It is simply a step in the process of appeasement. Of course, there are those who say that Spain is Fascist. Well, that thing has been worn out pretty thin because according to those people, I am a Fascist. According to those people, you Congressmen are all Fascists. According to those people, anybody who opposes communism is a Fascist. Because Spain is the only nation that has completely routed the Commies, of course, they are the biggest Fascists.

The present government of Spain, while it is not the sort of government I would like to see, and while I would like to see it improved, nevertheless you cannot get away from the fact that it is a free government voted for in an election less than a year ago. I made the effort

to find out about it through the efforts of the Research Department of the Congressional Library. I found that Spain had an election in July 1947. At this election the people were asked to vote on a certain succession act that was passed by the Spanish Assembly and the Senate. In the July 6, 1947, election, 83 percent of the people approved the present government in an entirely free election. If you will look up the record of that election held less than a year ago, you will find that all the truly American newspapers verified the fact that it was a free election. The Government of Spain is the voice of the Spanish people. What right have we to interfere in her internal affairs?

I would like to see improvements in that government myself. I would like to see improvements here in our own Government. Likewise many improvements are needed in the governments of France, Italy, China, and Britain.

But here is the point I want to drive home. The 16 nations that called this conference asked Russia to participate in the Marshall plan. They did not ask Stalin to change the inside of his country or change his government in order to come over to Paris and participate in the conference. They did not ask any of Russia's satellites to make any changes in their government to participate in the conference. Then, under what rule or by what logical standards do they say, "We did not invite Spain because we feel they ought to make some changes in their government"?

Now, there is no real objection to including Spain in this plan other than the continuation of appeasement. Leaving Spain out of this plan is nothing more than a moral victory for Stalin, Tito, Dimitrov, and Gottwald, and the others. They will be happy because they will consider it a moral victory to the extent that the only country in Europe omitted from the Marshall plan is their greatest enemy—Spain. Incidentally, according to the Communist catalog and according to the Communist plan, Spain was supposed to be the first Soviet nation outside of Russia. That was in their plan. They got set back in the Spanish Revolution of 1936 and 1937. Consequently, there is bitter hatred among the Communists all over the world toward Spain. If you want to give a body blow to the cause of communism in Europe, the place where you can give your body blow is to put Spain into this plan and adopt them into the family of nations.

Now, the committee has no real objection to it, because I will read from page 11 what the committee says about Spain. This is it:

Recognition of this fact and the possible desirability of readmitting Spain to the family of western European nations seems to be growing among the countries of western Europe and is certainly manifesting itself in opinion in the United States.

In other words, the committee realizes there is sentiment in this country, and all over the world, to adopt Spain and take then into this plan, because Spain is the greatest bulwork against communism in Europe.

Incidentally, Spain is the only agricultural exporting country in Europe. They are the only country in Europe today that has any food to export to help in the Marshall plan. Last year they exported over 3,000,000 metric tons of food. To whom? To the 16 nations participating in this plan. Yet the European nations refuse to invite Spain to get a little of our money we are giving them.

Everybody here who has any common sense about this proposition knows that the only reason why Spain was left out was because Spain was not invited. The only reason Spain was not invited was because the 16 nations continue to carry out their program of appeasing the Communists and appeasing Russia, knowing full well that Russia would not like it if Spain were invited.

Now, here we are going to spend \$6,000,000,000 of the people's money to stop communism. If we are going to spend that much money why continue our program of appeasement?

Lets be realists. If you will look at the map of Europe and look at what Spain has done to communism in the past, there is where you will find your greatest bulwark against communism in Europe. I say to you, knowing the danger of communism as I do, we need Spain more than Spain needs us, and it is time that the people of the United States and the nations of the world woke up to that fact, instead of continuing their program and policy of appeasement.

Mr. Chairman, does the name Giorgi Dimitrov, present Communist dictator of Bulgaria, mean anything to you?

Does the name Klement Gottwald, present Communist dictator of Czechoslovakia, mean anything to you?

Does the name of Joseph Broz Tito, present Communist dictator of Yugoslavia, mean anything to you?

Does the name of Andre-Marty, founder of the French Communist Party, mean anything to you?

Do the names of Luigi Longo, Francois Vittori, Nenni, Francesco Scotti, and Vittatio, present leaders of the Communist campaign in Italy, mean anything to you?

If these names do not mean anything to you, think back to the year 1936. Think of Spain in 1936. Think of the civil war in Spain in 1936.

All of the names mentioned above are names of Communist leaders who led the Communist fighters in Spain in 1936. All of these men—every one of them—earned the reward they now have—by leading the Communist civil war in Spain in 1936.

The Spanish people drove these men out of Spain and defeated the Communists after a bloody and deadly civil war. Yes, Stalin, Gottwald, Tito, Dimitrov, and others have every reason to hate Spain.

If these men had their way, Spain today would be a Communist state and we could just as well forget about the Mediterranean Sea, which we are now so concerned about.

By way of stopping communism no country has done more than Spain. Yet, the present ERP bill leaves Spain out. The passage of ERP without Spain

is a moral victory for Stalin, Tito, Dimitrov, and Gottwald.

Let us write Spain into the ERP bill and give the international gangster Communists the body blow they have been asking for.

FACTS ABOUT SPAIN AND ERP PROGRAM

First. Was Spain invited to participate in the ERP Conference at Paris? Answer: No.

Second. Was Russia and her satellites invited to this conference at Paris? Answer: Yes.

Third. Is the door still open and invitation still open for Russia and her satellites to come under ERP? Answer: Yes.

Fourth. Even up to this date has any invitation been extended to Spain to come under ERP? Answer: No.

ERP is supposed to be a plan to stop communism in Europe. Yet, the only country in Europe that has completely defeated communism—Spain—is the only country left out of the ERP program. Does this make common sense? Does not it make sense to invite Communist Russian and her satellites, yet refuse to invite Spain—the only country in Europe that has defeated communism?

MORE FACTS ABOUT SPAIN AND THE ERP PROGRAM

First. Why was Spain not invited to the Paris Conference?

Answer: Because Bevin and Bidault do not want to hurt Stalin's feelings. Because France and England still prefer to do business with Communist Russia and her satellites, rather than with Spain. Because France and England are still appeasing Russia. In trying to appease Stalin they are using Spain as a scapegoat because there is nothing Stalin hates more than Spain.

Second. Why is Spain considered Russia's greatest enemy and why does Stalin refuse to go anywhere Spain might be represented?

Answer: Because Spain is the only nation in the world that has given the Communists a complete defeat and set-back. And also because Moscows' timetable was to make Spain the first Soviet country outside of Russia, but he was defeated and driven out of Spain instead.

To leave Spain out of ERP is to continue appeasement of Stalin. To leave Spain out of ERP is to continue our shameful appeasement of Stalin at Yalta, Tehran, Potsdam, San Francisco, and the United Nations. All the ills of the world today are the result of our appeasement of Stalin. To omit Spain from ERP is continuing to appease Stalin.

MORE FACTS ABOUT SPAIN AND THE ERP PROGRAM

Spain is the second largest country in Europe and the only country in Europe that today is a food-exporting nation. In 1946 Spain sent more than 3,000,000 tons of food to needy European nations. If Spain can get credit for some fertilizer and farm machinery, they can export 9,000,000 tons of food to needy European countries. Food is the crux of the Marshall plan. Spain right in the area can provide 9,000,000 tons of food. That means the United States of America will have 9,000,000 tons less burden.

HOW ABOUT THE GOVERNMENT OF SPAIN—IS IT FASCIST?

In the same sense that Moscow calls President Truman and Secretary Marshall a Fascist. According to Moscow I am a Fascist and you are a Fascist. According to Moscow anyone is a Fascist who opposes communism. Since Spain is the only nation that completely defeated the Communists, of course, they are the greatest Fascists. Do not let the term Fascist mislead us.

BUT HOW ABOUT FRANCO?

The present regime in Spain has much room for improvement. I, like you, wish it were better. But who are we to tell other nations how to run their government? The ERP program is not aimed against any country or doctrine. Russia was invited to participate. In extending the invitation to Russia and her satellites did we ask them to improve their Red Fascist dictator's government? Then why not be consistent?

LET US BE HONEST ABOUT FRANCO

If you are compelled tomorrow to move to Europe with your family and compelled to live in Europe for the rest of your life, examine your heart and conscience and answer these questions honestly—who would you prefer to live under, Stalin or Franco? Then why not let your conscience be your guide?

Would you want to live in Poland today under their Communist leaders? Would you want to live in Yugoslavia today under Tito? Would you want to live in Bulgaria today under Dimitrov? Yes, Franco is not satisfactory—but there are many who are worse. Yet, we submit ERP and the worst are invited to participate but the next worst is not. We submit a plan in which the worst are not asked to change their insides—but omit the next worst because he refuses to change the inside. Do not neglect the fact that to stop communism there is only one effective method—that is the strong-arm method. That is why Communists hate Franco above all else in the world.

BUT WHAT ABOUT ELECTIONS IN SPAIN?

As recently as Sunday, July 6, 1947, they had a nation-wide election. The ballot read:

Do you ratify by your vote the bill on the succession in the office of chief of state, passed upon by the Cortes on June 7, 1947?

The results:

Total eligible to vote.....	17,178,812
Those who voted.....	15,219,564
Voted "yes".....	14,160,222
Voted "no".....	722,750
Defective votes (rigged both yes and no, fraudulent, etc.).....	336,592

The "yes" votes were 82.34 percent of the total eligible voters. The percentage of eligible voters who actually voted was greater than any election within our own country where sometimes more than 75 percent of our own eligible voters do not vote.

BUT WAS IT A FREE ELECTION?

The Baltimore Sun of July 7, Associated Press, states:

The balloting was secret and freely exercised.

The New York Post, July 7, Associated Press, states:

The voting was secret and free. Many of those who voted against the succession law

openly stated they voted that way and openly urged others to do so.

Senor F. Larcegui, an opponent of Franco and an open opponent of the Succession Act, wrote August 16, 1947:

I have personally assisted at five presidential elections in America; one in Argentina, one in Uruguay, and three in the United States. In the honor of truth I can say that there never was in any of them a greater freedom of voting.

As recently as July 6, 1947, a free and full election was held in Spain. So reject the Communist smear that Franco never holds elections.

WHAT ABOUT THE SPANISH PRISONERS?

Communist propaganda would have us believe that half the Spanish people are in jail at Franco's request. How about this?

Yes, there are thousands of Communists in jail—but that is where they should be. Too bad the United States of America does not put a few more Communists in jail. The only Communists we have in jail here in the United States of America are those cited for contempt of Congress.

Suppose Franco released all of these Communists. He did release scores. Where did they go? Where would all of the others go if released? They would run to Tito, Dimitrov, Nemni, and Gottwald. They would again join the International Brigade and would wind up in Greece, Italy, and France to foment civil wars.

Would you rather see these agitators in jail in Spain or on the fighting front where our own boys will be facing them? Examine your conscience on this point too.

HOW ABOUT SPAIN'S FINANCES?—DOES SPAIN PAY HER BILLS?

Today Spain is the only nation in Europe that does not owe the United States any money. Even after suffering a Communist-financed civil war, Spain has always paid in full and on time, all of her obligations to the United States of America.

Spain will not ask for a grant or a gift, either in goods or money. All Spain will ask is for some credit to get fertilizer, farm machinery, transportation equipment, and most of all, cotton. For these goods, Spain will pay in full and on time. Spain has never defaulted on a financial obligation to another nation. Of all of the countries under ERP, Spain would be the first and only nation that we know for certain would pay us back. Of all the nations in Europe, Spain is the only nation not seeking a hand-out—all Spain seeks is a little credit to get materials for increased production of food so that Spain can help Europe and the world recover.

BUT DIDN'T SPAIN HELP HITLER DURING THE WAR?

Not any more than Sweden, Ireland, Norway, or others. Spain was a friendly neutral. Spain's sympathies were with the U. S. A. Certainly not 1 percent as much as Russia helped Hitler from 1937 to 1941.

The ratio of war materials sold by Spain during the war was 3 to 2 in favor of the Allies.

On every occasion Spain rebuffed Hitler when he tried to take over Gibraltar. Had Hitler taken over Spain the war would have been prolonged indefinitely.

President Roosevelt informed the Spanish Government months in advance of our landing in Africa. Spain kept this secret, which was indicative of her sympathies. Had Spain informed Hitler of this move, the U. S. A. would have suffered many casualties.

Spain released at once every American flyer who bailed out over Spain. Not once did Spain detain or intern any flyer. Spain allowed unlimited numbers of U. S. A. secret service and espionage agents in Spain during the war.

There are hundreds of friendly acts committed by Spain during the war to indicate her friendship for the U. S. A. and that of all the neutral countries in Europe Spain was the most friendly neutral.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. O'Konski] has expired.

Mr. VORYS. Mr. Chairman, at the request of the leadership we were to rise at 5:30. I therefore move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2202, the Foreign Assistance Act of 1948, had come to no resolution thereon.

DEFICIENCY APPROPRIATION BILL MADE IN ORDER

Mr. TABER. Mr. Speaker, it is the intention of the Committee on Appropriations to report out a deficiency bill tomorrow.

I ask unanimous consent that it may be in order to consider the bill in the Committee of the Whole House on the State of the Union on Wednesday or as soon thereafter as it may be reached.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a. m. tomorrow.

The SPEAKER. Is the objection to the request of the gentleman from Indiana?

There was no objection.

ELECTION TO COMMITTEES

Mr. HALLECK. Mr. Speaker, I offer a privileged resolution, House Resolution 516, and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the following-named Member be, and they are hereby, elected members of the standing committees of the House of Representatives, as follows:

Expenditures in the Executive Departments: LEO ISACSON, New York.

House Administration: VITO MARCANTONIO, New York.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BUCHANAN (at the request of Mr. EBERHARTER), for today, on account of death in family.

To Mr. AUGUST H. ANDRESEN (at the request of Mr. H. CARL ANDERSEN), indefinitely, on account of illness.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD on the subject of rural electrification.

Mr. LATHAM (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD.

Mr. COUDERT asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. SOMERS and Mr. FULTON asked and were given permission to extend their remarks in the RECORD.

Mr. HAYS asked and was given permission to extend his remarks in the RECORD in two separate instances and in one to include a short editorial.

Mr. GRANGER asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD in two separate instances.

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at that point in the debate this afternoon where we had finished consideration of section 102 in the foreign assistance bill.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentleman from West Virginia [Mr. ELLIS] is recognized for 30 minutes.

THE MARSHALL PLAN

Mr. ELLIS. Mr. Speaker, beginning with lend-lease and following through near the end of the war we had UNRRA, followed by the World Bank and the British loan, then the Greek-Turkish loan and other billions through other channels of outlet. We have had a never-ending flow of American dollars overseas. You can go back through the record, and there screaming from its pages you will hear the same voices, painting the same dismal picture of Europe and making the same claims, for the panacea, they were offering at the time. You will hear the same voices that are resounding through this Chamber this week, and you will find a strange similarity in their statements. It is the same old story—each spending venture ending in failure. Nothing came out of any of them except another crisis.

Now they tell us they have the answer. Time and time again this old story has echoed through this Chamber, and just as often something has happened; every-

thing was all right except it just did not work out.

The economic crisis in Europe is brought about by its social, political, and spiritual crises and will not be corrected by economic aid.

It is morally wrong to give our American dollars to support communism's twin brother—socialism—throughout Europe.

The Marshall plan is not a spontaneous proposal to meet an unexpected crisis, but only a link in the chain of spending that has not faltered for one moment since the beginning of lend-lease.

In the days of Roosevelt it was almost a sacrilege to criticize him or even to intimate that he may be wrong. It remained for those of his own party and supporters, namely, James A. Farley, Cordell Hull, Ambassador Lane, and others to give the country the shocking facts—facts that many of us knew through the years.

These revelations are devastating and reveal the Rooseveltian era as one of economic crackpots who used public office and power to advocate their own ambitions. They reveal it as an era of petty politicians, full of grudges and economic prejudices, unfaithful to the friends who served them, and masters of political chicanery. This is the background of the men who laid the foundation for our present dilemma. Failure has succeeded failure. The fact is, our foreign policy is crumbling to bits. The Palestine fiasco is a case in point.

We did not lose the peace. If all chances for peace are gone it can only be said that peace was thrown away.

The administration failed to maintain the world leadership that was in our hands when the course of the war was determined by American production. In fact, we surrendered that leadership at Yalta when we surrendered eastern Europe to Russia; we surrendered that leadership when we gave away our substance by the tens of billions without securing anything in exchange. We surrendered our power to direct the course that would secure the peace of the world.

The Marshall plan is sugar-coated for the American people. It is, in effect, an ultimatum from Europe—to pay, or else.

We have been maneuvered into the position of having our debtor nations dictate our course. Our foreign policy is directed by Bevin and Harold Laski, the mastermind of socialism in England. It is time to get down to earth about American billions.

Since the war in Europe ended we have already given to the 16 countries in the Marshall plan \$11,724,000,000. Now another \$17,000,000,000. That is \$28,000,000,000 since the war.

If communism has grown by leaps and bounds under a \$22,000,000,000 expenditure, how do you proposed to stop it by a \$6,000,000,000 expenditure?

Last March, \$400,000,000 for Greece and Turkey. Now you say we must add \$275,000,000 to that. And \$570,000,000 to China.

Where will it stop?

How much longer can we go on in this drunken profligate fashion?

Secretary of Commerce Harriman has informed us that "Russia is a greater menace than Hitler was." He was a

long time wakening up. He was there as our Ambassador for 3½ years during the war.

The committee just issued a report that the Communist has one goal—world revolution. The Dies committee told us the same thing 10 years ago. But the administration laughed it off.

Despite the Red flag of danger, we have given Russia \$11,260,000,000 in lend-lease. Even since the war ended, we gave \$168,000,000. And since the war, \$301,000,000 to Yugoslavia; \$174,000,000 to Czechoslovakia; \$349,000,000 to Poland; and lesser sums to Hungary, Bulgaria, and Albania. Billions thrown away—swallowed up by the communistic bear.

Yes, communism would die and rot if it were not fed out of the United States Treasury.

The Marshall plan means goods—mostly goods that America itself needs.

Never before in all history has a relief proposal like this subsidy-in-goods been assembled.

We Americans are already paying the bill for the postwar relief program abroad at the annual rate of \$376 per United States family. By this proposal the bill would be built up to \$862 per American family by 1951.

Given the facts, we can find our way, both for our own good and the good of the hard-pressed world. But we need to know the plain, unvarnished truth, and, at the moment, propaganda rules the day.

It is not enough to say we want to help Europe—the needy, the heart-worn, and weary.

Everyone agrees about that.

During the war hundreds of thousands of our men died to give humanity another chance. We who remain cannot say good-bye to their efforts—not when they said good-bye to life itself. But to humanity, in the end it is results—not pronouncements—that count. And in these critical times we cannot indefinitely postpone real results for anything we do for relief and recovery abroad.

The war has been over nearly 3 years. Something must be radically wrong with the way we have been aiding Europe, otherwise they would have shown some marked degree of recovery and we should have made friends. Our world-recovery donations, totaling \$22,000,000,000, have utterly failed to achieve their pronounced objectives.

When spending ventures have failed in their objective, our attention is usually distracted by new and larger proposals; by new and larger crises; new label sought, new slogans concocted.

Let us see how and where the plan began. It began in London. Careful investigation and facts from reliable sources disclosed these facts.

Much of the European story behind the headlines and public speeches has not been told. The facts about the birth of a plan abroad, the inside inter-European commitments and cross-trades, the amazing contradictions in the program itself—all are vital, but smothered. So we go to England for the real beginning.

This is what I mean when I say Earnest Bevin and Harold Laski dictate the foreign policy of the United States.

In January 1947 British Foreign Secretary Bevin told Secretary Marshall that another multibillion-dollar loan was necessary or England would suffer economic collapse by midsummer. This request was not made public. The sum of \$5,500,000,000 over a period of 4 years was suggested. The previous grant of \$3,750,000,000 was being consumed at twice the expected rate and without any long-term effect. They were using the money to socialize British industry and wipe out every vestige of private enterprise. The request for new money was all on the quiet until it exploded in July.

In a series of communications in January, Marshall had told Bevin that, in his opinion, the Congress would not approve another big loan for England unless it was a part of a general European plan. England was hard-pressed and sought an answer. She found it. The notice of her withdrawal from Greece did the trick. This was the instrumentality used to force our hand and resulted in the \$400,000,000 loan to Greece and Turkey.

This is what I am talking about when I say we have permitted ourselves to be maneuvered into a position where our debtor nations dictate our foreign policy.

The withdrawal of England from Germany and the assumption of the entire cost by us was agreed upon at this time but was not made public until November. The objective is still a huge loan for England, but it was evident the Congress would not grant it.

The ready acceptance of the thumb-nail swivel-chair reports of the so-called Harriman and Krug committees as the preachment of the American people by European spokesmen indicated coordination of plans.

Pressure from England continued increasingly on the President and his Cabinet until midsummer, when Marshall made his now famous speech. Marshall had said in three sentences that further large-scale aid could not be expected unless its scope was a general coordinated European program. That was the end of his comment, but Bevin tagged it the Marshall plan, and that gentlemen was the birth of the Marshall plan. It has been jokingly called "BERP"—it is truly the Bevin European recovery plan.

By this time the term "Marshall plan" was being treated by foreign spokesmen, the State Department spokesmen, and the administration press and radio in general as an accepted reality. It became Bevin's responsibility to lay the plans for American aid to other countries, never losing sight of the fact that he was to secure for himself the \$5,500,000,000, the sum he demanded originally.

At the meeting of the 16 nations in Paris during July, August, and September, is revealed the unbelievable power our debtor nations held over this administration, particularly the State Department. It was here that Bevin threw his \$5,500,000,000 claim on the table and there it stayed.

France and Italy objected strenuously to England getting one-third of the proposed \$17,000,000,000, a sum which had been arbitrarily set up as the amount we would stand for.

Interior and Insular Affairs, with an amendment, on page 1, in line 6, after the word "appropriation", to insert "for the fiscal years 1948, 1949, 1950, and 1951."

The amendment was agreed to.

The PRESIDENT pro tempore. The Senator from South Dakota has amendments pending to this measure. However, if there are no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of July 19, 1940, entitled "Boulder Canyon Project Adjustment Act" (54 Stat. 774), is amended by adding the following new paragraph to section 2:

"Sec. 2. (e) Annual appropriation for the fiscal years 1948, 1949, 1950, and 1951 for payment to the Boulder City School District, as reimbursement for the actual cost of instruction, during each school year, in the schools operated by said district, of pupils who are dependents of any employee or employees of the United States living in or in the immediate vicinity of Boulder City, such reimbursement not to exceed the sum of \$65 per semester per pupil and to be payable semiannually, after the term of instruction in each semester has been completed, under regulation to be prescribed by the Secretary."

Mr. GURNEY subsequently said: Mr. President, I ask unanimous consent to return to Calendar 1052, Senate bill 1985. As I understand it, the bill was passed.

The PRESIDENT pro tempore. The Senator is correct; the bill was passed.

Mr. GURNEY. I ask unanimous consent for reconsideration, and that my amendment—

The PRESIDENT pro tempore. The Senator from Nevada is not present. He has been sent for.

Mr. GURNEY. Mr. President, my amendment does not affect the interests of the Senator from Nevada. It includes other territories in the provisions of the act.

Mr. MILLIKIN. Mr. President, if the Senator will permit me to make an explanation, the Senator's amendments were considered in connection with Calendar 1052, Senate bill 1985, but it was thought that they took in so much territory that there ought to be a rather careful study made of the whole scope of the Senator's amendments to determine exactly what would be involved; whereas Senate bill 1985 is limited to something which can be quickly appraised. I can assure the Senator that his amendment will receive very careful and prompt attention by the appropriate subcommittee of the Committee on Interior and Insular Affairs. I make the further suggestion that it might be a little bit unfair to tie up this emergent matter at Boulder City, Nev., with the Senator's very comprehensive amendment.

Mr. GURNEY. Mr. President, with the explanation offered by the Senator from Colorado, I am perfectly willing to let my amendment go for the time being. I merely thought it had been offered in sufficient time to have been added to Senate bill 1985. I am very glad that the committee is considering the contents of my amendment.

The PRESIDENT pro tempore. The Senator from South Dakota withdraws his request for reconsideration. The clerk will state the next bill.

OREGON & CALIFORNIA RAILROAD AND COOS BAY WAGON ROAD GRANT LANDS

The bill (H. R. 5049) to reopen the reverted Oregon & California Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws, was considered, ordered to a third reading, read the third time, and passed.

LEASING OF STATE LANDS FOR PRODUCTION OF OIL, GAS, AND OTHER HYDROCARBONS

The Senate proceeded to consider the bill (H. R. 4167) to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for the production of oil, gas, and other hydrocarbons for such terms of years and on such conditions as may be from time to time provided by the legislative assembly of the respective States, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, in line 6, after the word "amended", to strike out "by inserting before the last semicolon in such paragraph a comma and the following: 'except that leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof may be for such terms of years, and on such conditions, as may be from time to time provided by the legislative assembly of the respective States.'" and insert "to read as follows: 'Except as otherwise provided herein, the said lands may be leased under such regulations as the legislature may prescribe. Leases for the production of minerals, including leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof, shall be for such term of years and on such conditions as may be from time to time provided by the legislatures of the respective States; leases for grazing and agricultural purposes shall be for a term and longer than 10 years; and leases for development of hydroelectric power shall be for a term not longer than 50 years.'"

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for production of minerals, including leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof, for such terms of years and on such conditions as may be from time to time provided by the legislatures of the respective States."

BILL PASSED OVER

The bill (S. 1989) to provide for the payment of certain Government employees for accumulated annual leave in

cases involving transfer to other Government agencies under different leave systems was announced as next in order.

Mr. OVERTON. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

SALE OF PUBLIC LANDS IN SAN JUAN COUNTY, UTAH

The bill (S. 2278) to authorize the sale of certain public lands in San Juan County, Utah, to the Southwest Indian Mission, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Southwest Indian Mission, Inc., is hereby authorized for a period of 1 year from and after the effective date of this act to file with the Secretary of the Interior an application to purchase, and the Secretary of the Interior is hereby authorized and directed to issue a patent to it, for use by St. Christopher's Mission to the Navajo, for the following-described lands in San Juan County, Utah: The east half of the southeast quarter of the southeast quarter of section 20, the west half of the southwest quarter of the southwest quarter of section 21, lot 4 and the northwest quarter of the northwest quarter of section 28 and lots 1, 2, and 5 of section 29, township 40 south, range 22 east, Salt Lake meridian, containing one hundred and sixty-five and five-tenths acres.

Sec. 2. The patent shall not be issued until after payment has been made by the Southwest Indian Mission, Inc., to the Secretary of the Interior for the land at its reasonable appraised price of not less than \$1.25 per acre, to be determined by the Secretary in accordance with the provisions of the act of December 22, 1928 (45 Stat. 1069). The patent shall reserve to the United States all of the oil, gas, and all other mineral deposits in the land, together with the right to prospect for, mine, and remove the same under such regulations as the Secretary of the Interior may prescribe.

DECENNIAL CENSUS OF HOUSING

The bill (S. 1950) to provide for a decennial census of housing was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Director of the Census is authorized and directed to take a census of housing in each State, the District of Columbia, Hawaii, Puerto Rico, the Virgin Islands, and Alaska, in the year 1950 and decennially thereafter in conjunction with, at the same time, and as a part of the population inquiry of the decennial census in order to provide information concerning the number, characteristics (including utilities and equipment), and geographical distribution of dwelling structures and dwelling units in the United States. The Director of the Census is authorized to collect such supplementary statistics (either in advance of or after the taking of such census) as are necessary to the completion thereof.

Sec. 2. All of the provisions, including penalties, of the act providing for the fifteenth and subsequent decennial censuses, approved June 18, 1929, as amended (U. S. C., title 13, ch. 4), shall apply to the taking of the census provided for in section 1 of this act.

BILLS PASSED OVER

The bill (S. 1322) to provide a Federal charter for the Commodity Credit Corporation was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3538) to authorize the Department of Agriculture to investigate and report on project for reclaiming lands by drainage was announced as next in order.

Mr. McFARLAND. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2173) to amend the provisions of the Agricultural Adjustment Act relating to marketing agreements and orders was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

APPROPRIATIONS FOR FOREIGN AID, WELFARE OF INDIANS, AND REFUNDING INTERNAL-REVENUE COLLECTIONS

The joint resolution (H. J. Res. 355) making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections was announced as next in order.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. TAFT. Mr. President, may we have an explanation?

Mr. BALL. Mr. President, the Senator from New Hampshire [Mr. BRIDGES] is not here at this time.

This is a supplemental appropriation measure. It carries \$500,000,000 for the Treasury Department, for tax refunds, which are necessary to be paid and should go through immediately.

There is a \$125,000 increase in welfare funds for Indians.

The other appropriation item is one of \$55,000,000 as an additional amount for aid under the interim-aid bill to Italy, France, and Austria. The State Department, in justifying it, said they were running out of funds. It did not appear that the European relief-program bill would go through in time, so they made program arrangements for the next few months. This \$55,000,000 appropriation will, in effect, apply to the long-range program, and the State Department's representatives said it would be deducted from the appropriations made under the long-range program.

I do not think there is any controversy in regard to this measure. It was unanimously reported by the committee.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (H. J. Res. 355) was considered, ordered to a third reading, read the third time, and passed.

AID TO CHINA

The bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China was announced as next in order.

The PRESIDENT pro tempore. This bill goes over. In this connection, without objection, the following order will be made: The Senate Committee on Foreign Relations will be permitted to have the report it filed on this bill reprinted, showing certain changes.

The next measure on the calendar will be stated.

ADMINISTRATIVE EXPENDITURES FOR VETERANS' ADMINISTRATION

The bill (H. R. 4478) to provide basic authority for certain administrative expenditures for the Veterans' Administration, and for other purposes, was announced as next in order.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Colorado a question. In Massachusetts a great many objections have been raised to some of the acts of the Veterans' Administrator in closing certain so-called contact offices. My question is this: Are there going to be specific bills with relation to the opening of the contact offices, or does this bill apply to something else?

Mr. MILLIKIN. The bill applies to something else, I may say to the Senator. At the present time, by virtue of specific authorities in appropriation bills, the Veterans' Administration buys laundry service and furnishes tobacco. The point has been made that unless basic authority is given for incurring such expense, those items in appropriation bills might be subject to points of order. The purpose of the pending bill is to overcome that.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

VETERANS' ADMINISTRATION OFFICES IN THE PHILIPPINES

The bill (H. R. 4943) to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the Territory of the Republic of the Philippines, was considered, ordered to a third reading, read the third time, and passed.

EXEMPTION OF HAWAII AND ALASKA FROM PROCUREMENT OF TRADE STATISTICS

The bill (H. R. 3229) to exempt Hawaii and Alaska from the requirements of the act of April 29, 1902, relating to the procurement of statistics of trade between the United States and its non-contiguous Territory was considered, ordered to a third reading, read the third time, and passed.

FREE IMPORTATION OF X-RAY FILM

The Senate proceeded to consider the bill (H. R. 4739) to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of exposed X-ray film which had been reported from the Committee on Finance, with amendments, on page 1, line 3, after the word "That", to insert "(a)", and on line 8, to insert a new paragraph, as follows:

(b) This act shall be effective as to merchandise entered for consumption, or withdrawn from warehouse for consumption, on and after the thirtieth day after the enactment of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMEND TARIFF ACT IN RELATION TO CERTAIN FURS

The bill (H. R. 4938) to amend the Tariff Act of 1930 with reference to platinum foxes, and platinum fox furs, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF TARIFF ACT IN RELATION TO FIREWOOD

The Senate proceeded to consider the bill (H. R. 5328) to amend paragraph 1803 (2) of the Tariff Act of 1930, relating to firewood and other woods, which had been reported from the Committee on Finance, with amendments, on page 1, line 3, after the word "that", to insert "(a)"; on line 6, strike out "bark, sawdust, and other wood waste of the saw and planing mill, ground or crushed, and compressed", and insert "fuel made by compression from bark, sawdust, or other wood waste of the saw or planing mill"; and on page 2, after line 2, to insert a new paragraph, as follows:

(b) This act shall be effective as to merchandise entered for consumption, or withdrawn from warehouse for consumption, on and after the thirtieth day after the enactment of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. The call of the calendar is concluded. The unfinished business cannot be laid down until 2 o'clock, but it can be brought up by motion.

Mr. TAFT. I move that the unfinished business be taken up at this time.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Ohio.

The motion was agreed to.

FEDERAL AID TO EDUCATION

The Senate resumed the consideration of the bill (S. 472) to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes.

Mr. TAFT. Mr. President, I ask unanimous consent that the privileges of the floor be extended during the debate on the pending measure to Dr. Francis G. Cornell, formerly an expert assistant of the Committee on Labor and Public Welfare, who worked on the pending measure. Dr. Cornell has recently gone with the University of Chicago. He is willing to give his time to the committee.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. DONNELL and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. The Senator from Missouri is recognized.

Only in this way, in my opinion, will we be able to make equitable and necessary allocations of funds to the end that we may best serve the national defense needs of our Nation.

I have taken the liberty of sending a copy of this letter to Senator CHAN GURNEY and Senator LEVERETT SALTONSTALL, the subcommittee chairmen involved.

With the best personal regards, I remain
Sincerely yours,

WILLIAM F. KNOWLAND,
United States Senator.

Mr. KNOWLAND. Mr. President, I believe that the Congress has no more important question facing it at this time. I have already pointed out that I do not believe the mere registration of manpower is going to fool anyone overseas. For this reason I sincerely hope and trust that the Armed Services Committee, which is now considering the matter, will within the next week or 10 days at the latest report to the Senate of the United States a bill which will contain both selective service in order to bring our armed forces up to their required status for the immediate future, and will also report in the same bill a universal military training program for the long-term defense needs.

No man is sufficiently wise, Mr. President, to know how long it may be until the peace-loving nations of the world may feel that they can with safety reduce their defense requirements. I think we all sincerely hope that some day in the not too distant future, perhaps under the United Nations or some similar organization, there will exist sufficient confidence in the world so that armaments may be reduced, but certainly, Mr. President, today is not such a time.

I believe we will be remiss in our duty to the American people, we would not be in a position to discharge our obligations under the United Nations Charter, unless Congress very soon takes all the necessary steps to put our national-defense establishment in top-flight order.

I merely wish in conclusion, Mr. President, to call to the attention of the Members of the Congress some words which are as true today as when they were uttered. I refer to the second annual message of President Lincoln to the Congress of the United States. He was speaking before the age of the airplane and the atom when he said:

Fellow citizens, * * * we cannot escape history. * * * The fiery trial through which we pass will light us down in honor or dishonor to the latest generation. * * * We, even we here, have the power and bear the responsibility. * * * In giving freedom to the slave we assure freedom to the free. * * * We shall nobly save or we shall meanly lose this last best hope on earth.

I believe that the Congress has a responsibility to see to it that we do not lose this last best hope on earth.

FEDERAL AID TO EDUCATION

The Senate resumed the consideration of the bill (S. 472) to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities

of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes.

Mr. AIKEN. Mr. President, I do not intend to take time this afternoon to discuss Senate bill 472, but I do wish to register vigorous opposition to the amendment to the bill which has been offered by the senior Senator from Missouri [Mr. DONNELL]. I express this opposition because the amendment offered by the Senator from Missouri is a direct and harmful infringement upon the rights of the State of Vermont, as well as several other States of the Union.

There seems to be a misapprehension in the minds of many people in the country today that private schools are synonymous with parochial schools. That, however, so far as my opposition to the amendment is concerned, is beside the point.

The State of Vermont was the first State to establish a complete system of public education from the primary grades through to the State college. But while we have always been very strong for public schools, public high schools, public colleges, yet the private school has played a very important part in the history of education in my State.

In Vermont the town is the unit of government. We have school directors, usually three in each town. They have a great deal of autonomy. They have very little money to spend. They have to spend that money in such a way as to get the most from it, to get the greatest amount of education for the greatest number of pupils living within a given town. Most of our towns are small. We have only five which have a population of 10,000. The larger towns and cities maintain public high schools. Most of the smaller towns do not. But there are a certain number, perhaps 30 or 35 towns in the State, which have located within their borders what are known in New England as academies, the value of which the State recognizes.

I should like to read into the Record at this time the State law of Vermont as it relates to the use of public funds for private schools.

This refers to secondary schools rather than elementary schools. I read title 18, chapter 179, section 4275:

Each town district shall maintain a high school or furnish higher instruction as hereinafter provided, for its advanced pupils at a high school or academy to be selected by the parents or guardian of the pupil, within or without the State. The board of school directors may both maintain a high school and furnish higher instruction elsewhere. * * * Each town district shall, except as hereinafter provided, pay the tuition of such pupils to an amount not to exceed. * * *

The amount is varied from year to year, depending upon what the legislature may determine it to be, and also the amount which the school directors can afford to pay.

I read section 4278 of the Vermont Public Laws:

An educational institution legally incorporated and providing instruction equivalent to that of a high school of any class shall be an academy.

Section 4292 reads as follows:

In a town district not maintaining a high school offering a 4-year course as prescribed by the board of education but having therein an academy offering such a 4-year course, tuition for advanced instruction shall be paid to such academy only, unless * * *. An academy shall not be regarded as the public high school of a town district except upon the approval of the board.

In other words, they must meet certain qualifications.

Finally, section 4294 of the Vermont Statutes provides as follows:

Each town district maintaining a high school under the provisions of this title, or paying tuition for higher instruction in an approved high school or academy, shall receive from the State a rebate for such higher instruction upon the following basis.

The basis is so much per pupil. The State contributes to the education of our high school children.

These old academies, which are private schools technically and legally speaking, have played an important part in the education of Vermont boys and girls for the past 125 years or so. They are usually located in towns so small that it would be impossible to maintain public high schools there, or towns which are so far from a public high school that many of the boys and girls of the small towns would never get to high schools at all. Let me give a few examples.

Thetford Academy is located in the town of Thetford, Orange County, a town of approximately 1,400 population.

Peacham Academy, where I believe the late George Harvey, one time Ambassador to Great Britain, and other prominent men were educated, is located in a small town of little more than 1,000 population.

Burn and Burton Academy is located in Manchester, a town of approximately 2,500 population.

Leland and Grey Academy is located in the town of Townshend, Vt., where the ancestors of our colleague the Senator from Ohio [Mr. TAFT] went to school. That town has a population of only 700 or 800. The academy serves not only the town of Townshend, but three or four other small towns of about the same size in the vicinity. The nearest high school is 14 miles away in one direction and 17 in another.

There are many other small academies located throughout the State, which furnish high school education to thousands of boys and girls who otherwise would be denied a high school education, if it were not for the combination of public and private funds which are used for their education. It is also a fact that the school directors of a small town in Vermont can, if it is more feasible to do so, send a boy or girl to a school outside the State; or they can send him to a parochial school. This year my own town sent two or three students to parochial high schools. In all probability those children were able to go to the larger towns and live with relatives and attend private school in that way.

Mr. President, I protest against the adoption of the amendment offered by the Senator from Missouri [Mr. DONNELL], because it would prevent our

spending any of the money which might be allocated to Vermont under the terms of the bill for any except strictly public school purposes.

We pay tuition to the private schools. There is a private school in my own town.

The nearest high school is between 10 and 14 miles away, depending upon what part of the town one lives in. We pay small tuition fees to these schools—perhaps \$125 a year. While we have a few parochial schools in the State, I think most of the old academies were founded by Baptists, Methodists, or Congregationalists. Several of them are non-sectarian.

I believe that the adoption of the amendment offered by the Senator from Missouri would be a direct infringement upon the right of my State to conduct its affairs in education as it is doing, as it is permitted to do under the Constitution of the United States, and as the school authorities are authorized to do under the laws of the State of Vermont.

I think we should decide that now is the time to put aside every vestige of intolerance. There have been signs of intolerance in the discussion of the bill during the past year. Let us use common sense and enact legislation which will provide that every child in the United States shall receive a minimum degree of education, regardless of his creed, color, or source of origin. Let us make sure that we do not in any way infringe upon the rights of any State to educate its children according to its own desires.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. COOPER in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing a nomination, which nominating messages were referred to the appropriate committees. (For nominations this day received, see the end of Senate proceedings.)

CONFIRMATION OF EXECUTIVE NOMINATIONS

Mr. WHERRY. Mr. President, I ask unanimous consent, as in executive session, that the nominations on the Executive Calendar be considered at this time.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the nominations on the Executive Calendar.

BUREAU OF INTERNAL REVENUE

The legislative clerk read the nomination of Charles Oliphant to be assistant general counsel for the Bureau of Internal Revenue.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Michael J. Bradley to be collector of customs for customs collection district No. 11.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

AID TO CHINA

Mr. WHERRY. Mr. President, it appears that it will be impossible to complete consideration of the pending legislation tonight. At the time the motion was made to make the so-called aid to education bill the unfinished business, I stated that because of the parliamentary situation in connection with the aid bills, in view of the fact that the House is bringing out an omnibus bill which has within it provision not only for European relief, but also aid to Greece, aid to China, and other foreign aid, and in view of the fact that the Senate has acted upon such measures individually, as these bills come to the calendar it is necessary that we consider them almost immediately in order to get them ready for conference.

For that reason I now ask unanimous consent that the unfinished business, Senate bill 472, designated as the aid to education bill, be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 2393, calendar 1068, a bill to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

Those in charge of the proposed legislation are of the opinion that the aid to China bill will be disposed of within a few hours after it is taken up for consideration tomorrow noon.

I should also make it clear for the RECORD, for the benefit of Senators who are interested, that the unanimous-consent request, if granted, would displace the unfinished business only temporarily, and that when the aid to China bill shall have been disposed of, Senate bill 472 will then be the unfinished business, as it now is.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

There being no objection, the Senate proceeded to consider the bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, it is the intention to have the Senate take a recess at this time until tomorrow noon, when the aid-to-China bill will be the pending business immediately when the Senate convenes. As has already been stated, when the Senate concludes its consideration of that bill, the Senate will revert to the consideration of Senate bill 472, the so-called aid-to-education bill.

EXTENSION OF NATIONAL HOUSING ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2361) to provide for a temporary extension of the National Housing Act, as amended, which was, on page 2, line 6, after "insurance)", to insert a comma

and "except that as to applications received by the Administrator on or before March 31, 1948, the mortgage may involve a principal obligation in an amount not to exceed 90 percent of the Administrator's estimate of the necessary current cost (including the land and such initial service charges and such appraisal, inspection, and other fees as the Administrator shall approve);".

Mr. WHERRY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

RECESS

Mr. WHERRY. Mr. President, it appearing that the work of the Senate for this afternoon has been completed, I now move that the Senate take a recess until tomorrow, Tuesday, at noon.

The motion was agreed to; and (at 4 o'clock and 31 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, March 30, 1948, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 29, 1948:

DIPLOMATIC AND FOREIGN SERVICE

Felix Cole, of the District of Columbia, a Foreign Service officer of the class of career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ceylon.

TREASURY DEPARTMENT

Thomas J. Lynch, of Ohio, to be general counsel for the Department of the Treasury, to fill an existing vacancy.

COLLECTOR OF CUSTOMS

James M. Robertson, of Norfolk, Va., to be collector of customs for collection district No. 14, with headquarters at Norfolk, Va., in place of Alexander H. Bell, resigned.

PUBLIC HEALTH SERVICE

The following-named candidates for appointment in the Regular Corps of the Public Health Service:

To be nurse officer (equivalent to the Army rank of major), effective date of acceptance: Lydia M. Zetzsche

To be dietitians (equivalent to the Army rank of major), effective dates of acceptance: Clare B. Badauf
Majorie J. Wood

IN THE NAVY

The following-named officers for appointment in the Supply Corps of the Navy in the grades hereinafter stated.

TO BE LIEUTENANT COMMANDER

John R. Behr

TO BE LIEUTENANTS

Jack F. Buescher
William D. Reed

TO BE LIEUTENANT (JUNIOR GRADE)

David E. Ward

TO BE ENSIGNS

Joseph J. August
Charles A. Sueur

The following named (civilian college graduates) to be lieutenants (junior grade) in the Medical Corps of the Navy:

James F. Berry	Carl N. Haggard
William H. Cope	Robert McA. Hamill
William A. Cull	Walter R. Holland
Calvin J. Curtis	Hal T. Hurn
Donald R. Davis	John R. Huston
Donald J. Doohen	Robert C. Kessler
Byron T. Eberly	Vincent E. Lowery
Wayne L. Erdbrink	Andrew M. Margileth
John W. Flynn	Philip W. Mayo

cess of the program to strengthen the United States for any emergency.

The proponents of universal military training have never given the public direct and impelling answers to such questions as the following:

1. What is the specific objective of universal military training?

In a day of rockets, robots, jet propulsion, atomic bombs, and biological warfare, just what is accomplished by 6 months of basic training for every young man in the Nation, thereby retarding by presumably a year the academic training of every potential scientist and technician so vitally needed in modern warfare?

2. What can be done in six months?

During World War II, it took 3 years to train engineers 3 years for physicians, 2 years for radar specialists, a year and a half for flyers, 16 weeks for mechanics, and 16 weeks for basic training. Six months offers no common denominator on the basis of past experience. Was it chosen on the basis of some new necessity, or of expediency?

3. Why are the recommendations of the President's Commission on Universal Military Training not being followed?

The Commission advocated universal military training only as a part of an integrated program of defense; not as an isolated effort. Yet the universal military training project has been lifted from the context of that report, as though it were the sole recommendation of that group.

4. How long will the benefits of training under universal military training be expected to last?

I have asked this question over and over again; the answers are evasive with a general opinion among the military that the effects are good for 6 years without retraining. Under the obsolescence of dynamic warfare and with due consideration to the frailty of human memory, I should want a more expertly derived opinion, but if 6 years is perchance correct, we need be in no panic. There are more than 12,000,000 young men less than 6 years along the way from previous active military experience.

5. Where are the officers and men to man a universal military training program?

At Fort Knox, where I recently visited the experimental UMT unit, 640 trainees are today served by a cadre of some 600 officers and men, carefully selected to lead and provide for this group. With 1,800,000 young men arriving each year at age 18, where are the hundreds of thousands of officers and men qualified to handle this group, and in a day of dramatic world events are not other duties of occupation and advanced training a prior responsibility for the armed forces, recently described by Secretary Marshall as a mere shell of defense?

6. Are we confusing education and military training?

In addition to the basic military training the present trainees at Fort Knox are given splendid care, intelligent guidance, hygiene, moral and citizenship training; they are permitted to complete high-school courses, supervised in operating trainee courts for minor infractions, and provided with hobby shops for gem polishing, airplane modeling, photography, art, and classical music. The military leaders are justifiably proud of the atmosphere and morale of the group. But a large part of this activity is social welfare, not preparation for imminent and darkening storm clouds on the international horizon. If the present educational system of the country is unequal to its task, perhaps some other agency should be caring for our youth, leaving the Army free for the exclusive and immediate problems of our national defense.

7. Are there no other alternatives?

The recalling to active status of selective service would seem to be a possible and im-

mediate alternative; it is directed toward the job in hand, particularly if it results in training both for occupation and military defense. Presumably it would disturb only enough of our youth to bring the armed forces to full strength and to maintain them there for the emergency duration. A further alternative would be an immediate expansion of the high-school and college ROTC programs, thereby coordinating military training with the vocational training and professional education of the trainee, to assure his maximum and earliest fitness to contribute to the national defense in the many highly skilled specialties of modern warfare.

8. Is there evidence that universal military training provides a mighty nation?

The evidence of history in Europe seems to indicate that some nations with universal military training have been plunged into violent wars; others have stayed out. Other nations have not had required training and some of the group have warred and some have not. There is no whit of evidence from the pages of history to justify universal military training as either a propellant or an inhibitor of combat; war comes from other and more overwhelming forces.

These, then, are some of the questions which the citizens of America are entitled to ask and to have frankly answered, without emotion, rancor, or partisanship. Upon the answers to such questions must depend the only sound basis for decision on the momentous problem of universal military training. It is the task of every thinking citizen to make diligent inquiry and to think through to an answer for himself, and with an enlightened decision to make his beliefs known to his representatives in Washington. This is the true process of our democracy.

Disposition of Surplus Agricultural Commodities

EXTENSION OF REMARKS

OF

HON. JACK Z. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. ANDERSON of California. Mr. Speaker, when the Department of Agriculture appropriation bill for the fiscal year 1948 was enacted some \$40,000,000 of section 32 funds, which ordinarily would have been available to the Department of Agriculture, were withheld. This money, under the terms of permanent legislation, is normally used in disposing of surplus agricultural commodities in foreign or domestic outlets other than normal channels of consumption. This money was withheld presumably under the assumption that the problem of surplus agricultural commodities would not be as serious in the immediate future as it had been in previous years. Insofar as cotton, wheat, corn, and possibly other staple commodities are concerned, this has been the case. However, there are some agricultural commodities that have been available in surplus quantities. Most of these commodities, such as potatoes, dried eggs, citrus and deciduous fruits, both fresh and dried, are perishable in nature and unless they can be utilized within a reasonable time will spoil. In view of the fact that there is

a tremendous world need for all kinds of food, every effort ought to be made to utilize as much of these surplus commodities as we can for foreign relief.

Section 11 (e) of the Foreign Aid Act of 1947, with which I had something to do, was a step in the right direction. It has been possible for the Departments of State and Army to obtain from Commodity Credit Corporation some 800,000,000 pounds of food for use in feeding hungry people abroad. The approximate quantities of commodities utilized under the provisions of section 11 (e) of the Foreign Aid Act of 1947 are as follows:

Commodities:

Commodities	Quantity
Citrus juice, concentrated-----gallons--	1,500,000
Honey-----pounds--	10,851,780
Prunes-----short tons--	80,000
Raisins-----do-----	96,760
Potatoes, Irish, fried-----hundredweight--	4,500,000
Dried eggs-----pounds--	24,752,000

More than ample supplies of citrus fruits have been available to consumers this year. Large quantities of grapefruit, which probably never would have been harvested, have been utilized under this program. The honey which is being made available for foreign-relief feeding is of the dark-colored, strong-flavored types which consumers in this country do not like but which is entirely acceptable in certain foreign countries.

A large percentage of our dried prunes and raisins are normally exported and amounts which have been moved under this program represent only a part of our exportable surpluses. We are all familiar with the difficulties which the Department of Agriculture has encountered in handling potatoes acquired under its price-support program. I do not believe there is anyone who would argue that we should use our surplus potatoes in making industrial alcohol or as livestock feed when there are hungry people abroad to whom these potatoes can mean so much. The dried eggs which have been acquired by the Departments of State and Army are not from current production but were acquired by the Department of Agriculture under its price-support programs in earlier years.

The Aiken amendment to S. 2202 which appears as sections 112-e and -f of the act now under consideration is another step in the right direction. It makes available the \$40,000,000 of section 32 funds which was withheld when it appeared that there would be no problem of surplus of commodities. It would be a serious mistake for the American consumer to feel that this activity is detrimental to his interest. This is not the case at all. The Department of Agriculture, through acreage goals and price support programs, has encouraged production of those commodities which are needed the most. The American people are better fed today than at any time in history. Surpluses which have normally moved into foreign outlets, as well as production in excess of domestic requirements, should not be allowed to spoil. It is estimated that the \$40,000,000 of additional section 32 funds will be sufficient for the remainder of the 1948 fiscal year to permit the Department of Agriculture

to move the surplus commodities for which there are no outlets in this country at the present time. We should enact S. 2202 as amended without delay.

In connection with the foregoing the following tables are of interest:

Estimated losses under sec. 11 (e) of the Foreign Aid Act of 1947

Commodity	Approved price per unit	Quantity	Loss to CCC
Citrus juice, concentrate.	\$0.3985	1,500,000 gallons.	\$1,900,000
Honey.....	.0467	10,851,780 pounds.	875,738
Prunes.....	72.40	80,000 short tons.	8,996,900
Raisins.....	91.80	96,760 short tons.	7,106,532
Potatoes, Irish, fresh.	.04	4,500,000 hundredweight.	14,434,203
Dried eggs.....	.32	24,752,000 pounds.	23,991,085
Total.....			57,304,458

Exportation and domestic consumption of agricultural commodities, commodity allocations, and obligations by commodities, fiscal year 1948

Program and commodity	Commodity allocation as of Mar. 29, 1948	Obligations incurred July 1, 1947, to Feb. 29, 1948
Purchases for direct distribution:		
Apples, fresh.....	\$2,445,000.00	
Pears, fresh.....	393,750.00	\$211,214.85
Apples, peaches, prunes, raisins, dried.	9,850,000.00	3,224,012.33
Figs, dried.....	1,220,000.00	992,055.15
Grapefruit juice, canned.....	3,500,000.00	
Irish potatoes.....	10,000,000.00	3,915,583.76
Sweet potatoes.....	1,250,000.00	756,424.05
General vegetables.....	875,000.00	121,515.99
Tree nuts.....	1,280,000.00	
Eggs.....	6,041,092.88	652,235.83
Prior year transportation costs.....	157.12	157.12
Total.....	36,855,000.00	9,873,199.08
Exportation: Cotton.....	2,600,000	1,703,484.65
Diversion:		
Cotton:		
Insulation.....	1,000,000	813,625.00
Paper.....	200,000	
Pear, fresh.....	135,000	
Irish potato.....	1,000,000	
Total.....	2,335,000	813,625.00
Administrative expenses.....	1,760,000	1,213,470.85
Program allotments and transfers.....	450,000	450,000.00
Grand total.....	44,000,000	14,053,779.58

In Self-Protection

EXTENSION OF REMARKS OF

HON. FREDERIC R. COUDERT, JR.

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, March 29, 1948

Mr. COUDERT. Mr. Speaker, under leave to extend my remarks in the RECORD, I am inserting an interesting newspaper article by Walter Lippmann, appearing in the New York Herald Tribune today:

TODAY AND TOMORROW
(By Walter Lippmann)
IN SELF-PROTECTION

The mounting tension has brought with it a spirit of fatalism—a feeling that events may be beyond our control, even perhaps

beyond the control of Stalin and the Soviet Government. There is no warrant in the situation for such helplessness and hopelessness unless we become rattled and first lose control of ourselves. This country is so nearly invulnerable, and its potential power, moral and material, is quite sufficient, to enable us to take the view that we shall hold firmly for ourselves the right to decide not only if we shall act, but when, where, how, and for what end.

The spirit of fatalism is merely a reflection of the fact that we have for so long a time been carrying on a policy which is generalized, vague, defensive, and inconclusive, that our efforts are dispersed and not directed, that behind them there is no strategical plan and no clear diplomatic objective. When the administration has clarified its purposes and its conceptions and its objectives, as it must if it is to regain the initiative and the control of events, fatalism will give way to resolution and confidence.

But of all the causes of the fatalistic feeling that we are no longer the masters of our destiny, that modern man is obsolete, that western civilization is perishing, none perhaps is so insidious as the contemporary doctrine of total war. It is of the utmost importance that this doctrine—which is so universally accepted—be reexamined, and particularly by our military leaders and our diplomats.

For it may be true, and I venture to think it is true, that this doctrine is a military heresy, a legacy of Hitler's satanic genius, profoundly inapplicable to the conflict with Russia, and fatal to those who, like Hitler, would entertain it.

The doctrine of total war is, like most heresies, a half truth. It is true that in any large modern war the whole population and its whole resources will be engaged, and that there is no such thing as the exemption of civilians or their immunity. But it is not necessarily true that war waged with total effort must be waged for total ends—for the absolute, unlimited destruction of the enemy state and the total subjection of its population. The German war, alas, was fought to a total end because Hitler willed it that way, and was able to destroy any German successor government with which peace could have been negotiated. The European settlement has been made well-nigh impossible as a result.

But the Italian war, and even the Japanese war, were not fought for total but for limited ends. Verbally the surrenders were unconditional. In fact the Italians have, and the Japanese will get, a negotiated peace. Can there be any question that the outcome is preferable? And does this not prove that even in the modern age a total war need not necessarily be absolute, unlimited, and total?

The experience of history shows, I think, that Russia has often been defeated in limited wars for limited objectives but that those who, like Napoleon and Hitler, wage total war against the Russians are disastrously defeated. There is no reason to think that modern weapons would produce a different result. The Russian empire is a far more powerful military state than it has ever been before. It is better organized and disciplined to wage total war and to resist it.

Our military leaders, therefore, have a very special responsibility to see to it that the civilian leaders and our people generally do not, even if it comes to war, commit this country to an unlimited war, which if it could be won at all, could be won only at a cost of blood and treasure which would make the victory ruinous. For the American people are particularly susceptible to the dangerous, perhaps fatally dangerous, heresy of total war for total ends, and they are in great need of firm and lucid guidance from their trusted military leaders, like Secretary Marshall himself, like Eisenhower, Bradley, and one may hope MacArthur as well.

The American civilian population is susceptible to the heresy of unlimited war in many ways. There is the idealistic tradition, which Wilson formulated, that this country cannot with a good conscience recognize any settlement which rests on a balance of power and the existence of spheres of special influence. The tradition holds that only one world of like-minded states is tolerable, and that all the arrangements which diplomats have made in the past to accommodate the perpetual rivalry of nations are intolerable. This tradition, noble though it is in its purpose, is not compatible with peace in a world where great powers are not like-minded, and do not mean to be.

The tradition produces crusades, and to undertake a crusade against a giant power like Russia would surely mean interminable war for an unattainable objective. The susceptibility of the American people to crusades is dangerous because, as yet, we have never had the experience, which all older nations have had, of realizing the limits of our power.

We cannot afford not to realize them now, and therefore to make up our minds that if we become engaged in an armed conflict, we shall wage it for limited, concrete objectives, for a negotiated settlement which restores the balance of power and recognizes the existence of spheres of influences among the powers.

Then we shall not confuse the need for a total effort with the pursuit of total ends. Then we shall not allow the conflict to be blown up into a universal anti-Communist crusade. For that would commit us to the invasion and subjugation of Russia, and to the fearful bloody business of crushing civil wars all over the globe.

If through idealism, inexperience, righteous indignation and hysteria we entangle ourselves in such a commitment, history will say that we encompassed our own ruin, a thing which no external foe was capable of doing.

Two Hundred and Fiftieth Anniversary of the Founding of the City of Biloxi, Miss.

EXTENSION OF REMARKS OF

HON. JOHN E. RANKIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES
Monday, March 29, 1948

Mr. RANKIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following concurrent resolution of the Legislature of the State of Mississippi:

House Concurrent Resolution 52

A concurrent resolution designating April 8, 1949, as the two hundred and fiftieth anniversary of the founding of Biloxi; authorizing, empowering, and requesting the Governor to issue a proclamation designating and calling attention to the date; and requesting the Postmaster General of the United States to issue a postage stamp commemorating the date

Whereas Pierre le Moyne, Sieur d'Iberville, appointed governor general by Louis XIV, King of France, and ordered to establish colonies in Louisiana, did reach the Gulf coast of the present State of Mississippi in the vicinity of the site of the present city of Biloxi on February 10, 1699; and

Whereas Pierre le Moyne, Sieur d'Iberville, did begin the construction of Fort Maurepas in the vicinity of the present site of the city of Biloxi on April 8, 1699; and

Whereas Pierre le Moyne, Sieur d'Iberville, did name the settlement he established around Fort Maurepas Biloxi, in honor of the Biloxi Indians; and

Whereas Pierre le Moyne, Sieur d'Iberville, did make Biloxi the first capital of Louisiana; Now, therefore, be it

Resolved by the House of Representatives of the State of Mississippi (the Senate concurring therein), That April 8, 1949, be and is hereby designated the two hundred and fiftieth anniversary of the founding of the first white settlement in the present State of Mississippi and in the lower Mississippi Valley; and be it further

Resolved, That the Governor of the State of Mississippi be and is hereby authorized, empowered, and requested to issue an official proclamation designating and calling attention to April 8, 1949, as the two hundred and fiftieth anniversary of the founding of the first white settlement in the present State of Mississippi; and be it further

Resolved, That the Postmaster General of the United States be and is hereby requested to issue a 3-cent postage stamp to be placed on sale at Biloxi on April 8, 1949, in commemoration of the two hundred and fiftieth anniversary of the founding of the first white settlement in the present State of Mississippi and in the lower Mississippi Valley; and be it further

Resolved, That copies of this resolution be forwarded to Postmaster General J. O. Donaldson, Senator James O. Eastland, and Senator John C. Stennis, and to the Mississippi Representatives in Congress.

Adopted by the house of representatives March 16, 1948.

Speaker of the House of Representatives.

Adopted by the senate March 18, 1948.

SAM LUMPKIN,

President of the Senate.

Democracy in Europe Needs Vigorous Left

EXTENSION OF REMARKS

OF

HON. GEORGE G. SADOWSKI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. SADOWSKI. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I include herein an article by Blair Moody, which appeared in the Detroit News, March 24, 1948.

DEMOCRACY IN EUROPE NEEDS VIGOROUS LEFT—SOCIALISTS AND OTHER LIBERALS ARE GIVEN ONLY ONE RALLYING POINT BY COMMUNISTS
(By Blair Moody)

WASHINGTON, March 24.—The most powerful and lasting bulwark to freedom in Europe will be the building of a strong, anti-Communist political left.

The impression is rife in many conservative circles in the United States, including some in Congress, that if we lend a hand to the semisocialistic Government of England, or the leftist but vigorously independent social-democratic movements on the Continent, we are somehow moving to undermine the foundations of free enterprise in our own country.

Nothing could be further from the truth. In fact, the exact opposite is true.

The greatest hope the Soviets have of taking over the Continent, short of risking war with the United States, is to destroy the political influence of those who favor economic and social reforms but who believe in democracy and freedom.

That has been the basic tactic of the Kremlin for any months. Any sophisticate on

European affairs accepts it as an axiom. In fact, nearly everybody seems to know it, except exemplars of that certain Maginot line mentality in the United States who rarely find important things out until too late, or until someone else has saved their bacon.

The reason for this Communist strategy is plain. There are many abuses in Europe that have existed for centuries. The masses are refusing to accept quiescent conditions as they have been in the past. They are never likely to cast their votes for those who symbolize the vast historic gaps between rich and poor.

PEOPLE CONFUSED

Did not this boiling, turbulent protest exist, the Communists never could have built the political power they have in western Europe. To cement and extend it, they first try to conceal the fact that they are in reality not leading the masses to higher living standards but toward an inferior system and the servitude of a police state.

Second, they plot to kill off all rival leftist movements, so that workers and farmers who object to things as they were will have only the alternative of voting for the comparative right—or voting Communist.

The one great nation in Europe where the Communists have not got to first base is England. Why? In part, due to the steady nature of the British people. But largely also due to the fact that not one—but both—political parties have moved rapidly to the left, to meet the demands of the mass voters without surrender of basic liberties.

LEFTISTS ENCOURAGED

In the last few weeks, a feverish attempt is being made, with tacit American support, to strengthen the anti-Communist left, so that workers and farmers will have a channel to voice their protest against past injustices without voting away their freedoms and dynamiting the weakened structure of western Europe.

But if Italy goes Communist, it will be because the democratic parties of the left were too weak to hold, or even effectively split, the industrial and rural voters who belonged with them.

The United States should not attempt to defend capitalism in Europe because its record can not be defended. In reality it bears little resemblance to American capitalism.

EUROPE IS DIFFERENT

To an American the phrase "free enterprise" means a tough, alert, usually competitive effort to make the best possible product and sell it to the public at the lowest possible price. It means, generally, high wages, big profits, and the pride of high-speed, productive accomplishment. Its competitive incentives have created the highest standard of living in the world, and one that is still rising.

European capitalism has never been like that. It was built around cartels and high prices and special privilege and low wages. With occasional exceptions, it has never given the workers a decent living. By American standards, and again speaking generally, its productivity has been pitiful.

OLD ORDER ENDS

It is probably true that the dead hand of bureaucracy will soon prove that socialism, even when voted by the people, is no match for the American style of incentive system. Sooner or later, Europeans may find that if they want to live as Americans do, they must chart their economic course along American productive lines.

But that's for Europe to find out, in its own time and its own way. In their domestic endeavor, let them make their own experiments and learn by their own failures—so long as their people are always truly free to vote a change. The question in Europe

and the world today is not doctrinaire capitalism or doctrinaire socialism or even doctrinaire economic communism, but freedom.

Rampant, power-drunk dictatorship, masked once more behind the hypocritical label "give the little guy a break," threatens our safety and our system. This threat must be combated not by blind slogans, but intelligently.

Don't Give Up the Ships

EXTENSION OF REMARKS

OF

HON. HENRY J. LATHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. LATHAM. Mr. Speaker, I speak in favor of an amendment to the emergency relief bill, providing for the elimination of section 111 (a) (4) of the bill S. 2202. This section of the bill, as reported by the Committee on Foreign Affairs, provides for the chartering of 200 of our dry-cargo war-built vessels to foreign nations.

This particular section of the bill was reinserted by the House Committee on Foreign Affairs after it had been eliminated therefrom when passed by the Senate several days ago. As a matter of fact, the bill included a similar provision when reported by the Senate Foreign Affairs Committee, but subsequently it was eliminated by unanimous action by the Senate.

As a member of the House Committee on Merchant Marine and Fisheries, I am deeply interested in this serious matter and have given it exhaustive study since it was first proposed by the State Department and others who recommended that a large number of our war-built vessels be turned over to foreigners. It appears quite obvious to me that the proponents of this provision have given no consideration whatsoever to the destructive results which would be suffered by our merchant marine and the public interest in general if the provision should be enacted. Let me remind you at this point that our Government has spent huge sums of money in an effort to develop and maintain an adequate merchant marine. It is unthinkable to me that we would be so shortsighted at this time as to take any action which would tend to destroy the very policies which we have repeatedly enunciated in support of our merchant marine, and our national defense.

The House Committee on Merchant Marine and Fisheries held extensive public hearings last February with reference to a proposal to extend the Ship Sales Act of 1946, which otherwise would have expired at the end of February. The President requested that the Ship Sales Act of 1946 be further extended in order to make available by charter and sale such number of our war-built vessels as may be deemed necessary to enable this Government to fulfill certain of its commitments in connection with our foreign policy. The committee reported favorably on the extension of the said act, and in the report thereon, the sole reason given for such extension

was based on the representations of the State Department for the absolute need of transporting large quantities of bulk cargo, principally coal and grain, to certain foreign countries for relief purposes.

An extension of the Ship Sales Act for a period of 1 year was passed by this Congress, and approved by the President as recently as February 27, 1948. In that act, Congress specifically prohibited by law the charter or sale of any war-built vessel to foreigners on and after March 1, 1948. The reasons for this specific prohibition were clearly stated in the committee report reading as follows, and I quote:

In this connection, the committee is also of the opinion that the transfer of ships to foreign nations, as has been suggested in connection with the proposed European recovery program, is wholly inadvisable. The committee feels that neither the Maritime Commission nor any other agency should attempt to charter, sell, or transfer title to any person who is not a citizen of this country, nor to any foreign government. To do so would not be in the interest of the United States, nor of the shipping industry, nor of the thousands of seamen and workers who are engaged in maritime employment.

To me, it seems inconceivable that Congress would enact legislation as late as 4 weeks ago specifically prohibiting the sale or charter of any additional war-built vessels to foreigners at the very same time when it was aware of the fact that the present program had been recommended and was being considered by Congress. I feel that we should strongly stand on the policy enunciated by Congress the latter part of February, prohibiting the further charter or sale of our war-built vessels to foreigners. The prewar fleets of substantially all of the participating foreign nations have been restored by the generosity of our Government up to an amount equal to and possibly exceeding their prewar tonnage.

About a week ago, the President spoke to us on the critical international situation and requested Congress to enact selective-service legislation in order to provide necessary trained manpower for our military services. If we permit 200 of our war-built vessels to be chartered to foreigners, at least 8,000 American seamen will be beached and perhaps become unavailable for further service in our own merchant marine even though they would be needed in the event of another national emergency.

This poses a question of vital importance to the strength of our national defense, and I think we should do everything within our power to strengthen the power of our seafaring personnel as well as its allied military services. I cannot believe that we would be so short-sighted at this time as to take any action which would actually diminish the strength of our merchant marine either from the standpoint of the number of ships or the necessary trained seamen to man them. If we turn over to foreigners 200 of our inactive war-built vessels, as proposed by the said provision of this bill, it will force an equal number of our active American-flag vessels to retire from the high seas and become idle. This is the very reason why I have pointed out that 8,000 Ameri-

can seamen would be deprived of seafaring employment in the event this particular provision of the bill is not eliminated. It is unthinkable to me that any Member of this Congress would take any action in favor of foreigners which would deprive our own citizens of gainful employment in their chosen vocations.

The said provision of this bill contains some language which proposes that these 200 ships, upon demand, would be returned to the United States, if the President determines that such redelivery is necessary in the interests of national security. In my humble judgment, this stipulation is absolutely absurd and nothing more than an empty gesture.

There is no doubt in my mind that some of these ships, if not all of them, will fall into the hands of unfriendly nations if and when the present critical situation is further expanded. It stands to reason that if any of our ships are placed under foreign flag and manned by seamen of a nation that may become unfriendly to us, such nation will refuse to recognize any contractual obligations of the proposed charters; and those vessels will never be returned to us and never again will fly the American flag.

On the other hand, if these vessels remain under our flag, operated and manned by our own citizens, we will not incur the risk of losing them to an unfriendly nation at a later date, and will always be available to us in the event of another national emergency. We cannot predict at this time when we may be called upon to build additional vessels in order to supply our armed forces in foreign areas. It is possible that we may need every vessel now flying the American flag, as well as a large number of additional new vessels, in the interests of our national welfare in the event the present critical situation is further expanded. I know we all hope and trust that no such situation will arise, but I do feel that we must be fully prepared for any possible eventuality.

The principal argument of those advocating the charter of 200 of our war-built vessels to foreigners stems from their erroneous idea that it would result in substantial savings to us, as it is proposed that the recipient foreign nations will operate the vessels and man them by their own citizens and under their own flags. This argument is wholly inconsistent in several respects, particularly from the viewpoint of our public interest and the welfare of our own merchant marine. The proponents of this argument apparently overlook the fact that no charter hire will be paid to us by the foreign nations for the use of these vessels, irrespective of any terms of the charter agreements.

It would cost our Government about \$50,000 each in order to put these vessels in good operating condition before being delivered to the foreigners. This item alone would amount to approximately \$10,000,000. Our Government would also have to pay all the expenses incurred by these vessels at ports in the United States for fuel, miscellaneous supplies, port charges, loading expenses, and so forth; and it is conservatively estimated that this item would cost us about \$70,000,000

during the period for which the charters are contemplated. The Maritime Commission would also suffer the loss of charter hire in an amount estimated at approximately \$50,000,000 which otherwise would be paid by our own citizens to the Commission for the chartered use of 200 Government-owned vessels.

I have good reasons to believe that the proposed chartering of these 200 ships to foreign nations would result in no economy to our Government. I believe that it would result in actual losses to us in the final analysis. The Chairman of the Maritime Commission wrote to Congressman JOHN DAVIS LODGE on March 4, 1948, and I urge your particular consideration of that part of the said letter, reading as follows:

Moreover, we find that any dollar savings on transportation, while permitting larger purchases of American goods, will save the American taxpayer nothing at all and will not reduce the cost of the aid program to the American people but, through loss of taxes and charter hire, will actually increase it.

Another matter which concerns me very much is the fact that these 200 vessels cost our taxpayers about \$400,000,000. I strongly urge upon you that we will be making a grave mistake if we take any action which would permit the turning over of these vessels to foreigners under existing circumstances.

I strongly urge that the provision of this bill which contemplates the chartering of these vessels to foreigners be eliminated. I think we would be derelict in our duty to our national interest if we failed to take such action.

Rural Electrification

EXTENSION OF REMARKS OF

HON. JOHN E. RANKIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. RANKIN. Mr. Speaker, published records of the Rural Electrification Administration indicate that applications for funds to build rural electric facilities are coming in at a greatly accelerated rate.

During most of the calendar year 1947 applications were received at a rate of about \$24,000,000 per month. The only reason the total was not greater was that the rural leaders know that only a limited amount of loan funds was available; hence there was no incentive to apply for sufficient funds to completely fill their needs when they realized that adequate money was not to be had.

The record shows, however, that for the first 11 weeks of 1948 applications for loans have been coming in to REA at a rate of eight and one-third million dollars per week. If this rate continues during the remainder of fiscal 1948 and throughout fiscal 1949—and I have every reason to believe it will be accelerated still more—then applications received by July 1, 1949, will total over \$350,000,000. This, plus the \$300,000,000 backlog of

improvement in the administration of justice.

It seems highly improbable at the present writing that the Senate Armed Services Committee will override the objections of the military to the separation of justice from the command function. However, the New York group's query as to what possible justification exists for the retention of that power in command, if it be concededly wrong for command to exercise the power to influence the decisions of the court, still remains unanswered. It deserves an answer.

Regardless of the fate of pending legislation, it seems elemental that the importance of the issue, and the frictions which are bound inevitably to arise, warrants the adoption of the suggestion of the New York group that a permanent civilian advisory commission—to observe and make periodic recommendations on the operations of military justice—should be created in the Defense Secretariat.

The Tax Bill

EXTENSION OF REMARKS

OF

HON. BRENT SPENCE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. SPENCE. Mr. Speaker, under leave to extend my remarks, I include the following editorial which appeared in the New York Times on March 24, 1948:

THE TAX BILL

The overwhelming vote of more than 7 to 1 in the Senate seems to indicate clearly that even if President Truman should veto the new tax-reduction bill this measure will be enacted promptly over his veto. The Government will then be in a position of having made a substantial cut in its own prospective revenues for the next fiscal year, and of having freed more than 7,000,000 people of the responsibility of paying any Federal income tax whatever, even before it has added up the bills that must be paid next year and arrived at a clear understanding of how much money it will need to pay them. Admittedly taxes are high—so high as to create an evident shortage of risk capital. But surely the wise and prudent course of action would have been to count up next year's costs before chopping down next year's income.

This is particularly true because next year's costs are bound to rise above present estimates if Congress takes the steps that should be taken to safeguard the security of the American people. President Truman included in his budget an item to cover a year's cost of universal military training, in the hope and expectation that Congress would have the wisdom to enact this measure. But there is no item in the budget to cover the cost of the reenactment of selective service, and the costs of the adequate and indispensable air power program recommended both by the President's Air Policy Commission and by the Congressional Aviation Policy Board exceed anything set aside for that purpose in the budget. One of the gravest risks of making a tax cut at this time is that Congress, having emptied part of the national pocketbook, will argue—when the defense items come up—that there isn't enough money left to do the job adequately.

National security must be the first concern of Congress. There should be no reckless cost-paring in meeting that responsibility. When all of the costs are in, and all of the proper and reasonable economies have been made elsewhere in the Government's expend-

itures, it will be the inescapable duty of Congress to see that the national budget is in balance, with a respectable sum left for debt reduction—and to provide, through the reimposition of old taxes or the enactment of new ones any additional revenues that may be needed to achieve this purpose.

European Recovery Plan

EXTENSION OF REMARKS

OF

HON. CHARLES W. VURSELL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. VURSELL. Mr. Speaker, the international bankers, exporters, this administration, and the military have put on a 6 months campaign of propaganda, greater than the Nation has ever witnessed. The unfortunate part of it is that they have not told the people the whole truth. The rank and file of the American people who will have to pay the taxes to support the \$20,000,000,000 Marshall plan have, in fact, not been represented so far as this propaganda campaign is concerned. The only representation they have is to be found among the Members of Congress. These Members have not had the facilities with which to combat the vast propaganda machine referred to. This barrage of propaganda has been so great that it has discouraged many Congressmen and influenced some to the point where they feel that it is futile to further oppose this legislation. We who have opposed it have not the facilities to get the facts across to the American people.

The people have not been told that the Marshall plan means—free to Europe—13,200 trainloads of coal, 11,800 trainloads of grains, 10,200 trainloads of meat, 4,900 trainloads of steel in the equivalent of steel ingots, 4,100 trainloads of fats and oils, 3,700 trainloads of sugar, 1,500 trainloads of cotton, 152,000 trucks, 26,000 freight cars, 200 more merchant ships in addition to the 800 they have already given away.

It means \$500,000,000 in free American electrical equipment, everything from powerhouses to punch drills; another \$500,000,000 in new American oil refineries and pipe lines; \$400,000,000 worth of American steel plants; \$2,200,000,000 in oil, gasoline, and grease to be shipped free; \$1,200,000,000 in iron and steel. Countless thousands of other items are involved. The shipments would begin at once.

The administration, international bankers, and the military promoting this plan have not told the American people that less than 40 percent will go for food to the people of western Europe, yet, their main plea has been, it is necessary to feed the people.

This giving away of \$20,000,000,000 will increase inflation, and continue to raise the high cost of living to our people. It will likely bring back strict rationing and controls of everything.

It will increase the cost of Government when we should be reducing it. It will

deny further aid to the older people and make it difficult to further appropriate money for the extension of education throughout the Nation.

It will, in fact, threaten the financial solvency of this Nation.

Mr. Speaker, the postal employees, many of them in the lower brackets working at a salary of \$2,100 a year, find it most difficult to support their families. They, and the postal employees generally, are urging this Congress to give them a raise in their salary to meet the exceedingly high cost of living. It is most difficult to raise salaries as they should be raised when we are asked to vote \$6,205,000,000 for aid to Europe and China in this session. The Federal employees, many of them in the lower brackets, should have an increase in salary. All Federal employees are asking for salary increases. The school teachers of the Nation are asking for an increase in their salaries and there should be more money appropriated generally throughout the Nation for education.

Mr. Speaker, this bill before us, when approved as it will be, may prevent the passage of such legislation. Every Member of Congress almost every week receives a communication from some disabled veteran who served in World War I or World War II who pleads total disability and asks for a little help by way of compensation that will make it possible for him and his family to live in the most meager fashion. Our Government, under its rules and regulations, cannot, and in many instances, will not provide such relief.

Many of the older people throughout the Nation are living on a bare pittance as a result of the small amount of old-age assistance our Government feels able to give them and the passage of this legislation tends to block the way for increased relief to them.

These are some of the questions, in my judgment, that the Members of this House ought to think about most seriously before they vote to start out on this program to aid Europe to the extent of \$20,000,000,000 over a period of 4 years.

Mr. Speaker, we know that the passage of this legislation will not only help to block relief for our own people which is needed but will cause the cost of living to continue to rise which will make it much more difficult for the millions of people in the groups I have referred to, to feed, house, and clothe themselves in the simplest form. The purpose of this legislation is to balance the books of 16 European Nations by putting in enough billions from this country to pay whatever these nations lack to place them on a standard of living as high or higher than they had prior to the war. Our Government will not balance the books and pay the losses sustained to any little businessman or to any farmer at the end of the year. Our Government will not make up the loss that any family sustains if lack of work or sickness takes more of his salary than usual and compels him to go into his savings, if he has any, to meet such expense, yet, under the Marshall plan we propose to underwrite the losses of 16 nations of western Eu-

rope in 1948 and for 3 years thereafter. We balance the books with our cash paying any difference sustained by the entire nations. In other words, if their production and wealth and their exports to other nations are not sufficient to place them on a plane of living equal to or higher than prior to the last war our Government makes up the difference. That is about as near as I can explain the first phase of the Marshall plan.

Mr. Speaker, later, of course, we are to arm them, and if necessary fight for them and protect them with American soldiers if their territory is invaded. It is a rather big order and in fairness to the American people upon which this obligation is about to be imposed, I wanted to bring out these few points.

I am opposed to placing this obligation which is not understood by the American people upon them which will prove such a tremendous burden to them and the nation in the future. While I would be willing to support a reasonable amount of aid for a few nations who may need it, I cannot in good conscience, support this 4-year program which, in my judgment, is not necessary in its fullness, and may wreck the financial solvency of this Government engulfing the Nation in poverty and chaos.

Echoes

EXTENSION OF REMARKS OF

HON. JOSEPH P. O'HARA

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. O'HARA. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from Armed Force, issue of March 27, 1948:

ECHOES

The members of the class of 1940—class 1-A, that is—are going to be hard to restrain if selective service is restored. For once, the guinea pigs are going to have a chance to talk back to the scientists.

The unique opportunity of correcting some of the mistakes of omission and commission which were perpetrated the first time around seems likely to fall to the copy-right owner, Maj. Gen. Lewis B. Hershey.

Actually, the job performed by General Hershey, the Selective Service Administration, and the selective-service boards during World War II was far better than the Nation had any right to expect. That a task of this magnitude and complexity was brought to a generally successful conclusion by inexperienced men and women with so few major mistakes is a minor miracle. There were, however, a few minor mistakes, which we now, in all humility, call to the attention of General Hershey.

Please, General, don't say much, and don't say it often. When policies affecting the lives and livelihood of thousands of young men and their families are fixed and final, then announce 'em and leave 'em lay. Let's have no more of these monthly mix-ups where the 37-year-olds aren't likely to be called—oops, sorry, the 37-year-olds probably will be called—nope, wait a minute, the 37-year-olds with moles on their left arm are liable to be called, etc., etc., etc., ad in-

finimum. Silence would never have been so golden as it would if you had exercised it on a few memorable occasions.

There were countless minor irritations in the draft operation, but their triviality made them nonetheless annoying—because they were all deeply personal. One criticism of a general nature was the lack of provision, at least in the early stages of the draft, for a preinduction physical. This lack caused needless uncertainty—and, in a few cases, actual hardship. Young men with chronic and incurable ailments, and who possessed incontrovertible medical proof of their infirmities, still were subjected to the uncertainty, delay, and, occasionally, humiliation of having to wait until called up to report for their physical examinations. Certainly, something can be done this time to correct this situation.

Bedloes Island and the Statue of Liberty

EXTENSION OF REMARKS OF

HON. ELLSWORTH B. BUCK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. BUCK. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following resolution of the Council of the City of New York:

Resolution 726

Resolution requesting the Subcommittee on Appropriations of the House of Representatives to approve of the \$1,000,000 appropriation requested by the National Park Service of the Department of the Interior to be used to improve and beautify Bedloes Island and the Statue of Liberty

Whereas during the past 50 years, millions upon millions of immigrants and refugees from all nations of the world coming to the shores of our great Nation, and upon entering the harbor of New York City, have thrilled to the sight of the Goddess of Liberty with her torch flung high, sending out rays of hope, fulfillment, and welcome to a land of promise and freedom; and

Whereas hundreds of thousands of veterans returning to these shores from fighting wars to rid the world of oppression and tyranny, have looked upon the Statue of Liberty as the monument to the cause for which they fought and to those who gave their lives that her torch may shine for all times and liberty shall prevail; and

Whereas millions upon millions of visitors from all parts of this glorious land of ours and from all corners of the globe have come to see this symbol of freedom and pay homage at this shrine of liberty; and

Whereas, due to inadequate appropriations during the past 12 years during which Bedloes Island has been a national monument under the jurisdiction of the National Park Service of the Department of the Interior, the island has been and is in, a woefully sad state of neglect and disrepair and ugliness; and

Whereas the appropriation requested by the National Park Service for the fiscal year ending June 30, 1949, is \$1,000,000 to be used to give the Statue of Liberty, the setting it so rightfully deserves, and shall be used, in part to tear down existing decrepit buildings, clear up the rubble which now disgraces the island, repair the seawall, construct necessary walks and promenades and to do a job of landscaping; and

Whereas the city of New York, the mecca for visitors, refugees and immigrants has always prided itself on its civic virtue and the beauty of all its sights, places of interest,

monuments, museums and the like, is profoundly shocked by the condition of the site of perhaps the greatest monument in its environs, the immortal shrine to freedom, the Statue of Liberty: Now, therefore, be it

Resolved, That the Council of the City of New York hereby requests the Subcommittee on Appropriations of the House of Representatives to give favorable consideration to the request made by the National Park Service of the Department of Interior for an appropriation of \$1,000,000 to be used for the restoration and the beautification of Bedloes Island and the Statue of Liberty; and be it further

Resolved, That copies of this resolution be sent to the Honorable BEN F. JENSEN, chairman of the Subcommittee on Appropriations of the House of Representatives, the Representatives, from the city of New York and to the Department of the Interior.

A Peaceful Attitude Is Not Cowardice

EXTENSION OF REMARKS OF

HON. PRINCE H. PRESTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. PRESTON. Mr. Speaker, under leave to extend my remarks, I include an editorial written by D. B. Turner, editor of the Bulloch Times, which is published in my home town of Statesboro, Ga.

Mr. Turner is well known in Georgia for his ability to take humorous events of the past and convert them into prologue. This simple story of a dog fight at a country school house may well describe coming international events. Russian war dogs are on the prowl. In his recent speech to Congress President Truman turned our own pup loose. This dog of ours has not done so badly in the past. He has been backed into a corner now and then, but he always comes out. And how.

SHALL WE SNEAK AWAY?

At our school in the long ago, two Hart brothers who had come from Texas, and were sort of recognized as "wild westerners" in habits of thought, were daily followed by a couple of curs which lay around the yard during the school hours. They chased away hogs, sometimes ran after passing vehicles, and always were willing to double-team on a passing strange dog.

Jason Taylor drove past the schoolhouse with a yoke of young oxen. His farm dog trotted behind the wagon—innocent of any evil intention. The Hart dogs espied him and bristled as they gave voice to unfriendly designs. The Taylor dog dropped his tail and ran under the passing vehicle. Was he a coward? This emboldened the Hart dogs, and they sprang at his throat. The pursued dog ran to a nearby vacant house and backed into a corner. Was that what would be expected when a man was invited to come out and fight?

Thus emboldened, the Hart dogs dashed on, with little caution, began to nip the coward's ears. Blood came. The students ran in to see the final ending. It seemed to be a one-sided combat. Suddenly, the dog in the corner changed his attitude. He came dashing out, jumped into the fray with all his vigor, tore ears into shreds, seized first one and then the other of the assailants and slung them right and left. It was short and swift. The Hart dogs knew they had gone

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 31, 1948
For actions of March 30, 1948
80th-2nd, No. 59

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HIGHLIGHTS: House debated foreign-aid bill. House committee reported deficiency appropriation bill which includes REA funds. House subcommittee reported Federal pay bill to full committee. Senate passed China-aid bill. Senate committee agreed to appoint subcommittee to recommend changes in bill providing revolving fund to purchase agricultural commodities for occupied areas. Rep. Hope introduced bill to create Agricultural Resources Administration in USDA.

HOUSE

1. **FIRST DEFICIENCY APPROPRIATION BILL, 1948.** The Appropriations Committee reported this bill, H. R. 6055 (H. Rept. 1618) (pp. 3864, 3869). The bill includes the following items of interest to this Department:

Provides additional borrowing authorization for REA, 1948, of \$75,000,000 (Budget estimate, \$175,000,000), which would make a total available of \$300,000,000.

Export controls and related activities, Commerce Department, \$750,000 (Budget estimate, \$1,500,000).

Government and relief in occupied areas, \$143,000,000.

International information and education activities, \$3,000,000.

Judgments and claims, various amounts.

The committee report includes the following statement regarding GPO operations: "The committee was appalled to learn that the accounting system of the Government Printing Office has not recognized appropriate differentiation between fiscal years either with respect to congressional printing and binding, or work done for the Government Departments. A thorough investigation of this situation is now being conducted by the committee and will be made the subject of further comment in connection with the legislative appropriation bill for 1949.

"Another item provides \$650,000 for the office of the Superintendent of Documents, which is a deficiency in large part accumulated from year to year by the same bookkeeping methods referred to in connection with the congressional printing and binding account. It is the committee's understanding that the appropriation of \$650,000 will enable the Superintendent of Documents to place his accounts on a fiscal year obligation basis and expects that to be done."

16. FUR TAXES. Extension of remarks of Rep. VanZandt, Pa., urging repeal of the "punitive 20-percent excise tax on furs" (pp. A2087-8).
17. FARM PROGRAM. Rep. Hays, Ark., inserted an Arkansas Gazette editorial pointing out the advances in farm conditions in Ark. (p. A2088).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Mar. 31: S. Agriculture and Forestry, meat-inspection financing (packers' representative to testify); S. Banking and Currency, housing bill, including farm-housing and research provisions (Housing Agency to testify); S. Expenditures in the Executive Departments, transfer of WAA and Bureau of Federal Supply to FWA; S. Post Office and Civil Service, Federal pay bill (ex.):

H. Banking and Currency, CCC payments to certain sugar producers (Myers to testify); S. Appropriations, State-Justice-Commerce-Judiciary appropriations; S. Armed Services, UMT; S. Public Works, TVA Act amendments; S. Small Business, export regulations (ex.); H. Appropriations, Government corporations, Interior, Labor-Federal Security, and Military Establishments appropriations (ex.); H. Public Works, black-market investigations.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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dead as heck, and you all know it. This is one of the most dangerous steps Congress has ever taken, and the Members should be here to hear the arguments on it.

The SPEAKER. The Chair will count. [After counting.] Sixty-eight Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 32]

Andresen,	Hall,	Patterson
August H.	Leonard W.	Rains
Andrews, Ala.	Harless, Ariz.	Reed, Ill.
Bates, Ky.	Hart	Rockwell
Bell	Hendricks	Rooney
Boykin	Jarman	Sadowski
Buckley	Jenkins, Ohio	St. George
Busbey	Jones, Wash.	Sikes
Camp	Kennedy	Simpson, Pa.
Carroll	Klein	Smith, Maine
Celler	Lesinski	Smith, Ohio
Chelf	Lodge	Somers
Clark	Ludlow	Stanley
Cravens	Manasco	Taylor
Dawson, Ill.	Mason	Thomas, N. J.
Delaney	Mitchell	Wadsworth
Dingell	Morrison	Worley
Douglas	Nixon	Zimmerman
Gathings	Norrell	
Grant, Ala.	Passman	

The SPEAKER. On this roll call 372 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. ANGELL asked and was given permission to include in the remarks he expects to make in the Committee of the Whole certain excerpts.

Mr. COX asked and was given permission to extend his remarks in the RECORD and include an article recently appearing in Plain Talk.

Mrs. NORTON asked and was given permission to extend her remarks in the RECORD and include an article by Mrs. Roosevelt.

Mr. WALTER asked and was given permission to extend his remarks in the RECORD and include a statement on the preparedness day program of the AMVETS.

Mr. SABATH asked and was given permission to extend his remarks in the RECORD and include an article by Mr. Taylor and two editorials.

Mr. PRICE of Florida asked and was given permission to extend his remarks in the RECORD.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD in two instances and to include in one an editorial.

Mr. FEIGHAN asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. SMITH of Wisconsin asked and was given permission to include in the remarks he expects to make in the Committee of the Whole today certain extraneous material.

Mr. TOLLEFSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. VAN ZANDT asked and was given permission to extend his remarks on the subject, Punitive Excise Tax on Furs Should Be Repealed.

Mr. FULTON asked and was given permission to extend his remarks in the RECORD and include an article from the New York Times on multiple sclerosis, a disease which is twice as prevalent as infantile paralysis.

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD on the O'Konski amendment.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

SPAIN

Mr. COX. Mr. Speaker, the glaring weakness of this bill is the exclusion of Spain and every honest mind in this body knows that that is so, and that leaving her out is a further concession to the people most responsible for the terrible trouble in which we find ourselves.

I can understand that the committee sponsoring this bill, guided to some degree by the State Department, might have questioned the advisability of putting Spain in the bill since she was not a party to the Paris Conference, but this is the money of the people of the United States that we are giving away or investing in national security. If the stopping of Russia is the objective of the bill, as all advocates of the measure so vehemently declare, then to leave out Spain is to impeach our good faith.

This is no time for the appeasement of our domestic Marxists, but a time of world crisis when our country needs honest and courageous treatment on the part of their National Congress of all public measures. Spain wants nothing of us but our friendship. She begs to play her role as a friendly nation in the endeavor to win a universal peace. Why not take her hand which she extends in friendship and labor with her upon a basis of mutual confidence and respect in the endeavor to bring to pass the objectives we seek.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I renew my motion that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2202, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, March 29, there was pending the amendment offered by

the gentleman from Wisconsin [Mr. O'Konski].

Without objection, the Clerk will again report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. O'Konski: On page 50, line 16, after "including", insert "Spain" and a comma.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on the pending amendment and all amendments thereto close in 5 minutes, the last 2 minutes to be reserved for the committee.

Mr. VURSELL. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I move that debate on the pending amendment and all amendments thereto close in 5 minutes, the last 2 minutes to be reserved for the committee.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, it seems to me that the membership of the House in agreeing to limit debate on this particular point to 5 minutes is taking a position which is a momentous one and which we will regret in the days to come. I understand that the membership of the committee, at least a majority of the membership of the committee, have agreed to accept the inclusion of Spain with the 16 nations to be helped under this plan. It might be well to recall the part which Spain played in the starting of fascistic aggression throughout the world. We know that a constitutional government was elected in Spain in 1936 by a coalition of 85 Socialists, 75 Republicans, 32 Republican Union, 22 Catalan Esquerra, 14 Communists, making a total of 226 delegates. The center group had 55 and the group to the extreme right had 143 delegates. Notwithstanding the fact that a clear majority government was established—a constitutional government—by the coalition of the non-rightist groups, we saw the overturn of the Spanish Government by an armed minority group led by General Franco. In July of 1936 a rebellion occurred, and after the fighting the Fascist government of General Franco was established. During the time preceding the 1936 rebellion and subsequent thereto General Franco and his aides conspired continuously with Mussolini and Hitler. It was over the Spanish territory that the dive bombers of Count Ciano of Italy and the Wehrmacht of Germany had their training for the war against the democracies. It was in Spain that the espionage agents of the Axis had their clearing house for security information which caused the death of many American boys.

The United Nations has refused to accept Spain into the family of nations and has recommended that all member nations break off diplomatic relations with Spain. Our own State Department has refused to send an ambassador to Spain.

Why have these actions been taken? Primarily, because the fascistic leaders

of Spain have refused to institute democratic principles of government for the people of Spain. The people of Spain are held in iron control by as ruthless a group of leaders as those who were in charge of Germany, Italy, and Russia. Civil liberties and political rights are withheld from the people of Spain. They will continue to be withheld until the Franco government falls.

I realize the great pressure which is being used to whitewash the present Spanish Government. The record has been written, however, and whitewash will not cover either fascistic or communistic sins.

I realize that the present amendment is permissive only, and that Spain must clear some hurdles before she can participate in the European recovery program funds:

First. The 16 nations must accept her into the western European group on the basis of their article of mutual economic and political assistance.

Second. Spain must establish her internal need for aid, with the United States Administrator, and her willingness to comply with the 16-nation economic program. Spain cannot do this under present conditions—nondiplomatic recognition.

If our State Department remains firm, it is possible that good may come of this, but I am afraid that our move is unwise and premature. I am afraid that Spanish democratic concessions will not be demanded as a "quid pro quo" for such assistance as may be granted.

For the present, I must oppose and vote against this amendment as a matter of principle. I submit herewith nine arguments against the inclusion of the present Franco government of Spain into the European recovery program. My opposition is not against the people of Spain, nor against a democratically established Government of Spain. My reasons for opposing this amendment are as follows:

First. Spain was a partner of the Axis all through the Second World War, although she did not engage in the fighting.

Second. The present Government of Spain is hostile to democracy and does not recognize our political principle of government with the consent of the governed.

Third. The Franco regime stands for retention of old privileges and the status quo of the army, the large industrialists, and the aristocracy.

Fourth. The United Nations has on a number of occasions expressed its opposition to the Spanish Government and has adopted a resolution recommending the breaking off of diplomatic relations between members of the United Nations and Spain.

Fifth. The present Government of Spain is a threat to peace in that it is a major stronghold of fascism.

Sixth. Spain is a potential threat to peace. He aims and objectives have been clearly defined by her past actions, particularly her close cooperation with Mussolini and Hitler.

Seventh. The expansionist program of Hispanidad follows the familiar fas-

cist pattern and can only lead to conflict and strife.

Eighth. The European recovery program is designed to rebuild Europe which was destroyed or seriously damaged by the Second World War. Spain did not participate in the Second World War and suffered no essential damage from that conflict. She therefore cannot claim any advantages under this program.

Ninth. Spain did not participate in the deliberations of the committee on European Economic Cooperation, and the plans as drawn up by the 16 nations did not visualize Spanish participation.

In conclusion, I cannot forget the fascistic speeches made upon many occasions by General Franco. I cannot forget the ennoblement of war, which is a basic tenet of nazism and fascism. I cannot forget the million lives sacrificed in Spain to establish the present totalitarian regime, nor can I forget that Franco once said:

Life means fighting; nations reach their historic climax in fighting; if they rest on their laurels they are overrun.

The CHAIRMAN. The time of the gentleman from California has expired.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I rise in respect to this amendment much more in sadness than in the heat of contention. I think we are making a grave mistake. The committee proposes to accept this amendment, though it is a gratuitous mention of Spain. For by the section of the bill under consideration, section 103 (a), "any other country * * * wholly or partly in Europe" provided it adheres to and so long as it adheres to the European recovery program, may be a participating country.

I think the adoption of this amendment is a grave mistake, for three reasons:

First. We have no ambassador in Spain. We have there only a chargé d'affaires. We have no ambassador in Madrid, as we are complying with a resolution of the UN General Assembly, adopted February 9, 1946, recommending to the members of the UN the withdrawal of their ambassadors from Spain.

Second. The 16 European nations whom we are seeking to aid in this program did not invite Spain to participate in their deliberations. Hence, we are making a mockery of self-help and mutual cooperation by inviting a nation they did not invite.

Finally, we show a very deep lack of understanding of the friends of democracy in France and Italy, who will have hurled against them now by every Communist agitator, the charge that we are allying ourselves with a dictatorship in Spain. For Europeans have long memories, they remember that Spain was considered a nonfighting partner of the Axis throughout the war, and that blitzkrieg was first tried out by Hitler

and Mussolini in Spain in aid of the present government.

Hence, I say it is much more in sadness than in controversy that I speak against this amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VORYS. Mr. Chairman, the committee has decided not to object to this amendment. It may not be the happiest way to handle the matter, but on page 11 of the committee report we mention, "the possible desirability of readmitting Spain to the family of western nations"; and we say that "that possibility seems to be growing among the countries of western Europe and is certainly manifesting itself in opinion in the United States."

Furthermore, the amendment as proposed leaves in this qualifying language, found on page 50, line 22 "provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title."

Therefore, the insertion of this language still leaves it to the joint action of the European nations to provide for the adherence of Spain.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. Will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. BLOOM. Does the gentleman think this is the right way and the fair way and the just way to do this, to limit debate on this important question to 5 minutes? I do not.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JENNINGS. I just want to say that the position which the gentleman from Ohio has just taken is one of the wisest statements I have heard in this entire debate. We ought to go with him.

The CHAIRMAN. The time of the gentleman from Ohio has expired. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. O'Konski].

The question was taken; and on a division (demanded by Mr. MARCANTONIO), there were—ayes 149, noes 52.

Mr. MARCANTONIO. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was agreed to.

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. HAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAND: On page 50, line 16, strike out subsection (2) beginning at line 16 on page 50, and ending at line 15 on page 51.

Mr. HAND. Mr. Chairman—

Mr. VORYS. Mr. Chairman, will the gentleman yield for a consent request?

Mr. HAND. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, the last 5 to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

(Mr. HAND asked and was given permission to revise and extend his remarks.)

Mr. HAND. Mr. Chairman, I feel very strongly that instead of adding countries to this already overburdened plan, countries, for example, which are now in the plan like Portugal, Iceland, Sweden, and Switzerland, which I think have very little place in it; instead of adding additional countries, we ought to make sure that no more countries are in this plan than those which have already signed the participating agreement. The purpose of this amendment therefore is to strike out all of subsection (2).

As the bill now reads this plan not only covers those countries which have already signed the report of the Committee on European Economic Cooperation, but also includes this very broad language:

And any other country including any of the zones of occupation, and so forth, provided such country adheres to and for so long as it remains an adherent to a joint program.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield.

Mr. JAVITS. Is it not a fact, then, that Spain could be included under that language even without any amendment?

Mr. HAND. That is the fact.

Mr. JAVITS. This amendment then is unnecessary.

Mr. HAND. That, of course, is the fact; and it is a fact that any other country in the world, including Russia, could likewise be included under the language of this bill, provided, of course, they adhered to the general scheme which is set out in paragraph 2. That is not a mistake, that is a deliberate design of this legislation. The President came before us the other day and said, and emphasized it very carefully (and perhaps this is the right view, but it is not my view) that he desired to leave the door open. I think he repeated that for emphasis, to leave the door open to any country. My desire, Mr. Chairman, is to close that door.

I have very great doubt that the exporting of goods or money will prevent any country from going Communist. We tried that experiment by pouring \$300,000,000 into Czechoslovakia and in 48 hours Czechoslovakia was taken over by some native Communists. I know, and I think we all know, that there is not 1 person in 10 in this country and there is not 1 person in 10 in this House who would think of voting for this very drastic piece of legislation, except it is called an anticommunistic measure. Therefore I think this door ought to be closed, that this plan, drastic and generous and expensive as it is, ought to certainly be limited by the Congress to those countries which are already in this participating agreement, the non-Communist countries, and not leave the door wide open to any other country that the Administrator may later see fit to admit.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield to the gentleman from Minnesota.

Mr. O'HARA. I agree with the gentleman and I am going to vote against this bill because I think in the ordinary course of trade these things we send over there are going into the satellite countries and eventually into Russia.

Mr. HAND. That has happened before and I agree it will happen again in all probability, but, at least, it seems to me reasonable to strike out all of subsection (2) of this section so that we are sure we are not dealing with any more countries than those that have already signed the agreement. I think the amendment is a rather serious one. If you strike out subsection (2) it will somewhat improve this bill, which is a dangerous experiment in any event.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield to the gentleman from West Virginia.

Mr. KEE. Has the gentleman considered the fact his amendment will cut out the amendment which has just been adopted to bring Spain in?

Mr. HAND. I am not sure that is so. In any event, I voted against that amendment and I would be very glad to have Spain cut out. I despise fascism as much as I hate communism. I am certainly opposed to helping either.

Mr. KEE. I would, too.

Mr. VORYS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the gentleman from New Jersey is absolutely correct in saying this is a very serious amendment. It would make a permanently exclusive club of the 16 nations that signed the report at Paris. It would eliminate western Germany, although our policy is to attempt to reincorporate western Germany into the economy and policies of western Europe. It would cut out the possibility of bringing back some of the satellite countries, if they finally became in a position to adhere to a joint program for European recovery. It would cut out Trieste, although the latter part of the language stricken out makes provision that Trieste may continue to exist during the next year. It is most important that the offer that has been made of returning Trieste to Italy be implemented by the language in the latter part of the section which is stricken out.

Mr. Chairman, since this is a very serious amendment which would strike out the heart of the original Marshall proposal that recovery shall not be an exclusive matter for a favored group but that our purpose is to stimulate recovery of western Europe and world recovery, for these reasons I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. HAND].

The amendment was rejected.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no thoughtful person can be blind to the dangers and gravities of the international situation today.

Some time ago I came across a communication addressed to the New York Herald, now the New York Herald Tribune, 100 years ago by Karl Marx, the founder of communism. I quote:

The conflict between Russian despotism and western democracy seems to be everlasting in the Balkans. Those who are working for the survival of democracy in Europe must introduce European arts, sciences, justice, liberty, and the spirit of independence into the Balkans.

A little later he wrote:

From time to time Russia pretends that it has no evil intentions against this or that nation, but merely wishes to protect it. Humanity should be on its guard against claims of protection on the part of Russia. Did they not claim to be protectors of Poland at one time?

There is irony in the fact that today those who condemned the militarism of Czarist Russia 100 years ago, while advocating the very communism that the Czar opposed, are now supporting the Czarist militarism. Whatever else may be said, the conflict today, as history repeats itself, is a conflict of the struggle 100 years ago when Czarist Russia was exercising despotism under the guise of protection.

The bill under consideration is fundamentally for the security of the United States and for the promotion of world peace.

No people or no nation is ever the same after a great war. The price of peace is high, but the price of war is higher.

Some Members have spoken of the elections shortly to be held in Italy. Those elections, in my humble judgment, will be materially determined by conditions in Italy. Aid by the United States will greatly help. I wish that the United States would unselfishly plan for the rehabilitation of the downtrodden of Europe and China in order that the peoples of the countries that we propose to help, in response to their requests, might more readily and effectively aid in rehabilitating their own countries. I wish that the selfish idle rich, whether in Italy or in Greece, would cooperate unselfishly with the suffering peoples in those countries, without homes or farms, whom we propose to aid.

In my thought what we need in the world today is not only a Marshall plan for recovery in Europe and China, but a spiritual plan. What we need today is to demonstrate to the nations of the world that the best aid we can render them is to demonstrate anew that democracy is functioning in this country of ours, with freedom to work, with freedom to speak, and with freedom to worship. There is nothing new in the despotism of Russia, for the despotism of Stalin is the despotism of the Czar.

Karl Marx charged Czarist Russia with the absorption of the Balkan States to promote imperialism. Today the democracies of western Europe charge the Russia of Stalin with infiltration under the guise of protection to promote the reign and rule of communism. Soviet Russia is today practicing the same despotism that was practiced by Russia a hundred years ago. While the contest

between the statism of Russia and the freedom of America is a struggle for the control of the minds and bodies of men, while the contest should be confined to the appeals to the mind, nevertheless resorting to force will follow inevitably without world peace, for dictators are never satisfied short of war.

Russia knows no language but force. The United States has done its best to get along with Russia. We are not forcing a program upon Europe or China. General Marshall, in his Harvard speech, properly stated that if the European countries demonstrated that they were willing to help themselves and rehabilitate their own countries as far as they could, upon their request the United States would aid as far as our resources would permit. In opposing rehabilitation in Europe and in China, Russia is running true to form. Communism thrives on suffering and hunger. Behind the cloak of her opposition, under the guise of protecting, Russia stands revealed as she is, with the policy to rule or ruin. Ungrateful and double-crossing, the Soviet policy of imperialism is crystal clear.

The best way to promote peace is for the United States to be prepared for war, and the best insurance against attack is for the western democracies of Europe to be rehabilitated. For selfish reasons the United States is interested in a peaceful Europe and a peaceful China.

Criticism has been made of the Department of State. The program of the State Department and its administration by the Army in occupied Germany should certainly be reexamined and improved. Only those who work should be fed.

In the administration of the program, none but Americans should be in charge. We must practice in the program the freedom that we enjoy at home. We must be zealous and militant in promoting the American ideal.

Wars bring problems to the victor and to the vanquished. We must rehabilitate America as we rehabilitate Europe and China. Only a strong America can promote world peace.

There are those who criticize the enormous costs of the program. They point to domestic needs and domestic problems. It is time to think things through. Many who advocate unsound authorizations and appropriations, regardless of their merits, illogically state that we are discriminating between those in need abroad and our own citizens. I am for building America. I am for all proposals standing on their merits. But I am always critical of those who resort to the false argument that we are helping others while denying ourselves as we make provision for European and Chinese recovery. Substantially every dollar to be appropriated under the proposals will be expended in the United States. Outlets for our surplus crops and products will be provided. Agriculture, manufacturing, business, commerce, and the general welfare of the United States will be promoted.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

Mr. VORYS. Reserving the right to object, Mr. Chairman, and I shall not object in this instance, we have already heard from 97 Members in the past week, and the committee has asked me to object from now on to any extensions beyond the 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. There is nothing new in the Soviet doctrine of statism. It is as old as the pyramids. Joseph fed the Egyptians in the days of the famine, but the peoples of the Pharaoh lost their land. The state could only feed if it owned the land.

This bill represents the consensus of bipartisan opinion in the United States. I know it involves risk. It involves calculated risks. I should like to see the bill before us in the form it was considered by the other body. It is well enough for us to keep in mind that on foreign policy our partisan differences stop at the water's edge. It is now time for unity and for cooperation.

If this proposed program is rejected, it will be misunderstood throughout the world. We are either for this program with its calculated risks, with the possibility that it may not succeed, or we are against it. Nothing as good or better has been proposed.

For my part, Mr. Chairman, I am ready to stand up and be counted. In the contest between Russia and America, I am for America. I believe that the State Department, that the armed forces in Germany, China, and Japan, that Americans in the diplomatic service, that the true and tried Americans who are to administer the program should be zealous and militant; champions of the American way of life, and always be prepared to maintain and to demonstrate that the free-enterprise system of the United States is the best form of government ever devised for the benefit and welfare of the common man everywhere.

(Mr. WHITTINGTON asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this section do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MURDOCK. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK. Mr. Chairman, I have listened carefully to the remarks of the gentleman from Mississippi [Mr. WHITTINGTON] and find myself agreeing very generally with him. It seems to me that during the dozen years that I have been a Member of Congress, this body has been required to act on the most mo-

mentous measures and has had to make the most critical decisions confronting the American Congress during the entire period of its existence. What is so terribly distressing to me about many of these decisions is my utter inability to see clearly their far-reaching effects and my great difficulty to distinguish right from wrong in regard to the best steps to be taken. Now I regard each vote today, especially the final vote on this measure, as meaningful as any of a half dozen of the most significant and momentous of my legislative career.

What is most distressing in this case, as so frequently happens, is that my mind is made up as to what is theoretically best and wisest for America to do in general in this great relief work, but that decision is modified by many if's, and's, and conditions. Now, any one of these conditions may, and probably ought to, reverse my stand on the general proposition. My mind is clear that America ought to act her age, and play her part, and give aid to this war-torn world, both as a basis for peace and in our own self-interest. This is a fateful hour for America in world history. Reasoning thus, it would appear to be simple that I should vote in favor of this European recovery plan, but it is far from simple when all the conditions are considered. My approval of the theoretical proposition of recovery aid is based on these historic facts—that America has a rendezvous with destiny, and also that by all the characteristics of our Nation and the policies of our Government, we earnestly desire to work for peace, and we want to join therein with other nations of like-minded peoples. Furthermore, we have been conditioned as a people to be effective as a leader of nations in that direction of peaceful cooperation. I am harassed with fears and doubts as I cast my vote on this proposition. What are those doubts?

I do not doubt that America is really financially able to give all necessary aid in the Marshall plan, which is, after all, a plan of rehabilitation which will enable worthy nations to help themselves. I believe America can do it and that we have the economic strength to do it effectively, but I have my doubt whether we are at this moment pursuing a financial plan and a fiscal policy that will enable America to do for other nations what she ought to do. By that I mean that having reduced our Government's revenues by a tax-reduction bill which will soon become law, we shall not have the wherewithal to defend ourselves adequately and at the same time carry out this recovery program. In that case we must borrow the funds and we must resort again to red-ink bookkeeping and deficit spending.

Of course, I approve of a parent who has no money in a bank borrowing money to have a necessary surgical operation which will save the life of a member of that family. I do know that for the family to have to borrow the money works against the chances of a successful recovery. For our Government to have to borrow money and further strain the credit of the Nation in this program, is

going about relief work the hard way with the chances against the highest degree of success.

Now, there are even greater fears disturbing me. I know how some of my colleagues have expressed the feeling amounting to a fear that if we pour all these billions into Europe, we will waste it, or worse than waste it, in feeding the devouring flame of communism against which we fight. Yes, I recognize that possibility and have that fear, too. On the other hand, I have a fear that those who administer this relief program, if not pro-Communist, may lean toward fascism, and may rehabilitate the economies of certain nations of Europe in such a way as deliberately to increase America's business interest and the profit of America's business, and without gaining the coveted good will of the European peoples. Both of these extremes are possibilities.

Mutual trade is good, but we can as easily gain European ill will as we could lose our wealth to Communists. I cannot forget that when my family was growing up in poverty during the twenties, after the First World War, that America at that time poured hundreds of millions into Europe, much of it as a business venture and investment. That wealth was worse than wasted, for it helped to rearm our earlier foe. We have paid a terrible price in blood for such management. Are we going to repeat that performance?

Therefore, I have thought we ought to vote this relief program and administer it as a great-hearted nation wants it administered, with a minimum of selfishness, and not as a rich prize to be grasped by communism, nor as a business investment for selfish exploitation of Europeans for American profits. Either of these extremes would thwart the American wish and make our generosity worse than a waste of our economic strength. I believe it is physically possible for America to do this greatest act in a thousand years. I doubt whether America has the political and spiritual leadership in sight to carry it through. This measure in its beginning was a magnificent conception. If may by amendments be made worse than useless.

The Clerk read as follows:

ESTABLISHMENT OF ECONOMIC COOPERATION, ADMINISTRATION

SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Coopera-

tion who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed 30 days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such 30-day period, the authority conferred upon the President by this subsection shall be extended beyond such 30-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

(2) If a corporation is created under this section—

(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

(ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such act.

(3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

(e) And department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed 60, may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than 10 may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organi-

zations thereof, as authorized by section 15 of the act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

Mr. COUDERT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman; one would vote with greater assurance for this measure if one's confidence had not been so completely shaken by the devious and tortuous methods of an administration which seems to be congenitally incapable of either clear thinking or telling the truth. Let me recall a little recent history. When this program was originally proposed and while still before the other body, it was represented as a bulwark against the onrushing tide of communism, an instrument of peace and an alternative to substantial increases in the armed forces. On January 15, this headline appeared in the Shreveport Times, "Choice is aid plan or larger army." Just listen to this for a moment and I will tell you from whom it comes:

It seems to me a simple statement of reality in discussing whether or not there is to be another war, that the success of this plan very effectively retards the probability of world war III because it builds into effective reality that element which is so essential, namely the resurgent stability of those nations which with us represent western civilization. I think that does discount the prospect of war if the plan is successful.

That is why I, among others, made up my mind to support this bill. Now let us go on in this same quote:

When the Secretary of National Defense and the Secretary of the Army come before our committee and frankly say that in the absence of some such plan as this, they would feel it necessary immediately to seek heavily increased appropriations for the national defense—

And so forth. That same gentleman made a further comment of the same sort. He said that—

This plan is equivalent literally to armies in its value by way of national security.

The speaker of those words, Mr. Chairman, was none other than the distinguished Senator from Michigan who is one of the principal architects of this bill. So can we be surprised that the people back home as well as we view with amazement the sudden change of position of this administration, demonstrated before the appropriate committees of Congress before the ink was dry on the Senate version of this bill by demands for those very military preparations envisaging early war for which this bill was represented to be the alternative? Universal draft, UMT, substantial increase in armed personnel to nearly 2,000,000 regular soldiers, sailors, and airmen, \$4,000,-

000 for other defense proposals and probably also a lease-lend for auxiliary aid to the beneficiaries of this bill.

What has happened in the interval? Why this sudden change? Has the administration determined upon waging a preventive war at the earliest possible moment? Or has it just blundered again or has it simply followed its usual course of misrepresentation, deceit, and concealment? I do not believe for a moment that our Committee on Foreign Affairs and the Foreign Relations Committee of the other body were advised of these proposals for immediate mobilization of the armed forces, for turning America into an armed camp. I do not say that these may not be necessary, but I do say that the tactics of the administration have deprived this Congress and the American people of any freedom of choice, because it has not told them the whole truth and nothing but the truth. It has not told them the whole story, and in concealing that other side of the picture which is now being exposed in the other body they have made a mockery of the representative system. They have given us no opportunity to view the whole picture globally. We are compelled to vote on one measure at a time, without being able to consider its relationship to the entire situation. While I expect to vote for the bill in the rather slender hope that the administration's original representations are more nearly true than its present attitude, I cannot do so without protesting the tactics of the administration in its approach to these grave questions. If all the facts had been put before the Foreign Affairs Committee, a very different bill might now be before the House.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield to the gentleman from Ohio.

Mr. VORYS. The House Committee on Foreign Affairs attempted to embark upon a global approach to this whole matter when they met on January 8. In attempting to arrive at some sort of world-wide, long-range policy we have constantly had trouble with the proposed piecemeal stopgap approach of the administration, and that trouble has continued right up to the present. Remember this so-called package bill is an attempt to put together and integrate the piecemeal policies we are pursuing. In that objective we have been unable to obtain cooperation from the administration.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. COUDERT asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, my colleague the gentleman from Georgia [Mr. Cox] yesterday rendered signal service to this body by calling attention to a number of people who are likely to be employees of the organization to administer or distribute this aid which we now have under consideration, among them being one David Lasser. My colleague the gentle-

man from Georgia [Mr. PACE] also rendered service to this body by preparing an amendment to correct a loophole in this legislation now under consideration, to prevent people of that kind from having a part in the administration of this fund.

It is a remarkable thing that as fast as subversives, pinks, and those who slant toward socialistic experiments, are removed from the pay roll in one department of the Government, they turn up a week or so later in some other department on the pay roll.

There was a Mr. William Benton who was making a laughingstock of this country all over the world by sending out pictures of circus women and various other monstrosities, on the theory that that represented the culture and voice of America. These people in the Voice of America Division seem to have a circus complex. The gentleman from Pennsylvania [Mr. RICH] introduced into the RECORD several days ago another circus-tent monstrosity. Although Mr. William Benton was turned out of that department, yet through the sympathetic tenderness of those who are in power, he has now been kicked upstairs to a place on another pay roll. David Lasser was removed from the pay roll several years ago. We find him on again in the Department of Commerce.

Now, if you have read the hearings for the Department of State before the Subcommittee on Appropriations, which held hearings on that bill on January 28, you know that beginning on page 173 and extending for some 10 or 15 pages there is set out, one after another, a number of people now on the pay roll of the State Department who are not, under any view of the situation, entitled to be on the pay roll of the United States. I want to call your attention to just one of them. Of course, in the 5 minutes to which Members are limited to gallop along in this debate you cannot deal with much, but on page 174 of these hearings there is one of them. These are people upon whom reports have been made by the FBI, and it shows how futile and hopeless it is to depend on the mere report of the FBI to keep these people off the pay roll.

On page 174, one of those people is reported in this FBI report in these words:

A coworker at the War Foods Administration in a report dated September 3, 1947, expressed reservations concerning his loyalty. The report reads, "He further stated that the applicant admitted his loyalty to the Government had been questioned on two occasions when he was asked about articles on Russia and the Communist activities of his father. It was alleged by the applicant that he was mistaken for his father who has the same name, and who is known to have attended some Communist meetings." The applicant traveled to Russia in 1936.

Now, there are some 14 people dealt with in those hearings whose loyalty was questioned by the FBI. That questioning of their loyalty did not have any effect whatever in keeping them off the pay roll. The State Department will be a great factor in determining who will be the employees to administer this program, and as we proceed we ought to

protect against those kinds of people having anything to do with the administration of this fund.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. DAVIS] has expired.

(Mr. DAVIS of Georgia asked and was granted permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall support this measure because I believe that its objectives, as stated in its caption, are good and sufficient reasons for my doing so.

The cost of the undertaking is urged as a reason for being against it. When the last world war closed it was costing this Nation half a billion dollars per day to fight that war. The money proposed to be expended during the first year of this plan would pay for another world war at that rate for only 13 days.

Then it is said that we first ought to deal with the Communists here at home before we undertake to deal with them abroad. The Communists here at home are raucous and we are plagued and disgusted day after day by their shrill, discordant, and disloyal cries and subversive activities. Precautions are taken against them by providing that all employees of the Administrator shall be investigated by the FBI. We will deal with them in due time. The Communists here at home, however, do not have the power to overthrow, subjugate, and enslave nations. They do not have the power to wage global war. They do not have power to bring enemy submarines within gunshot of our great cities.

And then it is said we ought to get out of Europe. Mr. Chairman, we are in Europe and there is no way to get out except by turning tail, running, and by scuttling all that we have accomplished there and give Russia an absolutely free hand from now on. So that is impossible. Such an abject, senseless retreat and surrender would invite and make certain a world-wide attack by Russia on all fronts.

It is said that this money will be squandered. We have set up a separate agency to carry out the program that in my opinion will prevent the squandering of this money.

What is the evidence we have before us upon which to act? More than a hundred able Members of this House with Members of the Senate visited and closely examined conditions in all these foreign countries that are now banded together in support of liberty and Christian civilization and in opposition to a ruthless power that would enslave and communize the world. We have the testimony of those Members of Congress. We also have the testimony of the men charged with national defense. They each and all testify that the adoption of this plan and the strengthening of our armed forces are absolutely required to safeguard our national security.

We have the attitude of each and every Republican candidate for the nomination of our party for the Presidency. Each and every one of them has taken his stand in favor of this measure. I believe the majority of the people are coming to see that it is absolutely necessary to

preserve the peace, and to stop Russian aggression. Herbert Hoover, the only living ex-President, supports it. The Republican leadership of the House and Senate are supporting the measure.

Then we have the logic of events, the unanswerable evidence of accomplished facts. We have seen Poland fall, and everybody knows that country and her people desire to be free. We have seen Russia extend her sway over all the Balkans, into Hungary, into Austria, and Russian might is now in Berlin in possession of the German submarine pens. We have seen Russia reach out across Asia and take over Outer Mongolia, Manchuria, Port Arthur, Dairen, and the strategic islands that dominate Japan.

Shortly before he died, I asked Admiral Mitscher, in my opinion one of the ablest fighting men who participated in the late war, this question: "Admiral, assume that Russia has set out to dominate and communize the world, what would it mean to our country if Russia would extend her military control over the continents of Europe, Asia, and Africa, and became the master of the 2,000,000,000 people of those three continents and the islands of the sea with all of the strategic, indispensable, war-making materials of those continents; what would it mean to our people?"

He replied: "That would present a situation too horrible to contemplate. They do not care for human life, they are ruthless, fanatical, and determined on world domination and world-wide communism."

Russia's persistent aggression since the surrender of Germany and Japan is a threat to the territorial integrity, the sovereign existence, the liberty and the religious freedom of our country and every other free nation on earth. Her ruthless advance has blacked out freedom in every country behind the iron curtain and casts an ever-darkening shadow over western Europe, Asia, and the Western Hemisphere. Her continued subjugation of free peoples may bring back the dark ages. If she succeeds in subjugating all of Europe, Asia, and Africa, and ultimately Japan, Australia, and the islands of the sea, mankind for centuries would bow beneath the hammer, the sickle, and the sword.

Once the iron, the manganese, the chrome, the oil, the copper, the lead, the tin, and the rubber and other strategic materials without which modern warfare cannot be waged, are made inaccessible to our country, a time may well come when we will be powerless to defend ourselves against the despotism that controls these 2,000,000,000 people and all these natural resources.

The free nations of Europe who are being threatened by Russia have united in a common purpose to remain free. This is the most heartening news that has come out of Europe since the surrender of Germany. I believe that we are now witnessing one of those crucial periods in human affairs when it is absolutely necessary that this Nation take a stand in the strife of truth with falsehood for liberty, for peace and for righteousness. There are times when, as it were, freedom, civilization, and Christi-

anity descend from the skies and marshal nations as their champions.

The central thought in our Declaration of Independence is that we are a people whose God is the Lord. And our institutions stem from our belief in the dignity of man, the inviolability and sanctity of the human personality. Freedom is our most precious possession.

Any act of aggression against, any subjugation of any free people anywhere in the world that dims or blows out the moral and spiritual lights around us, is a direct attack upon the happiness and lives and the liberties of our people.

To understand the danger that threatens freedom in the world we must know and understand not only the physical strength made possible by the vast territory, the teeming millions, and the government of the Soviet Republics, but we must also know and understand the Communist organization which controls the Russian Nation. With the men who control Russia communism is the creed to which they are fanatically devoted. With them the state is an instrument for the spread of their hateful ideology.

They do not believe in the dignity of man. They are godless. They scoff at the Bible account of man's creation. The Christian belief that man is created in the image of his Maker and endowed with an immortal soul has no place in their thinking. Their organization and the form of government they impose upon people they enslave are with them supreme.

On the contrary, ours is a Christian nation. It stems from our profound belief in and respect for the inviolability of the human personality.

Mr. Chairman, in adopting this measure and in implementing it, this Congress will send an electrifying message of hope and courage to every free people in the world and to those who sit in the darkness of Russian enslavement, and at the same time we join hands with peoples all over the world who desire to live in ordered liberty under governments of their choice. We open the door of peace to the Russian people themselves.

Mr. ISACSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, the House of Representatives today in 10 very short minutes has taken an action which will shock the conscience of the entire world. It has taken an action which not only constitutes the second betrayal of the Spanish people but an action which will depress all the freedom-loving people who aspire to democracy in the nations of Europe.

We in this House today have embraced to our bosom the Fascist government of Franco Spain.

For many weeks now there have been rumors that this Nation was joining with France and Britain in a three-power combination to foment a military alliance with the Franco government of Spain. Toward that end last month, at the instigation and the prodding of our State Department, France reopened its Spanish border, despite a hostile public opinion in that nation. In England it is contemplated that an announcement will be made shortly which will loosen the Brit-

ish attitude of stiffness toward Spain. Here in our own country there have been three specific acts:

First. On February 11, Secretary of State Marshall announced that the United States has no objection to including Spain in the list of countries to receive aid under the Marshall plan.

Second. On March 1 the State Department press secretary, Michael McDermott, admitted that the Government has no objection to the efforts of Spanish bankers here to obtain a \$200,000,000 commercial loan from Wall Street banks.

Third. To avoid public indignation over aid to Franco, the State Department is still maintaining the myth of Spanish neutrality during the recent war by suppressing about 8,000 documents seized by the Army and Navy intelligence officers which show that Franco aided not only Hitler but also helped Hirohito in the Pacific war.

The existence of these 8,000 documents linking Franco to both Hitler and Hirohito and their suppression by the State Department was charged by Quentin Reynolds, liberal Catholic writer, who asserted that if they were ever published, no one could again affirm that Franco Spain was ever technically a neutral nation.

The suppressed documents go far beyond the white paper published on Franco several years ago and the 15 documents it contained. The suppressed evidence shows that:

First. German scientists developed and tested the V-1 and V-2 bombs in Spain itself with the full knowledge and cooperation of Franco.

Second. Cartels like I. G. Farben are now operating under various names—all listed in the documents—and are sharing full control of Spanish industry with Franco.

Third. Atomic research is being conducted in Spain by German scientists and the Franco government controls and owns the results of their research.

Fourth. Throughout the war, Spanish merchant shipping served as the eyes and ears of German submarines operating in the Caribbean and the South Atlantic and that Gestapo agents were transported to North and South America aboard Spanish vessels.

Fifth. The Spanish island of Minorca was used as a base for German planes.

Sixth. Spanish diplomats acted as liaison officers between Nazi and Fascist politicians and agents in Argentina, Bolivia, and Brazil.

Seventh. At least 40,000 known Nazi agents hold Spanish passports and can visit the United States and other countries at will.

The inclusion of Spain within the provision of this bill will make the second time within 12 years that the Spanish people have been betrayed by the democracies.

As a result of the 1936 betrayal under the slogan "stop communism," Hitler and Mussolini established Franco in power and thus made World War II inevitable.

Now in 1948 under the same spurious slogan our State Department is prodding

Britain and France to join with Franco in another betrayal which will make world war III a horrible reality.

I predict that the inclusion of Fascist Spain within the purposes of this bill will arouse the indignation and resentment of the whole American people.

Mr. HERTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTER:

On page 55, line 1, strike out the word "sixty" and insert the words "one hundred."

On page 55, line 4, strike out the word "ten" and insert the words "twenty-five."

Mr. HERTER. Mr. Chairman, I ask unanimous consent that what in effect are two amendments may be considered as one.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HERTER. Mr. Chairman, the purpose of this amendment is, in my opinion, to strengthen the administrative provisions of this act. During the debate that has taken place yesterday and today speaker after speaker has conceded the fact that the success or the failure of the very great program that we are undertaking in this bill depends on the kind of administration that is given. That matter was a matter of very grave concern to the select committee which studied this over-all problem, a committee which had no legislative function whatever, but was merely asked to report to the Congress its findings with respect to the global picture requiring American assistance at this time.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In order to see if I understand the gentleman's amendment correctly, this is to increase the personnel from 60 to 100 and increase the rate of compensation for 10 of them in an amount not exceeding \$25,000?

Mr. HERTER. No; 25 individuals between \$10,000 and \$15,000. Let me clarify the point that the gentleman has raised. What this amendment does is to allow the Administrator to appoint not 60 as provided in the bill, but 100 individuals outside of civil-service restrictions, and would allow of that number not to exceed 25 to be recompensed at a rate between \$10,000 and \$15,000.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Indiana.

Mr. HARNESS of Indiana. Under the provisions of the bill, which the gentleman's amendment attempts to change, it would require a good deal more time than 30 days to set up such an organization, would it not?

Mr. HERTER. That is correct.

Mr. HARNESS of Indiana. And in the meantime, before the organization has been appointed and can function, the President could designate the State Department to carry out the provisions under the terms of this bill.

Mr. HERTER. He can designate any agency he sees fit.

Mr. HARNESS of Indiana. Well, obviously, he would appoint the State Department. Is that not the gentleman's view of it?

Mr. HERTER. I should imagine that would be the case.

Mr. HARNESS of Indiana. Since the special organization to handle this program cannot possibly be set up at once, the State Department will be operating this program and administering this act.

Mr. HERTER. It is my impression that what the State Department will be doing in that interim period is to exercise the powers of the Administrator only to the extent of keeping the pipe lines filled with foodstuffs, with raw materials, and with fuel.

Mr. HARNESS of Indiana. But it is not limited to that.

Mr. HERTER. It is not limited to that.

Mr. HARNESS of Indiana. So the State Department could carry out the entire terms and provisions of this bill. They could permit the entire amount to be spent during the first 30 days, could they not?

Mr. HERTER. That is correct.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Would not the increase on line 4 suggested by the gentleman from \$10,000 to \$25,000 be inconsistent with the \$15,000 in the succeeding line?

Mr. HERTER. I have not changed the \$10,000 to \$25,000. I have changed the number of individuals who could receive between \$10,000 and \$15,000 to 25,000. The very point raised by the gentleman from Indiana gives further strength to the necessity for this amendment. This particular provision of the bill appeared in the original State Department draft. It was left as is in the Senate version, and it is left as is in this bill. On the other hand, this bill contemplates giving the Administrator a considerably larger job than did the Senate bill. In addition, I am hopeful that before long the Administrator of this measure, assuming that he is the type of individual that we all hope he is, will have charge not alone of the program but of the economic program in all occupied areas.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HERTER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Georgia.

Mr. COX. On the question as to who will be the Administrator, the President could relieve the fears of the country if he would announce now that in the event of the adoption of this legislation he will name Herbert Hoover, Bernard Baruch, Lewis Douglas, Lou Brown, or Everett

Dirksen, our colleague. In other words, the importance is in getting an Administrator in whom the people of this country have confidence.

Mr. HERTER. I fully agree with the gentleman.

As the gentleman pointed out, the administration is the all-important matter in this bill. The Administrator is going to have a difficult enough time in building an administration. Obviously we have recognized in this House the difficulties that our Government departments have in getting superior types of individuals to serve with the Government today, in a bill that we passed here less than 2 weeks ago, the agricultural appropriation bill, in which the Committee on Appropriations allowed the Secretary of Agriculture to appoint 10 individuals with salaries running up to \$15,000 a year, for that one Department alone. They did that in recognition of the fact that today the Government cannot compete for first-rate individuals with industry unless that kind of leeway is given.

In this bill you limit the Administrator to the same number we gave the Department of Agriculture. That, it seems to me, is entirely out of proportion. He is going to have to build a new staff, he is going to have to build a temporary staff, he is going to have to draw, if he is going to administer this thing right, from industry and from the professions, and draw the very best individuals that he can find. It is for that reason, it seems to me, that we ought not to hamstring him at the beginning. The Committee on Appropriations can cut down this number if it sees fit, when it has had time to study the matter, but this is an authorization, and if we make the authorization so small, I think we are curtailing the Administrator's power to set up an effective administration.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Ohio.

Mr. VORYS. The committee reviewed this amendment yesterday morning, and felt that it might come more appropriately later in the bill, when determination had been made as to the new duties that would be put on the Administrator. However, I can see no objection to having the Committee of the Whole consider this matter at this time, in view of the fact, as the gentleman has so ably pointed out, that the duties of this Administrator are largely increased by the House version of the bill.

Mr. HERTER. I thank the gentleman.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Minnesota.

Mr. O'HARA. In connection with the question of the gentleman from Indiana [Mr. HARNESS] with reference to control by the State Department of where this money should go in the first 30 days, would it not be true that the State Department would have the power to fix the amount which goes to the various countries? For example, if they determine that 50 percent of this should go to the

United Kingdom, it will go there; is not that true?

Mr. HERTER. They can fix that, but the Administrator could overrule it as soon as he took over.

Mr. O'HARA. They could make a commitment in that time?

Mr. HERTER. I doubt very much whether they would do that for the simple reason they would run into very serious trouble.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. HARNESS of Indiana. If our fears are well grounded that the President will designate the State Department to administer this as soon as it becomes a law, what will there be for an Administrator to do if they commit all the money and carry out the terms of the bill?

Mr. HERTER. It is obviously impossible to commit all the money. Even if you take the matter of foodstuffs alone, there is no living human being who can today predict what the harvests in Europe or the harvests in this country or anywhere else in the northern half of the world are going to be. Nobody will know that until next July or even later.

Mr. HARNESS of Indiana. But the gentleman from Georgia yesterday pointed out that there are a number of individuals in the State Department who had a great deal to do with the preparation of the original bill. I believe he even termed some of them as subversive. Those people would have a free rein during the first 30 days, would they not?

Mr. HERTER. In reply to the gentleman, may I say that I hope there are responsible Members of the Congress who will keep their eyes very carefully on what is being done in the interim period.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HARNESS of Indiana. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for 5 minutes. This is an important amendment.

Mr. BLOOM. Mr. Chairman, it was stated here by the gentleman from Ohio [Mr. VORYS] that he was going to object to the extension of time of any speaker. Has he withdrawn that objection, or is he going to object? It does not make any difference to me, but if he is going to allow the time to be extended for the present speaker, he ought to allow it for other Members.

Mr. BENDER. Mr. Chairman, a point of order. Obviously the gentleman from Ohio is not going to object or he would be on his feet.

The CHAIRMAN. The gentleman does not state a point of order.

Mr. HARNESS of Indiana. Mr. Chairman, I renew my unanimous-consent request.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. GAVIN. We have heard a great deal about the proposed Herter bill for a separate administration of this entire ERP program. That seems to have vanished. While the gentleman is on his feet, would he mind telling us just what has happened to that proposal which he made and which we thought was an excellent one? I believe the gentleman might discuss that situation.

Mr. HERTER. The select committee made the initial recommendations as to how any program of foreign aid should be administered and recommended that a corporate entity was the best instrument in the opinion of that committee for the administration of this measure. During the various courses that this legislation has taken, first in the other body and then here, practically every feature or desirable feature, rather, of corporate administration has been brought into the bill. In fact, the House committee in this bill now makes the corporate set-up a permissive feature of the bill. The bipartisan advisory committee appointed by the President and confirmed by the Senate has taken the place of the corporate directors. The question of the freedom of selection of personnel, the very subject matter of the amendment now before you, is to take care of that freedom in the selection of personnel. In other words, practically every advantage that a corporate set-up would bring to the administration has been incorporated either by the Senate or by the House. It is for that reason that to change the entire administrative set-up as would be required in some twenty sections of this bill by an amendment would not gain sufficient point, particularly if it were thrown out in conference between the two bodies, to bring the matter up as a separate amendment. I am trying now to strengthen what there is in the bill and to carry out the initial advices made by that committee.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. BLOOM. I would like to ask about this 30-day interim period. Any contracts or obligations made during the first 30 days would be just as binding as if they were made by the Administrator. Is that not right?

Mr. HERTER. That is right.

Mr. BLOOM. So then, in the first 30 days the people appointed by the State Department could do anything they wanted to, and bind the Administration, and whether it is right or wrong the Administrator would not have one word to say about it.

Mr. HERTER. That depends on the length of the contract.

Mr. BLOOM. I know, but during the first 30 days' interim, any appointee of the State Department could obligate the Administrator for anything he wanted to. That is, during the first year. Then the Administrator could not rescind any of the obligations that were encumbered during this 30-day period.

Mr. HERTER. The way the bill is written now that is possible. I cannot conceive that it will be done.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mrs. DOUGLAS. That is not correct. We went to great pains to write in the bill a provision that prevents the State Department in this interim period, before the Administrator is appointed, from signing any basic agreements. All the interim Administration can do is to sign temporary agreements, but no basic agreement can be signed until the permanent Administrator has been appointed—not because we did not trust the State Department as has been regrettably suggested on this floor, but because we wanted the Administrator, when he came in, to be responsible for the entire program, and not be able to say that if it had not started in a certain way the program might have been more successful.

Mr. HERTER. I agree with the lady except for one point. The Administrator can make all the domestic contracts that he sees fit during that period. It is only in the negotiation of permanent agreements with foreign countries that he is prohibited.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. KUNKEL. Was not the expectation and recommendation by the Select Committee on Foreign Aid that the organization should be set up in the special session, even though it would not have been able to carry through the interim-aid program? If that had been done, then the organization would now be functioning, and this particular question would not have arisen.

Mr. HERTER. That is quite correct. It was urged very strongly that that be done as the first step in a long-range program.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

(Mr. JENNINGS asked and was granted permission to revise and extend his remarks.)

Mr. WALTER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, in considering the amendment offered by the gentleman from Massachusetts [Mr. HERTER] it is important to bear in mind the fact that many of the public-spirited citizens who rendered service during the war period have left the Government and have returned to private industry. They have already made great sacrifices. Those of us who have been concerned with this legislation have been impressed with the importance of getting the type of people in whom we have confidence.

I call your attention to the report of the committee on page 43. The report says:

The Administrator's qualities and abilities will largely determine the success of the undertaking as here envisaged. He must combine tact and source—

And so on. All through this report it has pointed out the need for outstanding people to administer this program. It seems to me that the only way we can get the type of people who can do the

kind of a job that must be done is by minimizing the sacrifices that must be made in government service. We have often heard these complaints about the loyalty of people in the various departments. I attribute that largely to the fact that we are bound by Civil Service rules, which makes it impossible to prevent people from getting on the pay roll who should not be on the pay roll. But if this amendment is adopted, we can be assured that at the top of the administration there will be sufficient men of outstanding ability to get the program off to a successful start.

I urge that the amendment be adopted.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. HERTER].

The amendment was agreed to.

Mr. COTTON. Mr. Chairman, we are all aware of the urgency of this hour. No question that has faced the American Congress for many years has been of more solemn import than the Foreign Assistance Act of 1948.

It is a heavy burden that is laid upon us today for we are being asked to further mortgage the future of our country and to take a step which entails sacrifices and hardships on the part of all the people of our land.

I am quite sure that most Members are as bitterly disappointed as I am that this step has become necessary. We came to the Eightieth Congress with high hopes of accomplishing much for the benefit of our people. They had borne the suffering and sorrows of war with magnificent fortitude and won a mighty victory. We believed that the sun was rising upon a new and splendid era for America.

The shackles of Government controls and regimentation made necessary by the war were already loosening and we planned to tear the last of them away and permit American initiative and free enterprise to forge ahead.

We expected to reduce the costs of government and relieve the people of the heavy burden of war taxes. We hoped to broaden social security and provide more adequate protection for the aged. We hoped to provide for the returned soldier even greater opportunity for self-development and advancement than we have yet been able to do, and to build homes that he might at least be assured of a roof over his head. We hoped by Federal aid to education to extend and perfect the school systems of every backward State in order that we might conserve and develop our most precious natural resource—the oncoming generations. We hoped to conserve and restore our depleted soil, replant and protect our forests, dam our streams, develop our power, reclaim our barren wastes, and thus lay the foundations for the America of the future. We hoped that we could improve our labor relations, provide a higher minimum wage, raise the income of the worker both in the mill and on the farm and especially those who teach in our schools, and thus guarantee a higher standard of living for our people.

All these things were crying to be done and we were eager to do them. Some of these objectives have been partially accomplished and some others will be accomplished before we adjourn, but the full fruition of this program is now impossible.

Why? Because we are still at war.

This Nation cannot recover unless other nations recover and that recovery has been retarded and made impossible by those who still desire to rule the world by force. We have therefore no alternative or choice. There are two things we must do, build up our own defenses and maintain the beachheads of freedom abroad.

We must all face the grim reality that the cost of national defense and of foreign assistance will deprive our people of many things, including some of the services they have been expecting from their Government, but the cost is small compared with that of another war. For that reason I am ready to go the whole way in supporting a strong national defense, including a powerful air force, the return of the draft, and universal military training, if all of these are necessary.

I shall also support the bill now before us.

Every Member of this body has grave doubts concerning the ultimate success of this plan. General Marshall himself has expressed such doubts but there can be no doubt but that we must make the attempt. Delay and indecision have contributed to this emergency. Our present action must be definite and decisive. There must not be another case of "too little and too late."

We are legislating today with a shadow of another world conflict already upon us. I am deeply convinced that in passing this bill we are grasping at the only hope for future peace and security. This is not a time to quibble over details or yield to petty political or personal prejudice, for every day and every hour count.

I therefore take this opportunity to state that I shall oppose every amendment that delays or materially alters the effect of this act and shall vote for the bill as reported by the committee. It is called for by the President of the United States, demanded by the vast majority of our people, and hoped for by all men everywhere who love liberty and desire peace.

(Mr. COTTON asked and was given permission to revise and extend his remarks.)

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: Page 55, line 19, after the period insert a new paragraph as follows:

"(g) The Administrator must promulgate such rules and regulations as may be necessary to guarantee that all goods, articles, commodities, and materials be processed, manufactured, distributed, and transported only by persons, firms, and corporations that do not refuse employment because of race and color."

(Mr. POWELL asked and was given permission to revise and extend his remarks.)

Mr. POWELL. Mr. Chairman, this amendment is very simply stated.

I should like to begin a brief discussion of it by quoting from a speech made by one of our distinguished colleagues a few minutes ago, an eminent Representative, the gentleman from Mississippi [Mr. WHITTINGTON], who in his speech said that the spiritual emphasis of the Marshall plan is more important than the material. One of the quotations from his speech is as follows:

We must demonstrate that democracy is functioning here, and that means freedom to work, freedom to speak, and freedom to worship.

That is just what this amendment means. This amendment means that we are going to have success with the Marshall plan only if we back it up with the American plan; and the American plan is just what our colleague from Mississippi said, to demonstrate that democracy is working here and that means, first, freedom to work.

I know there are some who do not believe in this, and I am not talking to those who are against it. I respect their views but do not agree with them. I am talking to the Members of the Republican majority in particular and to the northern Democrats.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. POWELL. I yield.

Mr. MARCANTONIO. I would just like to know what this Foreign Affairs Committee, or the majority of it that was so anxious to accept the amendment for Fascist Spain, are going to do about this amendment which provides for democracy in employment at home.

Mr. POWELL. I thank the gentleman. I will continue.

It is not a question of those who are against this amendment, but a question of those who are for it. There are 15,000,000 people in this Nation of ours who comprise the most loyal element in our democracy. These 15,000,000 people are looking to the Republican-dominated Congress to give that which they have been looking for during the years before and had been told it was impossible because previous Congresses were dominated by a group that believed in States' rights, and who were against anything aimed at the abolition of segregation and discrimination. But the Republicans are in charge now. There are 15,000,000 people looking to you Republicans. They are looking at you askance, because in the past year and a half of the Eightieth Congress every provision to guarantee democracy here at home has been defeated on this floor or in committee, except the anti-poll-tax bill of our colleague the gentleman from Ohio [Mr. BENDER].

On this floor a year ago you wiped out my amendment which would have allowed Negro women to serve as nurses in our armed services. Today there are 20,000 Negro men in the United States Navy and only 1 Negro nurse. Before the Armed Services Committee there is a bill to guarantee the admittance of women in the Army and Navy as Wacs and Waves. I appeared before that committee. I urged a provision that

would guarantee that Negro women could serve. The committee turned down my amendment which was offered by one of their members.

UMT is coming before us. In the UMT bill, as presently drawn, there is no provision which will guarantee that American citizens can serve their country at their best. UMT will permanently segregate all Negroes in peacetime and war. We are going into Europe and the rest of the world not practicing what we preach. The Marshall plan nor any other plan is going to succeed without the American plan genuinely and honestly being brought forward first. That is the only way the peoples of the earth will know that we are not hiding behind a dual way of life—one way for white and one way for colored. We can stop any "ism" in the world with the power of American democracy, which is the Constitution and the Bill of Rights, not the Marshall plan. But we cannot stop any "ism" with all the billions of the world if we are not honest at home.

I demand, therefore, that we do not do less now in our drive for peace than we did during the war period. During the war Negro citizens served in the armed forces and in the industries at their fullest capacity. I leave this amendment with you and urge you to vote honestly. Fifteen million Negroes and their friends are looking at you, the Republican-dominated Congress, to guarantee freedom for all. Can it be that the same Republican leaders who demanded Fascist Spain get our help care less for 15,000,000 Americans citizens? If you defeat this amendment I have offered, Negroes and whites will think that the Republican Party is based on hypocrisy.

Mr. OWENS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from New York speaks on the theory that we are here in the interest of the people of America. I doubt that very, very much. After hearing the gentleman from Tennessee rant and rave a little while ago, I began to wonder whether we eat the same kind of Welsh rarebit when he spoke about the domination of the world by the Soviet Union. If we were to believe what he says then we should declare war immediately. He seemed to forget the language of our late President who spoke about America's rendezvous with destiny, and also of the fact that our generals seem to have the same theory that has been possessed by the military of our country for a long time—that it is America's destiny to rule the world.

I congratulate the gentleman from Massachusetts who has maneuvered this bill through the House and the able way in which he handled the situation, including the various methods whereby he has approached the question. Of course, he has influenced the result a great deal and has undoubtedly swayed the Members on the Republican side who otherwise would not vote for the bill. That is unfortunate, because it is obvious that he, himself, is in doubt.

Mr. Chairman, when the Republican Congress came in last year a calm settled over the House. We passed the labor bill, which was and is the finest

thing to stop communism, because provisions were put in there that moved the Communists out of the vital part of our economy—labor—and checked their progress. They realized that immediately and began to proceed from a political standpoint. That is what they are doing now. Of course, the best way you can aid them is to give them something to talk about. The Un-American Activities Committee, along with the Committee on Labor, has been working diligently to clear these people out of high places in government and out of various sections of our country. When you get them out on a political platform and give them something to talk about, that is when danger really arises.

We speak about Stalin and the Soviet Union moving into these various countries of Europe. If we were in their place, and we wished to adopt a program that would succeed, according to their theory of government, the best way to do that would be for us to move into these countries as they have moved in, then have our country get excited about it, and spend billions of dollars sending over our machinery and other equipment where they could take it over; then render ourselves short of the goods and materials that are needed at home, as well as to make ourselves short of labor so they can once more get into our labor organizations throughout the country and cause chaos. That is the easiest way for them to take over.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. OWENS. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Does the gentleman know of any move that Stalin and the Communists could have made to assure the passage of this plan that they have not made?

Mr. OWENS. The gentleman is absolutely correct. I feel that they have used great shrewdness. You know, a French nobleman, about 100 years ago, Alexis de Tocqueville, called attention to the fact that a century from then, which is now, America and Russia would be each ruling half of the world. He said that the other nations of Europe were decadent then, that their growth was stopped. About that time, the liberty loving people of those nations were emigrating to America. They have been doing it ever since, leaving the nations more decadent now than they were then.

It might be well for us to permit the balance of those people who are still worthwhile into our Nation instead of trying to help those countries rebuild. But, let the Soviet Union take them. What will they do with them? I do not know that, but I am sure that they will then have real trouble. Let us build up our own military strength. Let us strengthen our Air Force, our Army, our Navy, and our research department. Let us build up our National Guard and the State militias, our ROTC in our schools, and proceed with technical improvements. Let us prepare ourselves on the home front so that we can meet them in combat should it ever become necessary. It is not courageous for us to depend upon some other nations to aid us, as we did in

World War I and before World War II. It is time we stand on our own feet and fight like men. If we think the Soviet Union is doing wrong, let us tell them so, and let us take appropriate action.

I am not one who is in the habit of saying, "I told you so." However, I must take this occasion to call your attention to the fact that at the time of the argument upon the Greek-Turkish relief, almost a year ago, I said:

I believe that we should be very generous with the starving and needy people of the countries that have been devastated by war, but we should cease to expend the lives of our people and our money in a vain effort to perpetuate foreign empires and the property of oil barons and other financial geniuses of this Nation and other nations.

I also called attention to the testimony of Mr. Inman, guest professor of international law at Ohio Wesleyan University, who told the Foreign Affairs Committee that:

Every man who travels outside the United States today knows that people everywhere, even in Canada, the Scandinavian countries, Holland and England talk of fear of American dominance. The other great fear is of communism. The way to throw the weight of the public opinion of the world on the side of Russia is to follow the President's plan to start arranging the affairs of other nations for them.

Last evening I heard the Chief of Near Eastern Affairs of our Department of State say that the aid to Greece last year prepared the way for the present program. That is exactly what I thought at that time, and it constituted the reason for my stand against the military aid to Greece. When there is a military job to be done, let the armed forces of our country do it. The duty of Congress is to furnish the means for the military arm.

We seem to forget entirely the history of the past. We act as though the march of economic or military force in Europe were something new, when we know that it is not. Well over 2,000 years ago the forces of Xerxes, of Persia, moved upon Greece, as did Philip II, of Macedon, followed in turn by his son, Alexander, of Greece, called the Great, who set out to conquer the then-known world. Out of Rome came Julius Caesar, and then the campaign of Charlemagne, Emperor of the West. Then there was Charles I, of Sweden, Philip II, of Spain, Catherine the Great, of Russia, and the Little Corporal, Napoleon, all of whom would rule the world, or at least what they thought was the world. But, nevertheless, with all of the shifting back and forth, the various nations remained in more or less the same status, with the exception of Great Britain and France, who alone seemed to be able to expand their empires and the servitude of hundreds of millions of people, which followed as a result of their so-called benevolent dictatorships. But even their empires began to topple when the new conquerors, Hitler, Mussolini, and Tojo began to march. We had expended our resources, our energy, and the lives of many of our fine young men in World War I to aid the nations of Europe, despite the warnings of the Father of His Country, and whose words

I quoted on this floor on May 7 of last year. While the Farewell Address is read on Washington's Birthday each year, all too little attention is paid to the text. So we adopted the same course which was pursued prior to World War I, and we became engaged in World War II, with the loss immediately of thousands of lives which could have been saved, except for the extreme recklessness of those who would be classed as leaders of our Nation. We would now aid the declining empires of Great Britain and France in their wars against Indonesians, the Indo-Chinese, and other peoples of Asia who crave their freedom as we once craved ours. We should not give them a bit of aid while they practice slavery, including enslaving former soldiers of Germany.

A year ago I asked a question of one of the proponents of military aid to Greece and Turkey. I said, "If the Soviet Union has offended us, why should we not sever diplomatic relations instead of taking the same pusillanimous course which has side-stepped us into two previous wars?" Naturally, I received no adequate answer. At that time I quoted the words of Monsignor Sheen, well known for his radio addresses on the Catholic Hour, and who offered the prayer at the opening of our session this morning. He said:

War is not the answer to communism. We must not hope for the extinction of Communists, but must pray for their conversion.

I am wondering if we have not forgotten how to pray, and if we can only think of military conflict. Last year, on June 10, when the Voice of America program was before the House, the gentleman from Ohio [Mr. BREHM] asked me the following question:

How does the gentleman reconcile the position of our State Department and some of our leaders in this country, who are advocating military conscription, going into an armament race with Russia now, with the position they are now taking of cooperation? If we are going into an armament race, as we certainly are, then why in the name of common sense do we need a program of this kind? They are absolutely at sword's points. Is that not correct?

My answer to the gentleman from Ohio was as follows:

I agree with the gentleman. I do not believe there has been any thought whatsoever given to the matter. I believe it is just a question of going on and on, in an attempt to stop the economy program of the Republican Party. They are going to stop it any way they can. They will get us into war to stop it, just so that they do stop our program to balance the budget and establish real economy in our governmental operations.

It is my opinion that legislation such as that which is being proposed by the bill under discussion constitutes an apparently innocent, but nevertheless subtle and dangerous way to extend control and absolute control of our Federal Government. One of our noble founders, Thomas Jefferson, repeatedly warned us against such sinister methods of ending our great constitutional form of government.

Two weeks later, while the same subject was up for discussion, I again quoted from another portion of the Farewell Address, where George Washington said:

Against the insidious wiles of foreign influence (I conjure you to believe me, fellow

citizens), the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike of another cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots who may resist the intrigues of the favorite are liable to become suspected and odious, while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

I still feel the same way about our present Administration. I do not trust it.

Let us pause before it is too late. We have been intervening entirely too much in the affairs of other nations and, while we are trying to help them, we are becoming hateful to them. We should permit them to stand on their own feet and protect their honor. We should not further weaken their morale by useless gifts, as we recently did with England, and as we did during the thirties with our people here in America. Strength comes only with effort. Give them the opportunity to use that effort in their own behalf. In the meantime, let us gird our loins, from both a spiritual and physical standpoint, so that we may be prepared for any eventuality which might arise.

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. MARCANTONIO. Mr. Chairman, I rise in support of the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, I rise in support of this amendment. The amendment is very simple. The amendment provides, in effect, that the portion of the \$6,700,000,000 that is to be spent under this bill which is to be paid to manufacturers, processors, firms, and to transportation and distribution firms and corporations shall be spent in accordance with the principles of fair employment practices; that is, that no firm or corporation or individual who denies employment to any person because of race, color, or creed shall receive any of the benefits of the funds that are to be used under the provisions of this bill.

Now, this money comes from everybody. This money comes from all the American taxpayers. It comes from Negroes, whites, Jews, and gentiles. Therefore, why provide for the further enrichment of those firms and persons that practice discrimination in employment because of race, color, or creed? Here you have the proposition that you Republican and Truman Democrats have been preaching so much all over the country. Here the question is whether

you mean what you say. I address my remarks now directly to the Committee on Foreign Affairs. You met this morning and you accepted an amendment to include Fascist Spain under this bill. Now I am asking you, Will you accept this amendment to make certain that Negroes will not be discriminated against in employment, by those firms, individuals, and corporations that will be benefited by this bill? That is the proposition that is before the Committee on Foreign Affairs. You can ignore it if you want to, but this record stands. The American people are bound to learn of this record, and they will want to know why the committee that reported out this bill, was so ready and so anxious to accept Fascist Spain and the butcher, Franco, as a beneficiary under this bill, and now refuses to accept an amendment that guarantees employment against discrimination.

Why does this committee refuse to accept this amendment? It is because this bill is not based on a policy for freedom of people. It is because this bill furthers an imperialist policy and imperialism rejects democracy at home and abroad. This matter is now in your laps. You either take it or you leave it.

Your refusal to accept it demonstrates conclusively just what this bill is about. Although it is heralded by you as a bill for freedom, it is a bill in the interest of Wall Street exploitation. This is a test. I again call on the Committee on Foreign Affairs to accept this amendment. You were more than anxious to accept the Fascist Spain amendment. How about this amendment to protect the 14,000,000 Negro people in the United States?

Mr. CASE of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from New Jersey.

Mr. CASE of New Jersey. I expect to support the amendment. May I ask the gentleman, if it is adopted, will he support the bill?

Mr. MARCANTONIO. I am opposed to the bill, because it is basically legislation for big-trust control of the world. I never double talk. However, I am a realist, and I know that this bill is going to pass. Therefore, I shall support every effort to guarantee employment to 14,000,000 Negro people. I shall support every amendment to protect 14,000,000 Negro people against discrimination which this bill permits. That is my answer to the gentleman. I should like to know if the gentleman is going to go to his committee and his leadership and ask them to support this amendment, just as he has asked me to support this bill?

Mr. CASE of New Jersey. I intend to support the amendment. The gentleman has given me his answer. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 38, noes 91.

Mr. POWELL. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk read as follows:

GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

(3) provide for the efficient execution of any such programs as may be placed in operation; and

(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

Mr. VORYS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. VORYS, of Ohio: On page 57, line 16, after the word "officer", insert the following: "in performing functions under this title."

The committee amendment was agreed to.

Mr. BUFFETT. Mr. Chairman, I move to strike out the last word.

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

Mr. BUFFETT. Mr. Chairman, I rise to ask for some information from the committee, or from whoever can give it to the House. On January 15, Secretary Royall, of the Army, appeared in behalf of this scheme. He declared then that the choice is between the foreign-aid plan or a larger Army. Those are not

his exact words, but that is approximately what he said. He said the choice before us was the aid plan or a larger Army. Now the demands of the armed services indicate that they believe we are on the verge of war, and they are asking for a much larger Army. I would like to find out from the chairman of the committee, or from any member of the Committee on Foreign Affairs, whether they received any explanation from either Secretary Royall or from any other high official in this administration why the Secretary made one statement on January 15 and now a few weeks later the War Department asks for a very much larger Army. Did they know that fact when he made the statement on January 15 or have there been developments that explain this shift in position? I wonder if any member of the committee can explain this strange performance?

Mr. VORYS. During the last few weeks the committee has been kept in rather close touch, I believe, with the military situation through the members of the armed forces and through the Department of State.

Mr. BUFFETT. Did the committee get information that explains to it the need for a much larger Army after Mr. Royall declared on January 15 that the aid plan was the alternative to a larger army?

Mr. VORYS. If the gentleman interprets Mr. Royall's view as stating what he says, I do not believe that that was the general proposition which was put before the committee. We were told that we would of necessity have to keep our armed forces intact even though this plan might remove or lessen the danger of war.

Mr. BLOOM. Mr. Chairman, will the gentleman yield? The question the gentleman is asking the Committee on Foreign Affairs ought to be asked of the Committee on Military Affairs. The Committee on Foreign Affairs would not have anything at all to do with that.

Mr. BUFFETT. The point of the question is that the Secretary of War appeared in behalf of the foreign-aid program and said that this plan was the alternative to a larger Army. He said either we have the aid plan or we have a much larger Army. Now they are asking for both. Certainly the Committee on Foreign Affairs should have an explanation of that performance.

Mr. VORYS. I think everybody in Congress understands it possibly except the gentleman because it has been proposed in our hearings by Mr. Douglas and by Secretary Forrestal that if this entire aid plan should fail there would of necessity need to be gigantic increases in our armed forces very soon in order to resist a possibly unfriendly power that would possess all the rest of the world in a few years except the Western Hemisphere.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PRICE of Florida. Mr. Chairman, I suppose that everything both for and against this bill has been advanced in the last few days on this House floor. The pros and cons have made their arguments in every conceivable manner and

no one in this House will deny that Members have earnestly presented their views. Therefore it would be a waste of time for me to attempt to bring any new argument for the program or even to say something that has already been said in different words. I will simply say that I am for the bill even though no one would be foolish enough to say that they could guarantee that the program or the spending of these billions or even billions of dollars in addition to the amount included, would solve the problems of the world today or bring peace. I, as a Representative of the people, am willing to take the chance. I had rather send our dollars, even though it may be necessary later to send our boys, because this, in my opinion, is an honest effort to avoid war and the necessity of sending our boys. On November 1, 1947, I wrote President Truman of a plan that I thought would help bring peace to the world and although the President did not consider the plan worthy of even an answer I still am of the opinion that my plan would have at least been a step in the right direction. I am, therefore, inserting my letter to the President in the RECORD:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., November 1, 1947.
The PRESIDENT,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: Thousands of our citizens are sending packages containing food to relatives in Europe. Millions of our citizens would send packages if they had someone to send them to or knew positively that hungry people would receive the packages.

I suggest that our ambassadors or ministers in countries where the people are starving organize native citizens to distribute these packages to those really in need.

Our people could be advised where to send the food, the kind of food most needed, and those in each State could send to a particular country or, if the need of any one country was particularly great, two or more States could send to the same country.

The distribution within each country could be handled from one or two central locations in the foreign country. I believe these details could be worked out with but little cost to our Government.

Our citizens could be advised on a standard size and weight package and all could be exactly the same in size. The people in each State could be advised as to the most desirable food needed in the country to be supplied by that particular State. They could also be advised as to the amount of postage required for the weight of the package.

An appeal could be made to the housewives of America to save at least a dollar or two on their food bill each week. They could supply the needs of their own families but cut down enough to buy \$2 worth of the particular food that they would want to send abroad. By encouraging them to actually save on their food budget, thus there would not be a drain on our own food supply.

If our people could be guaranteed that they could send food that would be given directly to those starving, there would be millions of our citizens willing to save \$2 each week on their food bills, and that is not asking too much from any family.

As a further suggestion, each family could include a letter and a small snapshot of the family group in each package sent. The picture, I believe, would work wonders. The starving people could see that here in Amer-

ica we are well clothed, well fed, healthy, and happy.

This would do more to create good will among the people of the starving countries than all the Voices of America millions could buy.

The letter bearing the name of the sender and a word of sympathy and comfort would work wonders.

I honestly believe churches by the thousands would endorse and push this program, to say nothing of millions of families who never attend any church. I believe our radios and newspapers would gladly assist.

I hope you will look with favor on this suggestion. I believe this plan would actually begin to relieve the starving long before any action can be taken by Congress. I have attempted to be as brief as possible but I am sure the details could be worked out in a short time.

Yours respectfully,

EMORY H. PRICE,
Member of Congress.

(Mr. PRICE of Florida asked and was granted permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not surprised that the committee is very much confused with reference to this ERP proposal. I wish to state that in 1945 I took this floor and called the attention of the House to a statement by David Lawrence. This is what he said at that time, referring to the Crimea Conference:

What did Stalin get?

Acquiescence in his grab of the Baltic states of Estonia, Latvia, and Lithuania. Annexation of territory that previously belonged to Poland. Acquiescence in the sphere of influence set up which will mean Stalin-controlled governments in Poland, Hungary, Czechoslovakia, Yugoslavia, Bulgaria, Rumania, and in the Baltic areas. Reparations from Germany that could include forced labor. More lend-lease dollars and goods from America.

That was back in 1945. That statement up to this time has never been challenged by anyone. There was a map here this morning but it has been removed. On that map it showed the very countries that Russia has taken over.

Now, we did not hear anything about the expanded army. Apparently here was an agreement made at that conference of which we were a party. What I am wondering and what the people are wondering is how many more of these secret agreements have been made that we know nothing about. We are certainly getting very excited about war. Our industrial plants are being regimented ready for war. The people are told that they will have to be regimented for the coming war. Yet, as I say, this statement by David Lawrence has never been challenged by any person at any time anywhere. So up to this time we are creating a hysteria to pour more billions into these foreign lands.

Let me call your attention to a few more statements that are rather important. I remember when we had the Atlantic Charter. That was to preserve peace in this world. First, we had the neutrality declarations of 1914 and 1917. That was to keep us out of war. Then we had Wilson's 14 points. That was to keep us out of war. Then there was a

covenant of the League of Nations. That was to keep us out of war. Then the Washington treaties of disarmament. That was to keep us out of war. The Kellogg Pact to outlaw war. That was to keep us out of war. The Dawes plan and the Young plan to keep us out of war. The Stimson doctrine to prevent aggression. That was to keep us out of war. The London Conference. That was to keep us out of war. The Roosevelt Neutrality Act. That was to keep us out of war. The "four freedoms." That was to keep us out of war. Hull's 17 points. That was to keep us out of war. Then came the Atlantic Charter. That was to keep us out of war. Then the Yalta declaration, to keep us out of war. Then there was lend-lease to keep us out of war. Then UNRRA to keep us out of war. And the Potsdam Agreement to keep us out of war. And Bretton Woods to keep us out of war. And Dumbarton Oaks to keep us out of war. And Bank for International Settlement to keep us out of war. And Export-Import Bank to keep us out of war. And the United Nations to keep us out of war. What has it done? It has collapsed. It is nothing but a shell today. Then there is the Truman doctrine that was going to prevent war, and now we have the Marshall plan pouring billions into those countries. Now, let us review the situation a little.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. KNUTSON. How about the reciprocal trade law that was to prevent war?

Mr. REED of New York. Yes. I am glad the gentleman brought that up. That was very interesting. They were going to increase our exports. When they could not increase them any other way, they started to ship scrap iron and steel ingots and engines for airplanes and oil to run them, and the result was that we armed Japan so that she could strike, and the price we paid for that perfidy on the part of the State Department and the propaganda at that time was the murder of 3,000 boys at Pearl Harbor and the destruction of most of our Navy.

Mr. KNUTSON. Will the gentleman yield further?

Mr. REED of New York. I yield.

Mr. KNUTSON. Does the gentleman recall that Secretary Hull came before our committee and said that the passage of that legislation would insure peace for 50 or 100 years?

Mr. REED of New York. Oh, yes.

Mr. KNUTSON. And then within 4 years we were in the midst of the bloodiest war of all history.

Mr. REED of New York. I remember that Le Bon, the great French psychologist, in 1910 said we were entering an era of crowds.

That is what we are doing, along with the crowd hysteria. The war mongers are working upon the crowd mind, and unless we stop this propaganda and come to our senses and protect this country we will not have a Republic.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LANDIS. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. LANDIS asked and was given permission to revise and extend his remarks.)

Mr. LANDIS. Mr. Chairman, I never rose to address the House with a greater sense of responsibility than at this moment. It is not that I flatter myself for 1 minute that anything that I may say, or possibly anything that anyone else may say, will influence a single vote, and that remark is in no respect an imputation upon the sincerity, the candor, or the patriotism of any Member of the House. However, it does seem to me important to make a record of what is a very critical hour in the history of the Republic, so that future generations, if they turn back to the CONGRESSIONAL RECORD, may know that there were some Members of Congress who at least protested against the several steps proposed by the President which will eventually lead to war.

For more than 8 years the people of the United States have been denied the right to express themselves on the means and manner of their relations with other peoples of the world. The device which has throttled their expression has become generally known to them as the bipartisan foreign policy. This policy was born while I was a freshman Congressman. Its first expression came swiftly on the heels of the utterly indefensible and certainly misnamed Neutrality Act passed by the Congress in 1939. I need not retrace the long series of enactments which grew from that misnamed legislation nor do I challenge the rights or the wrongs of an act which has passed into history. Right or wrong, it was an act of the Congress taken without the approval of the people. Right or wrong, it became law with the support of both parties. Right or wrong, the principle upon which it was based was never permitted to become an issue at the polls.

Most of you will remember that the Neutrality Act controverted a long-time accepted policy of the United States of America which held that the goods of America could go anywhere in the world where there were buyers. That policy was freedom of the seas. The Neutrality Act denied that policy. The American people opposed the Neutrality Act if my observation was good. The Members of Congress decided that an emergency existed and that it was expedient for them to ignore the wishes of their people and to voice their own great, all-pervasive, ponderous, and generally accepted wisdom.

Year after year from then until now, Congress has performed prodigies of legislation respecting our relations with the peoples of other lands. I have but to call the roll of the international legislation which Congress has enacted during those years, in that same spirit of self-recognized greatness for you to know that the foreign policy of the United States—the so-called bipartisan policy—has never had the support of the majority of the American people. For your thinking, I recall for you the revision of the Neutrality Act, the lend-lease program, the destroyer deal, the legisla-

tion which set up the United Nations, the Bretton Woods agreement, the British loan, the Greek-Turkish loan, and the many other acts of Congress passed under the bipartisan foreign policy and all passed against the will of the American people as it has been expressed in my district and elsewhere.

May I say to you now that the people of the Seventh Congressional District of Indiana, in their mass wisdom, foresaw and criticized in advance the failures of the bipartisan foreign policy. May I also say to you that they now foresee and criticize in advance the failure which they know will follow the enactment of this European relief program. Calmly, without heat and in no spirit of attack upon those who have so honestly, so diligently, so seriously devised and presented the European recovery program, I tell you now that the people of the Seventh District of Indiana have forecast its failure. They believe it is wrong. They believe it is the seed of war—not a preventive. They believe it leads us only into a mire of future emergencies which will entangle the feet of American generations yet unborn in power politics, imperialism and destruction of the dignity of little people all over the world.

At this point, however, I do not seek to attack the Marshall plan as such. I shall reserve that for a few moments because I want to direct your thinking to the pomposity of the bipartisan foreign policy. During my years in Congress of the United States, I have sought conscientiously and with personal determination to follow, insofar as I could, the national platform of my party and the policies which my party leadership had furthered and espoused. Some of the leaders of my party in both Houses of Congress have endorsed the bipartisan foreign policy. Acceptance of the bipartisan foreign policy has become a principle to which these gentlemen have adhered in such numbers as to commit my party to its support.

Regretfully, insofar as my position brings me to a division with my party leadership in this matter, I must again protest against the dangerous course they ask us to take.

Again and again during these years that have passed while this policy has been accepted, I have heard Members of Congress say, "this is an issue upon which we should give leadership to the people." Of course these Members knew that it was the people who must pay the bill and do the fighting. Nevertheless, these Members come to the floor of this House and the Senate to cast their ballots for legislation which they know in their hearts is being stuffed down the throats of their constituents.

I say to you now, and I shall continue to say that for Members of Congress to say the people err is crass and pompous ignorance. It is the calm assumption of God-like powers. It is blatant arrogation to themselves of authority beyond the concept of the duties imposed upon Congressmen by the electorate.

Thank God this is still a representative republic. It is founded upon the solid logic that the people would choose spokesmen to perform their will. It is

based upon the principle that when the representatives of the people do those acts which the people command, the Republic will be safe against the encroachments of others and against decay within itself.

The concept of our Government is that it is the tool of the people, not as these blandly egotistic, self-nominated molders of the public will would make it, the master.

The logic upon which the bipartisan policy is founded is that we here in this room are supermen—that there has been conferred upon us by some occult power, the gigantic intellect and foresight which makes us right in our judgment and conversely the people wrong.

The bipartisan foreign policy assumes that we must not refer to the people for their approval and for their expression, the compromising, niggling, halting, vexatious and confused results of our thinking.

Who are we thus to set ourselves above those from whose rights our powers arise?

Who are we to cloak our petty ambitions, our personal aims, our greeds, the wickedness, the virtues, the decencies, and the sincerities which we have as little men in the robes of self-determined greatness, to deny the people the right of self-expression?

Yes; this is the effect of the bipartisan foreign policy. In its basic concept it lifts the American foreign policy above the level of the election booth. It says to the American people:

"We will not let you express yourselves as to our acts. We will not let you tell us we have erred. We will not let you outline for us the steps which we should take."

In all of its fumbings, in all of its failures, and in all of its procreated emergencies the bipartisan foreign policy has never yet embarked upon a venture more sweeping in its possible effects than the European recovery program which is now before us. The people of my district are opposed to the Marshall plan. They are opposed to the bipartisan foreign policy. They believe that they have the right to pass upon it. I shall do their bidding.

If the constituencies of my colleagues in this Chamber have likewise expressed themselves upon the bipartisan foreign policy and upon this ambitious program before us, and if my colleagues are to vote the will of the people, then the European recovery program as it is now before us will fail of passage. For the people do not want the Marshall plan. I have but to call upon scores of individuals among you who have conducted polls in your districts to verify the statement. In my own State several of my colleagues have conducted polls. Without a solitary exception, these have resulted in overwhelming majorities against the Marshall plan.

Tell me my people are not informed? Tell me they are not intelligent? Tell me that they do not understand the Marshall plan? Tell me that you, in your statesmanlike greatness, know more than the people you represent?

Your answers to these questions are less consequential in their bearing upon

the action of this Congress with respect to the European recovery program than they are with respect to the basic question I raise. The bipartisan foreign policy is wrong because it denies the people the right to express themselves at the ballot box on the issues of United States foreign policy. The powers of the Congress must spring from the people. The people must have the right to veto the acts of their representatives. The bipartisan policy seeks to deny them this right. Therefore, it is wrong and immoral. It is a denial of an American principle that I cannot support. I cannot contribute to the development of a theory that a group of Congressmen entrusted with the responsibility for devising legislation are rulers of the people rather than their servants. I cannot subscribe to the development of a theory that election to the Congress of the United States confers superiority of any kind upon any of us above those whom we are chosen to represent.

My reasons for opposing the Marshall plan are many: First, because my constituents oppose it; second, because it is the weapon of the bipartisan program which seeks to deny to them the right to approve or veto a matter of foreign policy; and third, because in my own judgment its effect upon the American of tomorrow has not been thoroughly explored, neither has it been discussed with a full understanding of the great responsibilities it will impose on us.

Specifically, with regard to the Marshall plan, I would point but briefly to a set of facts:

The Marshall plan presupposes that we shall devote to the laudable purpose of European recovery our wealth and our substance on the theory that failure to do so will lead us inevitably into war.

I shall not challenge this statement, although I deny that it has been proven. It remains an open and debatable conclusion to which I cannot adhere, though I will listen to the proof if it be adduced.

The very proposal begs a question. What will happen if we do, not if we do not, pass the European recovery program? I shall in a measure seek to answer that question.

We shall establish in the aided nations of Europe all-powerful authoritarian governments, shored up with our wealth, and given strength to impress the people, when and if they shall fall into the hands of wicked men.

While we fight the totalitarianism of the Communists, we create authoritarian government which will be its counterpart in all save name. I know and I hate the performance of communism in government, and I know and hate the type of government which grows out of communism. Let me tell you that there is no vast difference between the hammer and sickle, and the crooked cross of fascism, even in appearance. I say to you that authoritarianism is wrong, no matter what its name.

Let me also say that when we shall, by the European recovery program establish in Europe all-powerful governments, totalitarian concepts will be the inevitable result.

There is in the Marshall plan for European rehabilitation not the slightest seed from which there might sprout representative government for any nation we would aid.

I ask you, how under its provisions, may a Frenchman buy goods from a Briton—for to do so he must deal with the British Government? There exists, and can exist no economic machinery by which he as an individual may engage in the simple act of buying a minor necessity, unless he does so through the channels of government. He must buy his goods through an agency created by his own government, which alone can engage in trade upon that plane of equality which must be established if commerce is to follow. It follows, thus, that his Government must regulate his life in every phase, for a nation cannot exist half regulated and half free.

As we who sat in this Congress through the years of the shooting war now ended, must know well, each regulation you devise must in turn demand yet another until regimentation is complete. We set out to devise a minimum of wartime regulation. We came to VJ-day, a totalitarian state, the chains of which we have not even yet fully freed.

These are things you know. Criticize it as you will—the fact remains that we are proposing to fight communism with what must inevitably be a form of totalitarianism for those whom we seek the guaranties of freedom. This is not the way to liberty. Nor is the way to liberty opened the wider here by those among us who have devised this juggernaut of fear and apprehension—the bipartisan foreign policy—with its wicked and evil effect of refusing to the people their right to veto it at the polls.

Although the people in my district are against the Marshall plan, they want me to do what is in my power to create and maintain an Air Force, second to none, and by the same token, we must strengthen our Army and Navy. They feel that only by keeping strong can the United States stay at peace. A powerful Air Force is the only immediate weapon available for retaliatory action in case we are attacked.

We must emphasize more and more scientific training among our youth from high school through college. Where we have had 1 scientist before we must have 10 in the future. We must create immediately the long delayed stock pile of critical war materials. And we must do everything possible to make every citizen feel more keenly that he is getting a square deal in America and that the land in which he lives is worth fighting and dying for. Aid to Europe should be limited to food, fuel, and relief supplies. We should not try to underwrite the fortunes of other nations for years to come. We cannot feed and supply the world without eventually bankrupting ourselves. Should that happen who will there be to help us?

(Mr. REED of New York asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending section close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. RICH. Mr. Chairman, I object.

Mrs. DOUGLAS. Mr. Chairman, I move to strike out the required number of words.

Mr. Chairman, I rise at this time to discuss the amendment that was agreed to this morning by the Committee including Spain under this act. I recommend to the Members that they read the Complacent Dictator, a book by Sir Samuel Hoare, who was the British Ambassador to Spain during the late war. It contains perhaps the sharpest attack ever made on the decency and good faith of the present government of Spain.

The amendment which the majority of the Committee agreed to including Spain under this act, does not bring Spain any closer to participation in the ERP. Spain must still enter the fellowship of the CEEC. It still must establish itself on the basis of comity and cooperation with the democratic nations of Europe. It still must qualify for aid in an agreement negotiated under the authority of this act by the Secretary of State in consultation with the Administrator. This act cannot force the President or the Secretary of State to act with respect to Spain until they are ready to act.

The President's power to send and receive Ambassadors is a constitutional power that belongs to him and it is still paramount regardless of what you write into this act.

This act cannot force the democratic nations of Europe to take Spain to their hearts any sooner than the day that Spain by self-action shows that it deserves their confidence. In other words, the amendment does nothing for Spain except to give her an unearned pat on the shoulder. Spain will have to go through all of the steps to qualify as a member of the ERP that she would have had to go through if this amendment had not been agreed to.

The amendment including Spain does nothing for the democratic forces of Europe but rather gives them an unearned rebuke. It does nothing to control the forces of communism, but does, quite the contrary, provide them with a new and effective weapon to use on the political battlefield of Europe. That is what you are doing here.

We are waging a political battle. The Committee of the Whole has just handed a very powerful weapon to the Communist forces of Europe in passing this amendment. The Committee's vote has given the Communists in Italy a new talking point in their campaign to lead the people of Italy back into totalitarianism.

Mr. COLMER. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to make an observation that seems to me appropriate, which is raised by implication, at least of the action taken this morning. Suppose now, the House having placed Spain in this program, the Senate should not go along with us and the amendment is

taken out. Certainly the repercussions in Spain and those sympathetic with the cause of Spain would certainly be very, very bad. Personally I am inclined to think it is all right to have Spain in here, although I do not know about that. It may be the proper thing. But I think it was very unfortunate that this matter was not fully considered here this morning but rather was cut off with a few minutes' debate, because I can see where you would have some very bad reaction.

Mrs. DOUGLAS. I thank the gentleman for his contribution, and I agree with him that it is very unfortunate that this critical issue was voted on without debate.

Mr. BLOOM. Mr. Chairman, if the gentlewoman will yield, the Republican Party voted almost unanimously to put Spain in this bill, so I do not see how we can change it very well since they are the majority party.

The CHAIRMAN. The time of the gentlewoman from California has expired.

(Mrs. DOUGLAS asked and was given permission to revise and extend her remarks.)

Mr. SHORT. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes, and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Chairman, twice in our generation we have fought two World Wars. We won the first one at a cost of \$31,000,000,000 and 334,000 casualties, with a debt of \$26,000,000,000 heaped upon our backs. Following the armistice in November 1918, we fed and clothed not only our Allies in that war, the Belgians and others, but even our defeated enemies, the Germans and the Austrians. More than \$15,000,000,000 we loaned foreign nations following World War I, have never been paid. Little Finland is the only country ever to pay a dime. We have won this recent global conflict at an enormous price. In fact, it was two wars, one in Asia and one in Europe; one in the Atlantic and the other in the Pacific, at the tremendous cost of \$340,000,000,000 and with a staggering, stupendous, astronomical, incomprehensible debt of \$258,000,000,000 at this very hour. We suffered over 1,061,000 casualties. During the conflict we fed, clothed, and equipped not only the 12,000,000 men and women in our own armed services, but we gave over \$31,000,000,000 to our British ally, more than \$11,000,000,000 to Soviet Russia, three and one-third billion to France, one and one-half billion to Italy, and more than three and one-third billion to others, or a total of \$50,000,000,000.

We gave in lend-lease during the conflict and since May 1945, since VE-day, we have extended in credits, loans, and gifts more than \$23,000,000,000 to foreign countries. I ask you, in the name of God, when are we going to call a halt? We have depleted many of our natural resources. We have exhausted some. Many of our oil wells are dry. We suffer

acute shortages of steel, lead, zinc, copper, and other strategic minerals. Since the middle of January, I have been chairman of a special committee to study oil and petroleum for our armed services. We have about enough supply to conduct a major war for 2 weeks. You pass this Marshall plan and soon you will not be buying gasoline, and your mama will find she cannot get nylons, too. Clothing will be scarce and everything more expensive. Today you can take \$10 and go to a grocery store and carry all you buy in your hat, even if you wear a six and seven-eighths. You pass this bill and watch the economic repercussions upon the American people. It will all but wreck our domestic economy. Exports abroad raise prices at home.

I know that we have been whipped up into this frenzy by senseless and ceaseless propaganda. God knows, they have appealed to every instinct of humanity in order to cram this program down our throats. They started out first by appealing to our philanthropic impulses and humanitarian instincts—the big-hearted, soft-headed Americans, who do not want anyone to suffer, who always, in time of peace or war, send relief to the poor and distressed all over the world, whether caused by a typhoon in Chile or an earthquake in Japan; our American Red Cross taking medicine, food, and clothing to those who have suffered any disaster; the Rockefeller Foundation spending millions upon millions of dollars building hospitals, asylums, orphanages, and schools all over the world; CARE, friendship trains, our Christian churches of every denomination carrying out missions of mercy in many lands.

The United States has been the most considerate, helpful, and generous nation on earth, and if we have a single friend left I do not know where it is. We are wooed only for our dollars. Last time we were called "Uncle Shylock," now we are "Uncle Sap." If we really want to stop communism we should spend half the funds for the Marshall plan in building up our armed forces until the United Nations becomes firmly established with an international police force strong enough to carry out its decisions under law and order. We could then work for universal disarmament, establish a just and lasting peace, and win for ourselves the respect of mankind.

Mr. Chairman, I repeat what I said months ago in discussing this measure. Friendship that has to be purchased is not worth having. It cannot be trusted. You do not make people your friends by lending them money. The more you give them the more they want, and they will rise to curse you for not giving them more.

We have only about 6 percent of the world's population, 7 percent of the world's area, and we produce 12 percent of the world's food, yet every nation on the face of God's earth looks to America to feed, clothe, and help take care of them. What silly idiots we are. I know, of course, that the backers of this bill first appealed to our humanity because we are all possessed of that. No one wants to see his neighbor or even persons in

distant lands suffer or starve. But there is a limit to our capacity to help others.

We know that appeal failed, the arguments from a philanthropic and humanitarian point of view. When it was admitted that this was not a relief bill but a war measure, then what did you appeal to? You appealed to that powerful human instinct of fear. Scare the people to death, picture Boston, New York, Philadelphia, and Washington being shelled and bombed by the Greek Navy, the Bulgarian hordes ranging over the plains of Texas, Russian submarines off the coast of California, Japan and Germany, prostrate, not even able to stand up on their own feet, attacking Detroit and Chicago the next day. Russia, with an economy that is unsound and that is very bad, with a low standard of living, in spite of all her potential power and possibilities, is having difficulty in keeping her own people held together. It is only her foreign conquests that divert their attention from their own misery.

After appealing to humanitarianism and employing the psychology of fear the sponsors of this movement to give America away brought in the third argument, and they are getting it from some fat Republicans, I am sorry to say. I mean selfish greed, and profit motive. Dollars come before human life. More munition millionaires must be made. We have to have the Marshall plan in order to have exports and enjoy prosperity artificially created by giving away to other peoples and creating a scarcity at home in order to keep our own people employed. I do not think we need to listen to that argument long. Last year, in 1947, we exported \$14,500,000,000 worth of goods and commodities and imported \$5,500,000,000 worth. We had a \$9,000,000,000 balance against us. Everyone knows we are not producing enough at home today to meet our domestic demands.

You want to fight inflation. Well, you pass this bill and you absolutely set inflation on fire that will consume this country, bankrupt it, and I think will lead to the loss of our liberties, because the President was at least forthright and frank and honest in January. Harry Truman stood there and told you and me that if we passed the Marshall plan we would have to restore rationing and controls and his wartime powers. Do you want it? Maybe it is not popular to oppose this measure, but the truth has not been told. A lot of you have been scared and frightened. I am almost ashamed of my own party. I pray to God that whoever is elected President this coming November, regardless of what ticket he is on, will love the United States of America as much as Joe Stalin loves Soviet Russia or Winston Churchill loves the British Empire.

The gentleman from Nebraska [Mr. BUFFETT] lamented a few days ago that often he had to stand alone. I served in this House when we had only 89 Republicans. I used to walk around the Capitol and pinch myself to get up courage to stand in this well and denounce communism, 15 years ago, when it was unpopular to do so.

I do not respect these recent converts, these Johnny-come-latelies, who finally have decided that communism is bad. I fought it, but I do not think war with any people is inevitable. I think we ought to turn our attention to the paths of peace.

Ralph Waldo Emerson, one of the greatest philosophers and profoundest thinkers that this country ever had, once said, "To be great is to be alone." So do not worry, Howard, if you are alone. Martin Luther was alone, when he nailed the 95 theses on the cathedral door and said, "Here I stand; I can do no other; God help me." Savonarola and Huss were very much alone when they were burned at the stake. The Father of our country, George Washington, was alone when he fell on his knees in the snow at Valley Forge and implored the help of Divine Providence to take care of his half-starved, half-naked Army. Abraham Lincoln in the darkest hour of the Civil War, when this Nation was threatened with disruption and division, through that fratricidal strife, said, "Often I have been driven to my knees because I had nowhere else to go, my own wisdom and that of all those around me proving insufficient for the day." Lincoln was alone. And the Son of God, the God-Man whose crucifixion only a few days ago we commemorated—He was alone. The week before His death He had entered Jerusalem triumphantly with children strewing palms in His path. I have seen that pageant on two occasions myself, once last year and once 25 years ago. But when they nailed Him to the cross between two thieves at Golgotha on Calvary, He cried out in His mortal anguish: "My God, my God, why hast Thou forsaken Me?" That carpenter from Nazareth was very much alone. "To be great is to be alone."

The CHAIRMAN. The time of the gentleman from Missouri has expired.

THE IRONY OF SPAIN'S INCLUSION

Mr. CELLER. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, the inclusion of Franco's Spain in this bill is indeed a strange procedure. Limiting the discussion on the amendment, to my mind, was shabby. Even the 16 nations in ERP never asked for the inclusion of Fascist Spain. We easily forget, or at least those who voted for Spain's inclusion in this amendment easily forget, that Spain was a listening post for the Axis during the war. Franco and his cohorts were responsible for the death of thousands of our sailors and merchantmen during the war. Axis agents in Spain watched the approach of our ships and other Allied ships passing Gibraltar and made known the movements of those ships to commanders of German submarines. Vast tons of shipping went down to the depths of the sea because of the aid that Franco gave to Hitler and to Mussolini. Are we to forget that now and give all this aid to our enemy? And Franco was our enemy, and still is our enemy.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. MITCHELL. Does the gentleman from New York agree that Italy should be in this bill?

Mr. CELLER. Italy is in an entirely different category. Italy is a conquered province, as it were. Italy, after Mussolini's downfall, entered the war on our side. Its government is no longer Fascist. Franco's government was and still is Fascist. For that reason, I would include Italy in this bill.

Mr. MITCHELL. And Germany, too?

Mr. CELLER. That is entirely different, and I am not discussing that. Italy and Germany are utterly and woefully different. We are endeavoring to rehabilitate the 16 nations mentioned in this bill.

Mr. MITCHELL. But they were actively engaged as our enemies.

Mr. CELLER. Just a moment. Germany is not included in ERP. It is included only in the Army Military Establishment budget. That is quite different. Germany is treated as occupied territory. I do not yield further.

The inclusion of Spain is the reward for treachery and infamy. It is an encouragement to the avowed enemies of democracy. Spain has been repudiated by the United Nations. It has been refused entrance into the United Nations.

The effect upon the Italian elections will be catastrophic. It is a body blow to Socialists and Liberals in Italy. You frighten them. Whither shall they go? It will be a tonic to the Communists. They will rightfully say in Italy, "See how the great America gives aid and comfort to the Fascists. See how the United States deserts us Liberals." To me, communism anywhere and everywhere; to me, fascism in Italy, fascism in Argentina, and fascism in Spain are all alike, an anathema. I want no truck with either communism or fascism.

Fascist Spain rendered and continues to render disservice to democracy. You make it mighty difficult for me to vote for ERP when you include aid to Fascist Spain. I hope better counsels will prevail before we will have concluded the consideration of this bill, to the end that a separate vote will be asked in the House in the Spain amendment and it is hoped the provision will be deleted from the bill.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. O'KONSKI. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, there will be a lot said about the inclusion of Spain in ERP. There will be a lot said because there is no country and there are no people that the international Communists hate more than the people and the country of Spain. They have every reason to hate and despise the people of Spain. The reason is simply that according to the Communist blueprint, Spain was destined to be the second Soviet nation of the world. But the Spanish people instead drove the Communists out.

Look at all the international gangsters that are causing us trouble today. Clement Gottwald, of Czechoslovakia; Marshal Tito, of Yugoslavia; Dimitrov, the dictator and butcher of Bulgaria.

Day before yesterday, Luigi Lango made a statement in Italy that if the Communists did not win the election in Italy, "We will take Italy by force." Who are these international gangsters? They are the men who, in 1936 and 1937, were the leaders of the Communists in Spain, and who were responsible for the civil war that cost the Spanish people 500,000 dead.

The Spanish people drove out Dimitroff, they drove out Tito, they drove out Lango. Can you understand, therefore, why there is such bitter hatred against Spain on the part of the Communists?

Oh, yes. The statement was made here that it is a rebuke to the 16 nations of Europe because they did not invite Spain. Examine your conscience, ladies and gentlemen. Do you think it was right for the 16 nations of Europe to invite Stalin to participate in taking some of this Marshall plan money? Do you think it was right for the 16 nations of Europe to invite the Butcher of Yugoslavia, Tito, to help himself to this Marshall plan money. They invited every one of the countries behind the iron curtain, every one of the satellite countries. Did they ask Russia and her satellites to change their government before they could participate in this plan? They did not. They did not meddle in their internal affairs.

Then, why, in the name of God, should the 16 nations which responded to the invitation, demand different requirements of Spain? Why not treat Spain as an equal? A lot has been said about the cooperation that Spain gave the enemy. I am going to quote you from Wartime Mission in Spain, written by whom? Written by an American who ought to know; written by Ambassador Hayes, who was in Spain at the time and knew what was going on in Spain. I am going to read you from his book. Here is what he said:

Spain showed a friendly attitude toward and support of Portugal during the conversations regarding Allied bases in the Azores, at the risk of German reprisals against Portugal involving Spain.

When we took over the Azores for the purpose of landing our troops in Africa, when the President of the United States decided that we were going to land troops in Africa by way of the Azores, he corresponded with General Franco about the plan and ultimately gave him notice before we were starting landing our troops in Africa. Franco knew about it, but Hitler did not. Is this not evidence enough to prove Spain's friendly neutrality?

Let me point out something else for the RECORD in the matter of alleged help given by Spain to the enemy. I quote from his book:

Friendly attitude toward and support of Portugal during the conversations regarding Allied bases in the Azores at the risk of German reprisals against Portugal involving Spain.

Spain's unwillingness to allow Japan to raise the status of its legation in Madrid to that of an embassy. (Note 30.443, Archives of the Ministry of Foreign Affairs.)

De facto recognition of the French Provisional Government in Algiers. (See Carlton J. H. Hayes, Wartime Mission in Spain.)

Allowed French combatants to cross Spanish territory to join Free-French forces in north Africa despite German protests. (Notes Nos. 2626 of November 10, 1943, 2689 of November 16, 1943, and 2759 of November 30, 1943, Archives of the Foreign Ministry, Madrid.)

Refusal to recognize Mussolini's republican government in northern Italy.

Refusal to name a minister accredited to the Hungarian Government of Szalazy. (Notes of Diechhoff-Jordana Conversations, 1943-44.)

Facilities offered by Spain for the relief of refugees, particularly that of Sephardite Jews. (See Hayes, Wartime Mission in Spain.)

Allowed several hundred American fliers to return to their bases after crashing or forced-landings in Spain. (See Hayes, Wartime Mission in Spain.)

Allowed the Air Transport Command to use Spanish airfields. (See International Air Transport Agreement, December 2, 1944, and Protocol of February 19, 1945.)

Allowed Allied claim to Italian ships interned in Spanish ports and purchased from the Italian Government by Spain, also allowed Allied protests concerning German ships in peninsular ports.

Broke off diplomatic relations with Japan, April 12, 1945, that is, before Soviet Russia.

The facilities given the Allies for their information and espionage services. (See Hayes, Wartime Mission in Spain.)

Allowed Allied missions to organize propaganda services.

Spain's commercial relations with and exports to the Allied nations were by far greater than with the Axis. The figures are as follows, in thousands of gold pesetas, for years 1939-45:

	Axis	United Nations
Class I. Mineral ores.....	84.890	401.511
Class II. Wood and other vegetable matter for manufacture.....	43.764	46.956
Class III. Animals and leavings.....	49.137	58.857
Class IV. Metals and metal manufactures.....	62.770	1.602
Class V. Machinery, vehicles.....	522	1.029
Class VI. Chemical products.....	70.874	96.821
Class VII. Paper and paper products.....	44	249
Class VIII. Cotton and manufactures.....	749	11.663
Class IX. Flax, jute, and other textiles.....	119	272
Class X. Wool and woolen goods.....	44.076	25.909
Class XI. Silk, etc.....	51	3.654
Class XII. Food.....	450.456	596.815
Class XIII. Various.....	1.137	604
Total.....	808.589	1,246.002

Balance in favor of United Nations, 437,413.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. O'KONSKI. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

Mr. KEE. Mr. Chairman, I object.

(Mr. O'KONSKI asked and was given permission to revise and extend his remarks.)

THE BEVIN PLAN?

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I just wanted to call attention to the fact that there is still a United States of America to be considered.

It seems to me that for the last hour or two Members have been rambling all over Europe fighting Europe's battles.

Members are disturbed over this measure as I have never seen them disturbed before.

I have never seen such suffering in the spirit as Members of this House are going through today, because of the uncertainty and the magnitude of the danger to this country which this measure contains.

If you could take a secret ballot in this House, this measure would not get 50 votes.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Ohio.

Mr. VORYS. Where does the gentleman get that stuff, if this were on a secret ballot? Where does he get that idea?

Mr. RANKIN. I would expect the gentleman from Ohio to ask such a question—

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I know where the gentleman gets it. He gets it from talking to the Members.

Mr. RANKIN. Yes, I get it from the Members. We have so many wild-eyed internationalists and ex-missionaries on this Foreign Affairs Committee that it is a hard matter for them to understand the sentiment of those of us who really go back to the grass roots and represent the American people.

I say again, if you were to take a secret vote on this measure, it would not get 50 votes in the House.

I will tell you where your propaganda came from.

One of the main objects of this drive is to keep open the commercial life line of the decadent British Empire. Read that article which I inserted in the RECORD on yesterday, taken from Cosmopolitan magazine, on the so-called Bevin plan, which you call the Marshall plan. It is the Bevin plan.

The danger is that this measure may bankrupt the United States or finish bankrupting the United States.

We are in debt now to the extent of \$260,000,000,000. The gentleman from Missouri [Mr. SHORT] spoke of all the casualties of the recent war. You have not seen the casualties of that war yet. They are breaking down every day, and will be for the next 25 years. I know from actual experience, because I was chairman of the World War Veterans Committee for 16 years and I know what happened after the last war.

Here you are supporting a measure that threatens to bankrupt the United States of America. For what? Why, to start an experiment on the Marshall plan, or the Truman plan as it was first called. Then it became the Marshall plan. Somebody raised the Pearl Harbor question and they changed it then to the European aid plan. It really started as the Bevin plan.

Now, all we hear is talk about Spain. Members have spent hours talking about Spain, Portugal, and Italy. It would be far more to the point for them to talk about the overburdened taxpayers of America, the people whose Government you may sacrifice by passing this legislation.

If you bankrupt this Government financially you are sure to have a dictatorship.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from New York.

Mr. REED of New York. Is it not a fact that we are pouring our billions into Great Britain to support a form of government which we are supposed to be fighting and that we are keeping the decent people of England down?

Mr. RANKIN. Why, you talk about a Socialist government, they have a Socialist government in Great Britain now. We had better look out for our own Government. We have done enough for the rest of the world, so we had better begin to look out for the American people.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from South Carolina.

Mr. DORN. Is it not a fact that Karl Marx said that the first step in communism is socialism, that socialism is incomplete communism?

Mr. RANKIN. Yes. The effort has been going on for years to drag America down economically and to bankrupt her. That is why I say that I am afraid of this step you are taking here today.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. They keep telling us that this will keep us out of war and all that sort of thing; however, we have sent military aid to China, to Turkey and Greece. Is that going to keep us out of war, or has it?

Mr. RANKIN. Certainly not. It is not keeping us out of war; it is likely to drag us into war.

If America wants to be great, let her turn back and assume her moral leadership among the nations of the world by following the policies laid down by Washington and Jefferson of "Peace, commerce, and honest friendship with all nations; entangling alliances with none."

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. VORYS. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. RICH) there were—ayes 48, noes 61.

So the motion was rejected.

Mr. RICH. Mr. Chairman, I move to strike out the required number of words.

Mr. Chairman, I have been seeking recognition for 25 minutes to speak on this topic, and I feel like this quotation:

Lord, forgive them, for they know not what they do.

I think that in the discussion of the legislation those are probably the most applicable words that I could express.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I decline to yield to anybody on the Foreign Affairs Committee now, because the committee tried to rule

us out who are against the bill, and I am going to get my 5 minutes or bust.

Mr. VORYS. The gentleman has talked every day since we have started.

Mr. RICH. And we are going to talk a whole lot more on this legislation if we could stop its passage, because the committee that brought it in here does not know what the legislation is about. As the gentleman from Mississippi said a moment ago, this bill is going to wreck America. I am going to defend America, and I am going to stand up and convince the people in this audience that this bill is against our national interest if it takes the last ounce of blood in my veins. America first, last, and all the time for me.

I would not vote for this Bevin-plan legislation or the plan of the Committee on Foreign Affairs, for it is not for the good of America or for American interests or for the people of our beloved country. It is only going to wreck America.

Now, let us see what we are doing. We are talking about getting things for the people of America. Yesterday we heard some men complaining about flood control for their districts and mine. They wanted money to help the people back in their districts who have suffered from floods, and then we talked about the catastrophe that happened in Indiana due to the windstorm, where some of the people of America needed help. We talk about the old people in this country that are in need of some assistance. Many other people need assistance, and yet we stand here debating a bill that is going to give everything to the foreign countries of the world. Why not help our own people and our own country. You are only going to be the wreckers, not only of the world, but you are going to be the wreckers of America, and when America is gone, you will have nothing left. You are communizing America instead of hindering it in Europe.

Let me quote to you now the words of Henry J. Taylor as to what will be necessary to send to these foreign countries, an article which appeared in the March Cosmopolitan magazine, if you pass this legislation. We talk about getting things for the American people and keeping down the high cost of living. How are you going to do it when you are going to send all these things to feed Europe:

FORTY-NINE THOUSAND FOUR HUNDRED TRAINS

The Marshall plan now in debate in Congress means—free to Europe—13,200 trainloads of coal, 11,800 trainloads of grains, 10,200 trainloads of meat, 4,900 trainloads of steel in the equivalent of steel ingots, 4,100 trainloads of fats and oils, 3,700 trainloads of sugar, 1,500 trainloads of cotton, 152,000 trucks, 26,000 freight cars, 200 more merchant ships in addition to the 800 we have already given away.

By the way, the President of the United States handed over these ships to these countries, and I should like to know where he got the authority.

Mr. REED of New York. That is 1,500 ships.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The gentleman mentions so many trainloads of coal. Our people were freezing during this past winter because they could not get coal, it was so scarce. If they are going to ship coal abroad, what will become of our people?

Mr. RICH. That is the trouble. The Congress is now looking after everybody but America. The first thing you know we will have America wrecked, and then we will not have any country worth living in if we go socialistic or communistic.

Mr. DOUGHTON. We are starting in that direction pretty rapidly.

Mr. RICH. It will be a sad day for America when this bill is passed.

Continuing with this statement:

It means \$500,000,000 in free American electrical equipment, everything from power-houses to punch drills; another \$500,000,000 in new American oil refineries and pipe lines; \$400,000,000 worth of American steel plants; \$2,200,000,000 in oil, gasoline, and grease to be shipped free; \$1,200,000,000 in iron and steel. Countless thousands of other items are involved. The shipments would begin at once.

So far only 4 years are included in the plan, and only a part of western Europe. The bill, \$17,000,000,000, to be paid by every man and woman who works in America. Other bills that would be set by this pattern: (1) Asia, (2) Latin America, (3) the Middle East, and (4) Indonesia are yet to be heard from.

The shipments will begin at once, and then up go the prices of commodities in this country. Then you talk about why are the people hollering for higher wages. Higher prices are going to come. It is time to stop it. Let the Committee on Foreign Affairs take this bill back into their council and give it a decent burial and save America.

This bill will harm our people, it will do no good to other nations in the long run, and it should not be enacted into law. May God give us wisdom to do the right thing, the honorable means to a peaceful world.

Mr. SEELY-BROWN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe a confused America and possibly a confused Congress are wondering what is the real attitude of the present administration toward those who do not believe in our way of life. This thought is certainly always present in my mind.

This morning on my way to work I listened with much interest to a broadcast of George Reedy over Station WOL at 8 o'clock. I quote one brief paragraph from that broadcast:

Madame Irene Joliot Curie in a public appearance in Boston last night told an audience that the only threat to world peace comes from the United States. Lt. Gov. Arthur Coolidge of Massachusetts denounced her appearance in Boston and charged that her talk was sponsored by subversive organizations and that she is being used by Communists. Well, if I recall correctly the Attorney General, Tom Clark, issued an order permitting her entry at Ellis Island recently after she was being held—apparently on suspicion of this very thing. So if they are going to continue to let these people in and permit them to attack our Government in this manner what can you expect? Tom Clark would do well were he to

hurry back from Miami and do something about sending this "friend" back where she finds things more to her liking. We can do without her.

Again I ask, What is the real attitude of the present administration?

Mr. MUHLENBERG. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am not going to take the 5 minutes allotted me. Inspired by the gentleman from Pennsylvania who preceded me, who gave us a quotation to ponder, there is one other that I believe ought to be put into the discussion. In 1787, when there was as much discussion about the proper way in which the United States should carry on under a constitutional government as there is today on the pending bill, Benjamin Franklin said something that should be considered today in a parallel discussion. He said, in reference to the pending Constitution:

The opinion that I have had of its errors, I sacrifice to the public good. I cannot help expressing the wish that every member of this Convention who may still have objections to it would with me on this occasion doubt a little of his own infallibility.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the whole subject of this European aid program is made easy for me by a few simple answers to a few simple questions:

Do we want to save the American form of government?

The answer is "Yes."

Do we want to prevent world war III and keep peace?

The answer by all means is "Yes."

Do we want to strengthen the friends of America throughout the world?

The answer again is "Yes."

If this bill will accomplish even some of these objectives, it is worth while. I am willing to gamble that it will go a long way toward such a goal.

Mr. Chairman, I have listened for 3 or 4 days now to the various angles that have been expressed in the speeches that have been made on this subject. My position is not going to be tied up with some of the mental knots that are apparently breaking the minds of some individuals. To me the issue is crystal clear. I can well recall back in 1939 and 1940 when everybody in the House was worried about the violence which Adolf Hitler and his gangsters were causing all over Europe when government after government was falling, and when all the satellite nations that were next to Nazi Germany were gradually being taken over by force. Members of the House at that time were even more divided than they are today. Today I submit that there is a much more effective effort being made in Europe to change the form of government which the American Nation has always espoused and followed; the form of government that our fathers brought forth upon this continent to establish the Constitution which guaranteed freedom for all men and women who were citizens of this country, regardless of their race, creed, or color; the form of government which establishes this Congress as a sounding board and a place where the

duly elected representatives of the people may have an opportunity to speak their minds and reflect the opinions and wishes of the people of the United States. Today the issue, for me at least is, Are we going to continue the American form of government in this country or are we going to put in its place that type of ideology which is today strangling everything behind the iron curtain and is threatening the liberties of millions upon millions of people and threatening their freedom and respectability throughout the world? I say to you that as far as I am concerned, I am going to direct my every action, and I believe the people of my district expect me to direct every action toward the preservation of the greatest Government under the sun. You can count on me going right down the line for America, for the Constitution, and for every other principle that we hold dear in this country. Some have said that the passage of this bill will mean the end of America. Let me tell you that if some of the individuals who get into the Congress are of the same type as the ones who are trying to get into official Italian life and the ones who have taken over Czechoslovakia and other countries, there will not be a Member of this Congress representing his district because he will not be able to be elected. The foreign ideology that will step in will not let the people vote for him. Moreover, there is not a sitting Member that would be allowed to seek reelection, if Joe Stalin takes over. We will all be detained in some concentration camp. So I say to you if you want direct representation, if you want representatives who are elected by the people to stay in Congress, if you want the American form of government maintained, if you want the three divisions of this Government which Washington and Jefferson and the others of our forefathers who framed the Constitution intended us to have, then our duty is to preserve America and to see that the friends of America are backed up with all the aid that we can possibly give them. By following that policy, I cannot see how we can take any other position but to support every possible effort being made in the world today to preserve freedom and liberty throughout the world.

The CHAIRMAN. The time of the gentleman from New York has expired.

[Mr. HOFFMAN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Illinois is recognized for 10 minutes.

Mr. DIRKSEN. Mr. Chairman, it is 10 years ago this week that Hitler annexed Austria. It is 10 years ago this week that Great Britain recognized and approved that annexation. It is 10 years ago this week that the Sudeten Germans

insisted on some degree of autonomy and planted the seeds of World War II—10 years this week, and part of it 10 years ago today. It has been a pretty disturbing decade since 1938, and we have dislocated the world. It has been a fantastic 10 years since 1938.

In the light of hindsight I believe that World War II might have been avoided. Others may disagree but there was some failure on our part. It is so well-known that in those early days when the forces of Hitler were on the march there was friction and cleavage here. At that time I believe it is safe to say that we were not united for common action and manifestly those who were charged with conducting the foreign policy of this country could not be certain to what extent they might marshal the country behind policies which were firm and calculated enough to convince the dictators that we would not stand idly by and see the rights of innocent people trampled in the dust. I am willing to share whatever responsibility I must bear for that failure. I opposed some things 10 and 11 years ago that I would certainly vote for today. Open confession is good for the soul and I freely confess that I may have been lacking in that degree of courage and vision and conviction on some of those occasions when firm and decisive action might have altered the destiny of the world and of our own country. The inevitable and inexorable result was a costly conflagration that history will measure in terms of blood and treasure. That conflict began 10 years ago this week when World War II was really set into motion and as we commemorate the tenth anniversary of those grave and disastrous events, there is before us a program which in my humble judgment will be a firm venture in the direction of avoiding world war III.

In the light of hindsight I believe that World War II could have been avoided. There was failure, and there was failure on our part, and we must share our guilt. I must share my personal guilt and responsibility because I failed. I voted against many things here 10 and 11 years ago that I would not vote against today. Open confession is good for the soul, and I freely confess to my country and to you that in courage, vision, and in conviction I failed on occasion, and others failed with me; and the inevitable and inexorable result was a costly conflagration that must be measured in terms of blood and treasure. That was 10 years ago this week when World War II was really set into motion, and here we are commemorating the tenth anniversary of those events by consideration of a program which in my humble judgment and in my prayerful hope will be a gesture at least in the direction of seeking to avoid world war III.

If we fail, if we lack the vision, if we lack the courage, the responsibility must be upon our shoulders as well as upon the prime movers who may be abroad; and so I adjure you, Mr. Chairman, let us approach this with a prayerful kind of sense of responsibility because this is epochal and we are making history here.

I hope that another conflict can be avoided. We may call this proposal be-

fore us a calculated risk, or a gamble; I care not about the rhetoric involved, if there is an outside hope that we can still avoid another baptism of blood, I will take it, because the next decade is going to be pretty dangerous, what with a storehouse full of atom bombs, what with our most inventive minds dealing with jet planes and velocities and speeds and greater powers of destruction than ever known before—what an interesting and chimerical decade we are approaching. And that ought to add to our sense of responsibility today.

What have we here? Here is a program that is designed first to bring some relief to people who need relief; second, to bring about economic rehabilitation; and, third, to encompass if we can that evil moving Red shadow, that strange ideology that in the space of 30 years has covered 20 percent of the habitable globe.

Yes. Lenin did his work well and probably 450,000,000 people in all parts of the earth pay testimony to that embalmed body in the Red Square, which is the very symbol of hate. He said that "We must hate," and he was the one that took hate and turned it against the white collar, against human dignity and the divinity of human personality, against everything that is symbolized and represented by He who came out of the tomb generations ago. Lenin, author of tyrannic hate, and those who share that same evil concept would destroy all this.

Yes, that is what we are fighting and that is what we must accomplish. Call it the three-R program if you want to—relief, rehabilitation, Russia. Through relief, rehabilitation, and the containment of the Soviet Union it is hoped that hope abroad can be re-created, that the will to recover can be stiffened and that a full opportunity to accomplish this will be provided.

As I think of Russia I go back further than Lenin, Stalin, and their associates. I go back to Peter the Great who lived 200 years ago. Send over to the library and get the memoirs of Koropotkin, the Russian general who was the commander in chief in the Jap-Russo War. There you will find it recorded. You will see there the words of Peter the Great who stated that he who controls the commerce of India will control the destiny of Europe and of the world. Then in the same breath Peter the Great said that we must provoke the people of ancient Persia until finally we move to the Persian Gulf and take over. Who said that? Stalin? Lenin? Peter the Great said it 200 years ago. What a strangely familiar sound that policy of Peter the Great has as we think of Iran today and the ruthless, relentless effort on the part of the Soviet Union to annex another country and liquidate a little more freedom.

There has been no essential modification in the Russian attitude for more than 200 years. Their program has followed a well-determined course and has never been erratic. The only modification has been that the program of today is more expansive, more ambitious, and more menacing than ever before. The only thing is that the flanks have

gotten larger. Today the left flank is in the Pacific, the right flank is the Baltic littoral including Finland, Norway, Sweden, Denmark and ultimately Iceland, because Iceland is a possession of Denmark.

There are 10 Communist members in the Icelandic parliament today out of a total membership of 52. So strong were they in their own trade unions that when their government signed a treaty with us for an air base in 1942 the government fell. That is what is involved here. Russia is involved here.

In addition to the containment of the Soviet Union and its concept of tyranny and repression, there must be food, shelter, and clothing for people abroad in whom so much of hope has been destroyed. There must be these vital things to nurture and sustain human energy. These are what Thoreau called the substance of vital heat and vital heat is but another name for human energy.

It was asked on this floor yesterday "Why do they not go to work?" I can give you some hint on this point. I saw a man try to lift an ordinary automobile tire from a machine and I saw him stumble in the effort because he did not have the energy to lift even so small a weight. That is one reason why so many thousands cannot and could not go to work. There is hard work to be done in order to bring about recovery and rehabilitation of their economic structure and to do it properly there must be energy-building foods to sustain physical strength if this work is to be done.

The other phase of this program is rehabilitation. We cannot forever carry the load of economic recovery upon our own backs. It is imperative that we set their productive enterprises in motion and thereby get rid of the burden although it will take a long time. The task will be here not only today and tomorrow but next year and the year thereafter and for a good many years to come. For aught I know we may be embarking upon a 10-year program, but if so, I for one am willing because I believe that freedom—our freedom—is involved.

Reduced to essentials, just what is the problem before us today? Academic as it may sound, the real problem facing mankind is to eliminate war. How fondly we hope that someday we shall reach that state of human perfection where war, the shame of mankind, has been abolished from the earth. I know it is much to hope for but to hope for less would be a confession that there is no such thing as spiritual evolution in the world.

But how can war be avoided and, perhaps, abolished when there is no freedom for so many millions of people who have been deprived of freedom. Physically it can be taken away, but the hope for freedom cannot be stifled, the yearning for freedom cannot be stilled, and so long as there are unfree people and so long as the yearning persists, so long will they endeavor to find escape from those who oppress them and so long there will be conflict and destruction.

The central core of the proposal before us, then, if you agree that war and free-

dom are still the great issues before mankind, is to preserve freedom where it is still alight even though feeble and, secondly, to retrieve it where it has been liquidated.

The reason for our interest in Italy and Austria, our interest in Spain and Portugal, our interest in Holland and Belgium, our interest in France and Norway, our interest in the Scandinavian countries is to preserve what remains of freedom, and work from that point as a base in retrieving it in those countries where by deceit and brutality and infiltration it has been snuffed as one snuffs out a candle.

That to me seems basic and elementary. If that premise falls, then there would be no purpose for the proposal which is before us. But the premise is basic as every one of you so well knows, and you know also that freedom being an indivisible thing, it is but a question of time until its complete liquidation would be attempted in our own country if the buffer between us and this evil concept of Communist tyranny should fall.

How then shall we go about the achievement of this basic objective in a practical way? Certainly not by running out upon our grave responsibilities here today or tomorrow. Certainly not by sending a despairing message to the Old World that out of the richness and the fullness of a beautiful America we have nothing to spare except a kind word. To you who in good faith will oppose the measure before us let me ask whether it would be keeping freedom alive wherever it still exists and would it be in the interest of retrieving freedom where it has been liquidated by pursuing a smug and selfish course? I am afraid that such a course would be like writing our own epitaph and building our own monument. As surely as we permit freedom with all its implications to die where it yet lives so we invite its destruction in the one remaining citadel where the flame still burns brightly, and that is here in our own blessed country.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Yes; it will cost money. Is there anything good in the world that does not cost something? Not even a precious pink little baby can be born into this world without travail and suffering and pain. What delightful little creatures they are and what an amazing amount of joy and happiness they bring to the household, but they came only because someone was willing to go through pain and sacrifice.

This task cannot be achieved without sacrifice on our part. What would history's estimate of Abraham Lincoln be if, instead of keeping his eye singled to the purpose of freedom, he had been diverted by the truculent editorials of Horace Greeley, by the desertions, the death, the sacrifices, and the debt which

was incurred for this Nation. Suppose he had said in the midst of his pursuit of this great idea, "It takes too much sacrifice and costs too much. I cannot pay that price." Suppose he had followed this view and relented in the struggle. History would have remembered him not as one enshrined in glory but in shame and dishonor.

They say it will bring inflation. It could be, but will we permit the threat of inflation to deflect us from the greatest challenge with which this generation will ever be confronted. Reverting to Lincoln for the moment, the dollar was worth 55 or 58 cents in the Civil War days, prices were high. There were critical shortages. There was inflation then, but thanks be to Providence that none of these things diverted men with stout hearts and rugged minds from their course.

There may be waste. I have no doubt that under this program there will be waste and that we shall lift our voices here in this very well and criticize freely. But can you envision a program devoted to such great objectives and which will assume such proportions that can avoid waste entirely? If it is held to a minimum I shall be satisfied. But here you will be dealing with diverse personalities, with millions of tons of supplies and with billions of dollars, and we can assume at the outset there will be waste, but how much more wasteful is war.

It was said here on yesterday that perhaps some Communists will be fed with the food which is sent under this program. That is entirely possible. It should be remembered that in some of the countries a rationing program is still in effect and it is fair to assume that Communists like others are holders of a ration card. As a matter of fact, under our own rationing system during the war members of the Communist Party in this country were also holders of ration books.

For example, Communist organizers were busily at work among the steel workers and coal-mining areas in the Ruhr area of Germany. Communists were extremely active in the local elections in that area, but the fact is that these men went down into the mines to dig coal and to perform hard work at a time when all emphasis was on the production of coal, and without doubt some of the food which we transported to Germany for distribution among the workers went to Communists and non-Communists alike. The hope is that those who because of economic pressure and hunger and need look in desperation to the promises of the Kremlin for a bit of hope might well be persuaded to look toward this country and its generosity in tangible form and will serve as a weapon in the struggle for freedom and against tyranny.

It was said on yesterday that perhaps we ought to take the money authorized in the pending proposal and use it for the purpose of enlarging and strengthening our Air Corps. I favor strengthening our Air Corps as a part of our security establishment, but let me remind you that no atomic bomb was ever devised which is large enough and powerful enough to bomb out the pangs of hunger and a feel-

ing of desperation. It takes more than a bomb and an airplane to destroy an idea. It would be impossible to build a wall big enough and high enough and thick enough around this hemisphere or around the United States of America to keep out this idea unless we work on all fronts and check the menace which is abroad in the world before it engulfs freedom everywhere and then looks upon this country as the final target in the program to communize the world. We are wrestling with an evil thing which is implemented by hunger, by despair, by blasted hopes and economic devastation, and it is imperative if we are to be successful that the program herein set out for relief and rehabilitation and the containment of the Soviet Union be passed. I hope that we may reverently and prayerfully discharge the responsibility before us and that there can develop such a unity of purpose in this cause that it will succeed in averting and avoiding another conflict. We may fail, but if we do, let our consciences not be charged with the failure of not having tried to retrieve and maintain freedom and thereby yet achieve a stable peace.

The Clerk read as follows:

NATIONAL ADVISORY COUNCIL

SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange, or monetary transactions, there is hereby established the National Advisory Council on International and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

PUBLIC ADVISORY BOARD

Sec. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed 12 additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in business, labor, agriculture, the professions, and in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day

spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, and the House Appropriations Committee, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

SPECIAL ECA MISSIONS ABROAD

SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to

that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States special representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States special representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

PERSONNEL OUTSIDE UNITED STATES

SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States, the Administrator may—

(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title until such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator: *Provided, however,* That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be temporarily assigned to duties under this title for the period of 6 months from the date of its enactment. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: Amend section 110 (c) by adding a comma after the word "Administrator" in line 6, page 64, and the following: "or until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, on the basis of such report, he believes such individual is of unquestioned loyalty to

the United States, its Constitution, laws, and form of government, and is not now and has never been a member of any organization advocating contrary views."

Mr. JUDD. Mr. Chairman, I think most of the Members were here yesterday when the subject with which this amendment deals was discussed by the gentleman from Georgia [Mr. PACE], the gentleman from South Dakota [Mr. MUNDT], myself, and others. Since then we have worked out and agreed on a formula and on language which I believe will resolve most of the difficulties that have been encountered and the fears that have been widely expressed. I now yield to the gentleman from Georgia to explain the amendment because he originally brought the question up. He was not on the floor when this section of the bill was being read, and I offered it on his behalf before the section had been passed. I might say that this is not a committee amendment, but it has been worked out by a few of us to achieve what I believe is the objective of the overwhelming majority of the Members of the House.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 15 minutes.

Mr. RAYBURN. Mr. Chairman, it may be true that some few Members know what this amendment contains, but I certainly cannot agree to any limitation of time on an amendment if we do not know what it contains. Therefore, Mr. Chairman, I must object.

Mr. PACE. Mr. Chairman, this question arose yesterday afternoon during the course of debate. If you will look at the last line on page 63 through line 6 of the next page, you will observe that the bill now provides that before any person can be employed under this program, he must be investigated by the Federal Bureau of Investigation and a report thereon must be made to the Secretary of State and the Administrator. The question arose in the minds of many of us, of course, that that did not grant the protection that the Congress wanted. Merely the investigation and filing of the report did not mean that the findings as disclosed by the report would have any influence upon the appointing authorities. Overnight and during the morning I have worked with the committee, and I believe that we have corrected that situation to the satisfaction of all. The distinguished gentleman from Minnesota made the point yesterday that the reason they did not go further in the bill was that they were disturbed over the situation, not wanting the Federal Bureau of Investigation to be in substance the employing agency or to act as a gestapo. You can readily see that if the bill should provide that in all cases where the FBI should indicate anything unfavorable, and if that barred a person from employment, in effect that would make the FBI an employing agency. Therefore, the amendment which is before us, and which the distinguished gentleman from Minnesota

offered for me provides that, following the investigation and report the person cannot be employed "until the Secretary of State or the Administrator has certified in writing that, on the basis of such report he believes such individual is of unquestioned loyalty to the United States, its Constitution, laws, and form of government, and is not now and has never been a member of any organization advocating contrary views."

This means the party may not be employed after having been investigated, until the Secretary of State or the Administrator—because they are both authorized under this bill to employ persons, one for the interim period and the other permanently—until the Secretary of State or the Administrator has so certified in writing.

I might stop here to say that in the light of an Executive order making the FBI reports confidential and not available even to committees of Congress, this parenthetical language is added in the amendment "and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs."

So the simple purpose of the amendment, as expressed on the floor yesterday by two members of the committee, reflecting the views of the entire committee, is to make effective the facts disclosed by the FBI investigation.

No member of the committee, I assume on both sides of the aisle, and certainly few, if any, Members of the Congress, want persons employed in this program who are guilty of subversive conduct, who are not loyal, or who are not a safe security risk for our Government. Consequently, you might say that the amendment is no more than to complete the proposal now in the bill, and to carry out the intent, as expressed to me by members of the committee.

That would leave the section providing as follows:

That no person can be employed until he has been investigated, the investigation has been reported, and the employing agency has certified to the fact of his loyalty.

I hope the amendment may have your approval.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to read a letter from a thoughtful, patriotic father to his daughter. The father is Willard D. Archie, a veteran of both World Wars I and II, and now the editor and publisher of the Shenandoah Sentinel, Shenandoah, Iowa. His daughter is a college student. She has written her dad for advice and counsel. I now read dad's reply, which I feel is worthy of serious and deep thought by every American at this very moment:

ALONG THE BANKS OF THE NISHNA

(By W. D. Archie)

DEAR LOUISE: You wrote and asked me what I thought about our country going to war, and as others seem as interested as you and the girls in your room, will answer it here.

There is now and always will be danger of war. This is a truth so evident that it might be considered trite to repeat it. We have never as yet attained the moral status

in this world where we could do without policemen, armies, or having wars to settle differences between individuals and nations.

But you want to know if we are going to have war soon—with Russia. I tell you honestly, frankly, and sincerely, as I have always been with you, that I do not believe we are close to war with Russia or any other nation. Without wiser leadership than we have had for a number of years, our differences with Russia could arrive at the shooting stage, but it is not in the foreseeable future.

Our country and our citizens, you and I and our friends, must stop thinking about settling present difficulties by war. No one has attacked us. No one has attacked any country. Many nations in history have been subjected to governments unwanted by the people of these countries, but it did not lead to war. Eventually wrongs are righted. When the citizens of a nation are sufficiently oppressed they rise in revolution against the oppressors. We should not engage in wars to insist on any nation choosing any one form of government, whether it be called democracy or dictatorship.

Our President discussed the fall of Czechoslovakia like it was another Pearl Harbor, but it is not such a case. One of our former Presidents made an agreement with Russia allowing them to control the countries adjoining them. They wanted friendly neighbors. This country, Russia, has overstepped the bounds of decency in carrying out their desires, but it was no more than we might have expected. It is certainly not a cause of war. It is more a cause for tears over the fate of a fine nation.

Leaders in Washington ask for universal military training. What they want is a nation strong in arms. As you know I have spent 25 years of my life, nearly half of it, either in the Army, in the Reserves, or National Guard. I, too, favor a strong Army, Navy, and Air Corps. But I have yet to see that universal military training can give it to us. John Henry Martin, former consultant to the joint chiefs of staff, in this issue of Look magazine takes my viewpoint. Universal military training might make us weaker, not stronger. It might help us in a game of bluff with Russia, but this is no time for bluffing.

It is unfortunate we have an Army man as Secretary of State. He will be thinking in terms of arms and armies in carrying out the diplomatic missions, but wiser heads will eventually rule our thinking. We are not heading for war.

Wars seldom come when we are looking for them. They suddenly creep up when one is thought to be unprepared. If Russia is thinking of war they will wait until we have let down our guard and then attack. They will not try a war today, or a year from today, or 2 years.

This is an election year and a crisis is needed to keep the present party in power. I do not accuse them of making wives, mothers, and sweethearts sad and worried just to gain a victory in November. I do know that we have not had a general Presidential election in the past 16 years in which there has not been a crisis of one kind or another. It is a fact one must remember.

Then, too, one must watch for other moves. We have not stopped the selling of war surplus plants or materials. The liquidation of our enormous war machine goes merrily on. Surely some one of the higher-ups in Washington is not worried. There are other such signs one will notice by careful watching.

No, Louise, your dad does not think there is to be a war. Don't worry over it, and reassure your friends. Trouble there has always been, and always will be. "Wars and rumors of wars" will always be with us. We must always be prepared for any eventuality, but I cannot envision us engaged in a war within the next few years.

DAD.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 12 minutes, the last four to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. EBERHARTER] is recognized for 4 minutes.

Mr. EBERHARTER. Mr. Chairman, as has been explained, the members of the Committee on Foreign Affairs and the gentleman from Georgia [Mr. PACE] have given a good deal of consideration to this amendment which is now before the committee. I notice, however, the very last clause of the amendment reads: "and have never been a Member of any organization advocating contrary views."

I am wondering if the members of the committee that gave consideration to this with the gentleman from Georgia have considered the question of what are now known as Communist-front organizations?

The reason I bring that question up, Mr. Chairman, is that we know the Attorney General in recent months has named a number of organizations as Communist-front organizations. As soon as that list became known I think there were many thousands of persons who immediately resigned their membership in those organizations because previous to the time these organizations were named as Communist-front organizations they had no idea whatsoever that the real and secret purposes of the organizations were contrary to our American principles of government.

It seems to me that the language in the amendment goes a little bit too far. There are many liberal-minded people in this country who belonged to such organizations which had very patriotic-sounding names. Those members had the very finest patriotic motives for joining the organization. But later on after investigation those organizations were declared Communist fronts. The way this amendment reads you are just simply closing many of those people out from any possibility of employment. I just want to call that to the attention of the membership. I wonder if they gave consideration to that point?

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Georgia.

Mr. PACE. Of course, the gentleman understands I can claim no credit for perfection of the language in the amendment. However, there is no comparable provision in the Senate bill and the entire section must be written in conference.

Mr. EBERHARTER. I was thinking if it provided "has never knowingly been a member of any organization" or something of that kind it would be improved. I hope the committee of conference will give consideration to my thoughts on the subject. We should not forever close the door for the employment of many truly able, loyal, and patriotic Americans who most innocently became members of highly patriotic-sounding organizations

which were later found to be fronts for communistically inclined groups.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, those who are friendly to this bill, of course, want it to be practical of administration. There is one part of this language which concerned me very much and that is that no person shall be employed until this has been accomplished. I think that is entirely impractical.

Mr. PACE. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. If the gentleman proceeds a little further he will find a saving clause at the end of the paragraph.

Mr. CRAWFORD. There is the provision "Provided, however, That any present employee of the Government." I would like to see some new blood put into this organization. I am not so much interested in preserving those who are now on the pay roll as I am in getting some new blood in this organization.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Ohio.

Mr. VORYS. Another amendment to take care of the point the gentleman brings up will be proposed immediately after this amendment is disposed of.

Mr. CRAWFORD. I think that would be constructive.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. DONDERO. Would the pending amendment call for an examination of those now in the employ of the Government that might have this bill under their administration?

Mr. CRAWFORD. I do not think this amendment now being considered calls for that.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. I think definitely the section as amended would do it, but there is provided a 6-months saving clause during which such an investigation might be carried on.

Mr. DONDERO. It certainly should, after we have listened to the list of names that the gentleman from Georgia [Mr. Cox] cited to the House on yesterday.

Mr. PACE. If the gentleman will read that proviso I think that will cover it.

Mr. CRAWFORD. The provision States:

Provided, however, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be temporarily assigned to duties under this title for the period of 6 months from the date of its enactment. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

If language is to be offered following disposition of this amendment which will take care of the situation and make the whole procedure of administration

practical, I do not see any reason why I should take further time of the House to discuss it.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, first of all I should like to congratulate the gentleman from Georgia [Mr. PACE] on having provided what appears to be a very definite improvement in the security aspects of this amendment.

This section of the bill has a very interesting history because it was first written into legislation at the time we passed the so-called post-UNRRA residual aid bill. If I recall correctly, the gentleman from Mississippi [Mr. COLMER] and I were at that time associated in writing that amendment on the floor of the House and having it adopted. Since then it has been incorporated in one form or another in each of the foreign-aid bills passed by this body and in each instance it has been my responsibility and privilege to offer the security screening amendment in committee, defend it in the House, and protect it in the conference committee sessions.

There has been constant controversy over the problem raised by the gentleman from Michigan [Mr. CRAWFORD] as to how to take care of this interim period while men are being first appointed, and the problem raised by the gentleman from Georgia [Mr. PACE] as to how to make sure that the wrong kind of people are not appointed. I think this is the right formula, and I think it will gradually make for greater efficiency and applicability and workability, and certainly I am very eager to support the amendment proposed by the gentleman from Georgia just as he has written it in its present form after consultation with Congressman Judd and me. I also think that the amendment which the gentleman from Massachusetts [Mr. HERTER] is about to propose will take care of this interim period which is of concern to all of us.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from New York.

Mr. BLOOM. I would like to ask the gentleman this question: According to the proposed amendment under consideration now, if the FBI should give an adverse report, the Secretary of State or the Administrator could ignore that report and keep that individual in employment now.

Mr. MUNDT. No.

Mr. BLOOM. Well, read the amendment and you will see it is absolutely that way in the proposed amendment.

Mr. MUNDT. The amendment says that the Secretary of State or the Administrator must certify in writing on the basis of such report as to the loyalty of these appointees. Now, unless the President is going to appoint Ananias as Secretary of State and the twin brother of Ananias as the Economic Administrator without signing his name to a lie, he cannot so report.

Mr. BLOOM. I did not say that, but notwithstanding the report of the FBI,

the Administrator or the Secretary of State can retain that person in employment. There is no question about it.

Mr. MUNDT. No question about it if he wants to lie about it, of course, but that is the only way he can do it. He has to do it on the basis of the report itself.

Mr. PACE. Mr. Chairman, if the gentleman will yield, unless that language is in there, on the contrary there would be no discretion and the FBI would be the first, last, and final voice, which the committee does not want to happen.

Mr. MUNDT. That is right. I am shocked at the fact that the ranking minority member of the Committee on Foreign Affairs would have so little confidence in the Administrator to be appointed by the President of his own party that he thinks he is going to certify his name to such an infamous falsehood.

Mr. BLOOM. I have all the confidence in the Secretary of State and the Administrator, but I have no confidence in this proposed amendment.

Mr. MUNDT. This proposed amendment will give us all more confidence in the Economic Administrator, whoever he is and also in our Secretary of State.

Mr. Chairman, I ask that the amendment be voted on favorably.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. Judd].

The amendment was agreed to.

Mr. HERTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTER: On page 64, line 3, strike out the word "until" and substitute therefor the words "for a period to exceed 3 months unless."

Mr. VORYS. Mr. Chairman, if the gentleman will yield. I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HERTER. Mr. Chairman, the amendment that I have offered is only a perfecting amendment. Under the paragraph as it now reads you have this ridiculous situation: The Administrator or the Secretary of State cannot appoint any new human being, even his own private secretary, to operate here until and unless the report of the FBI has been made. However, if they do take somebody out of the Government who is serving in the Government today, who has never been investigated, and appoint him they can keep him on the pay roll for 6 months until an investigation is made. The only purpose of this amendment is to make the paragraph administratively workable so that the new Administrator can appoint a staff. He cannot, however, under this amendment retain anybody for a period to exceed 3 months unless these reports have been made by the FBI.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Will the gentleman refer to subparagraph (c) at the bottom of page 63 and read it with his amendment included?

Mr. HERTER. With the amendment it would read as follows:

No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed 3 months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator.

Then would follow the amendment that was adopted a moment ago.

Mr. CRAWFORD. I think that would make it entirely practical of administration and save the day all the way around.

Mr. HERTER. As it stands now it is entirely impractical of administration.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Ohio.

Mr. VORYS. Is it not true that this is a matter to which former President Hoover called attention in his letter to the Speaker that was read the other day?

Mr. HERTER. I believe it was one of the matters covered.

Mr. VORYS. This amendment would facilitate the obtaining from private business of the type of men we hope will be in this administration.

Mr. HERTER. That is correct. Unless this amendment is adopted, the Administrator cannot possibly hire anybody outside the Government, not even a private secretary.

Mr. VORYS. I hope the amendment is adopted.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Michigan.

Mr. DONDERO. What it does is really reduce it to 90 days, and their employment cannot extend beyond that period until a report on them has been filed and approved.

Mr. HERTER. That is correct.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Does not the gentleman think that the 6 months mentioned in line 10 on page 64 should be changed to 3 months for these old employees?

Mr. HERTER. It would be my impression that it should.

Mr. JOHNSON of Oklahoma. After the gentleman from Georgia presented that list of names here yesterday, I certainly think those fellows should not be given 3 months more than these new employees.

Mr. MATHEWS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from New Jersey.

Mr. MATHEWS. Does the gentleman's amendment take care of the situation where during that period the FBI cannot or has not completed its investigation, so that the man will not auto-

matically be dropped solely by reason of the failure of the investigation to be made?

Mr. HERTER. I am assuming that the period of 3 months will be sufficient for the investigation to be made. If the FBI cannot make it in that period of time there must be something in the individual's background which would make it worth while to hold him off the pay roll for the time being.

Mr. MATHEWS. The FBI is a very busy organization. There may be some instances in which particular investigations will be held up. I understand that if that took place, the man would have to go off the pay roll regardless.

Mr. HERTER. I think it would be perfectly possible that the FBI could give a preliminary clearance with the right reserved for further investigation at a later date.

Mr. MATHEWS. In any event, the gentleman's amendment assumes that.

Mr. HERTER. I think so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. HERTER].

The amendment was agreed to.

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia: On page 64, line 10, strike out "six" and insert "three."

Mr. DAVIS of Georgia. Mr. Chairman, this amendment would bring the period of temporary employment under which employees of the Government might be brought into this new organization into the same category as the new appointees, that are taken care of by the amendment of the gentleman from Massachusetts [Mr. HERTER].

With reference to the 6 months' temporary appointment period, I feel that if there should be any disposition on the part of the Administrator, or those who will fill these positions, to place in them such people as those named yesterday by the gentleman from Georgia [Mr. Cox], among them being Mr. David Lasser, during a 6 months' period irrevocable and incalculable damage could be done to the people of this country and the economy of this country by what they might do.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. VORYS. A quick canvass of the committee indicates that there is no objection at the majority table to the gentleman's amendment which puts the period in line with the 3 months' period just adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. DAVIS].

The amendment was agreed to.

The Clerk read as follows:

NATURE AND METHOD OF ASSISTANCE

SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (6) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this

title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (79th Cong.) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, merchant vessel authorized to be chartered under paragraph (4) of this subsection, supply, or goods necessary for the purposes of this title.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that a substantial portion of the gross tonnage of commodities, procured within United States out of funds made available under this title and transported abroad on dry-cargo ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

(3) Procurement of and furnishing technical information and assistance.

(4) With the approval of the President, placing in operating condition, and, for periods not extending beyond December 31, 1952, chartering to participating countries, not more than 200 dry-cargo merchant vessels owned by the United States and not in operation at the time of charter. If a vessel of the United States is so chartered, its documents as a vessel of the United States shall be surrendered and it shall, during the charter period, be considered as a foreign vessel for the purposes of the navigation- and vessel-inspection laws of the United States. Each charter under this paragraph shall be terminable whenever (i) the President determines that such termination is necessary in the interest of national security or (ii) the Administrator, pursuant to section 118, terminates the provision of assistance to the country to which the vessel is chartered. Any vessel chartered under this paragraph shall engage primarily in the transportation of commodities supplied under this title to the participating countries, and shall not otherwise compete with vessels of the United States on ship routes served by them unless the charter certifies such service to be necessary to maintain adequate service on such routes.

(5) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(6) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(1) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of applicable appropriations);

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator. Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe to assure expenditure in furtherance of the purposes of this title, and such certification shall be binding on the accounting officers of the Government.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: *Provided*, That the amount of such guaranties in the first year after the date of the enactment of this act does not exceed \$15,000,000), which guaranties shall terminate not later than 14 years from the date of enactment of this act: *Provided*, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided*, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 percent per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph.

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$500,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes issued under authority of paragraph (2) of subsection (c) of this section, which funds shall be obligated for this purpose at the time each such guaranty is made.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. For the purpose of carrying out the provisions of this paragraph during the period of 1 year following the date of enactment of this act, and for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section the Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000. Such notes shall bear such rate of interest as may be determined by the Administrator with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any notes issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securi-

ties may be issued under that act are hereby extended to include such purpose. Payment under this paragraph of the purchase price of such notes shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of 1 year from the date of enactment of this act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

Mr. VORYS. Mr. Chairman, I offer a committee amendment, which is at the Clerk's desk.

Mr. MORRIS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and sixty Members are present, a quorum.

Mr. VORYS. Mr. Chairman, I offer a committee amendment, which is at the desk.

The Clerk read as follows:

On page 67, lines 20, 21, and 22, delete the words within the parenthesis and insert the following: "*Provided*, That such letters of commitment, when issued, shall constitute contracts of the United States and shall immediately give rise to obligations of applicable appropriations; claims for payment under such letters of commitment shall be assignable; and an amount equivalent to such letters of commitment shall be established in a separate account on the books of the Treasury Department, Division of Disbursement, to be available solely for the payment of such obligations."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that another amendment on the same subject may be considered at the same time.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 67, line 25, following the word "countries", insert "or by other persons or organizations."

Mr. VORYS. Mr. Chairman, these two amendments should be considered together. They simply make it clear that the letters of commitment issued under

this plan may be available just as Government contracts are, to facilitate private banking, and the participation by private enterprise in this entire undertaking.

Language along this line was in our report and a number of economists and bankers said, "Why don't you express clearly in the language of the bill the intent you have in the report?" This language merely carries that out and is a thoroughly agreed purpose to make possible further participation by private enterprise in the whole plan.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. WHITTEN. In these letters of commitment does the bill provide that they could be canceled in the event a participating country did not carry out its agreements?

Mr. VORYS. Yes. That is not the purpose of the letters of commitment, but the cancellation and termination provision which applies to everything in the bill is in another section.

Mr. WHITTEN. We carried on lend-lease agreements with Russia after the war was over on the basis that we made the contracts and therefore we were stuck.

Mr. VORYS. These are not commitments to any other countries at all. These are procurement commitments, to make available the use of private individuals and private enterprise in the procurement of supplies for this program.

Mr. WHITTEN. That is all true, but it is all tied together, to the end that if you cease shipment to countries abroad you would be bound to carry out the purchase agreements, though you did not plan to send it abroad.

Mr. VORYS. This is not the place in the bill where the termination procedure is set out. That is in section 118, I think.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. VORYS. Will the gentleman yield for me to propound a unanimous-consent request?

Mr. HOFFMAN. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment, and all amendments thereto, close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GOFF. Mr. Chairman, I object.

Mr. HOFFMAN. Mr. Chairman, I do not know too much about this amendment and I do not know too much about this bill, but I do have very definite views about what it will do to our country. I oppose this amendment because it will give us unneeded red tape and unnecessary expense.

The Comptroller General objects to this amendment. The reasons he gives are persuasive. Permit me to give you his views and I most respectfully ask that you pay some attention to his opinion. He writes:

The attention of the Comptroller General has been called to efforts on the part of cer-

tain banking interests to have adopted certain amendments to section 111 (b) of the Economic Cooperation Act of 1948, S. 2202, as reported in the House of Representatives. It cannot be too strongly urged that the effort be rejected. It is expected to be directed at either line 22, page 67, or line 10, page 68, of the House reported print of the bill. The purpose of such amendments is understood to be to require the setting aside in the Treasury in individual accounts of funds represented by letters of commitment issued to suppliers doing business under the program.

Paragraph (1) provides for the establishing of accounts against which letters of commitment may be issued in connection with supply programs approved by the Administrator and such letters of commitment, when issued, are to constitute obligations of applicable appropriations. The proposal that cash accounts be established to which shall be credited the amounts of letters of commitment, when issued, appears to be based on a lack of understanding of, or lack of confidence in established governmental accounting and financial procedures and appears to have for its purpose the singling out of one select group of creditors to be preferred over all other creditors under the economic cooperation program. Such preferred treatment not only appears unnecessary in view of the fact the bill already requires that letters of commitment shall constitute obligations of applicable appropriations, but is extremely objectionable for at least the following reasons:

Now, these are the reasons of the Comptroller General:

1. The proposed amendment would set a most undesirable precedent and might be subject to the interpretation that it required actual funding of individual liabilities of the Government—in effect, a separate little appropriation for every little transaction in which the Government engages. But it should be noted that there would be no more guarantee against the Administrator issuing letters of commitment in excess of available funds under the procedure proposed than under that already provided by the bill. For example, the sponsors of this amendment apparently are fearful that the Administrator will, in some way, use his funds in such a manner that it will be impossible to honor the letters of commitment. However, if the Administrator could not be relied upon and if the accounting system to be established and usually used by the Government should fail to prevent diversion of funds already obligated by the letters of commitment, neither would the proposed language prevent such an eventuality.

2. The adoption of the proposed amendment would give rise to highly objectionable degree of inflexibility in the operation of the program. "Red tape" would be increased, not diminished. No businessman sets up a separate bank account for each bill he owes. If the Government is to do it here in this case, where will we stop?

3. The whole system of fiscal administration under the program would be cluttered up by unnecessary accounts and documents which would add to the burdens and costs of the administration as well as those of Treasury and GAO.

There you have it, there is your Comptroller General.

Now I ask the attention of the gentlemen of the Committee. Instead of going along with these bankers and compelling the Government to set up a separate account for every item why not safeguard expenditures under the general regulations that the Comptroller General and the accounting departments approve.

This came to our committee. I was asked to present it. It seems to be a good amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 47, noes 71.

So the amendment was rejected.

Mr. JOHNSON of California. Mr. Chairman, depending upon the assumption that the various Members may make will be their decisions as to what to do with this bill, I assume that the world today is closely knit together; is very explosive, has made tremendous scientific advances in rapid transit, in the making of new weapons, and so forth. Therefore, I also assume that in any war which may break out the United States will become involved. To me, such a thing might be a catastrophe beyond description.

It is for that reason that my obsession is that we must find a way to have peace or the civilized people of the world may destroy themselves. The vehicle which will bring that about, in my opinion, is some type of collective security. The progress since the end of the war has been practically nil, largely through the obstruction of one of the major Allies, and also perhaps through the ineptness of our own program.

Sometimes events of the past, even though minor ones, give an indication of what method may be used to solve a current problem. About 100 years ago, following the gold rush to California, there was a break-down of law and order in San Francisco. Adventurers and criminals had migrated to the city. There was a semblance of law and order as there was a constituted government. However, it was so weak and in places so corrupt that the decent law-abiding citizen was given scant consideration. The result was that the law broke down, anarchy and crime became prevalent. It became so bad that the decent law-abiding people of the community who believed in law and order and decency finally organized. To accomplish their results which were the stability of the government and the maintenance of law and order, they organized a Vigilante Committee and did a few rather rash and arbitrary things. However, they organized thoroughly, they swept out of office the weak or crooked public officials. They made it understood beyond any question of a doubt that they were going to have law and order if they had to fight for it. The result was that the criminals, the crooks, the grafters hunted cover; law and order were restored, and peace reigned in fitful San Francisco. That incident, to me, has significance today.

In my humble opinion international law has broken down. International ethics, morals, and decency have deteriorated. Agreements which we and our allies made, having for their purpose the rebirth and the rehabilitation of devastated countries have been disregarded and specifically violated. The

very legal basis on which we hope to rebuild the world on a peaceful basis has collapsed. Therefore, I look upon this bill as an effort to organize the International Vigilantes of 1948 to restore law and order in accordance with the pattern laid down by the United Nations of which we were the dominant nation, in writing its basic charter. It was thoroughly understood that the smaller nations of Europe who had been overrun, whose property had been destroyed, whose people had been pushed out of their homeland were to be allowed to select a government of their own choice. This provision was entirely disregarded by one of the belligerents which helped win the war. My prediction is that if we are able to unite 16 nations of Europe with us in a determination that the rules of the game to which we agreed and to which our major allies subscribed shall be obeyed then the Soviets will stop their course of infiltration and penetration. We have the strength, we have the ability, we have the resources, we have the economic capacity, I believe we have the military potential, to meet any antagonist on the field of battle and come out the victor, even though in doing so we might permanently injure ourselves. This is the vehicle which we must use to bring those who are now flaunting the agreements they made, who are violating international law, to bring them to their senses. I predict and I believe that when these nations plus our Nation plus the Western Hemisphere show a determination that they will have law and order that justice will prevail, that the small nations shall have the right to select their own governments, and the determination that if necessary we will fight for these principles that that will bring about the agreements and compromises that will start the making of the peace. That is the issue as I see it. While this bill awes one and frightens one because of its magnitude in wealth and sacrifice that our people must make, it seems to me it is a gamble that we must take in the name of peace. And a firm and just stand will in my opinion reduce the situation to one of negotiation and agreement and compromise that will help lay the groundwork for a peace which we all hope will be lasting.

There is another collateral matter that I would like to briefly discuss here this morning.

It seems to me that there has been entirely too much talk about communism. We are becoming hysterical over the subject. We are getting our people into such a state of frenzy that we are likely to generate a war hysteria that might lead to something that we are not looking for. The issue as I see it before the country is not communism, although that is a collateral issue. The issue as I see it is the question of whether or not those who joined with us to create the United Nations and bring us collective security are willing to abide by the agreement that they made. I was frankly sorry to hear the President discuss this matter and dwell so much upon communism and what one particular nation was doing. Under the law of self-determination, which has been a policy among the na-

tions of the world for a long time, a nation may have any type of political structure that it wishes, including communism. We cannot fathom why anyone should select such a system, but so long as a nation does not interfere with the rights of its neighbors it is entitled to any type of political organization that it wishes. What we must make plain is that we are not driving at the ideology of any country. We must also make it more emphatic that what we are trying to bring about is the sanctity and the enforcement and the recognition of the agreements that were made by the Allies, including Russia. It is obvious to any casual reader of the daily newspapers that the agreement which was made permitting the devastated countries to have a free choice of the type of government that they wished to have has been completely violated. We apparently stood on the sidelines in the early stages of this penetration and did very little about it. Up to the present time, up to a dozen countries have had governments selected for them. They have not had free elections in any sense of the term. It seems clear in the case of some that they do not and did not want the government that they finally got. However, by penetration, by coercion, by underhanded political methods, not condoned in our country or any representative country in the world, one large power has dictated to these small countries the government they should have.

Furthermore, the agreement that we made regarding self-determination and the selection of the type of government that a country wishes to have has been violated in another direction. It is that after a would-be election had been held the one who produced the mechanism which brought about the so-called "selected government" for the particular nation continues to dominate that country through its political mechanism. You know that the officers of Poland and Czechoslovakia, to mention merely two of these countries, are not the free agents and the independent representatives and officials of the countries involved. They are dominated and domineered from a distance by a larger and more powerful nation. To me, that is the thing that should be emphasized to our people and to the world. That is the very basis on which any international organization which will give us collective security must be based. If the country which violates that principle does so, as it has done already, and continues to do so, we must look forward to the inability of the United Nations to be anything more than a debating society. When that becomes obvious I think that our Nation should take the leadership in organizing another type of international organization. Let us unite the countries in the Western Hemisphere, let us join with those in Asia who wish to work with us, let us take those in Europe who wish to join with us, and make an organization strong enough to maintain the peace of the world by means of collective security and collective agreements.

It is not primarily communism we are after, it is primarily the rule and the reign of law that we wish to reinstate,

strengthen, and make binding upon the nations of the world. That is the road to peace; that is why I believe that this bill should be passed. Of course, it has uncertainties; of course, there will be doubts about what can happen; it may even fail, but I think it points the way in the right direction. Our own Government started with a very gloomy outlook. We created one system of government, we discarded it and created another one, and even it, after 70 years of trial and error, finally found it necessary to fight a Civil War before we became a united and inseparable Nation. There are no easy ways to peace, but we certainly cannot drift into peace. We must take positive, affirmative, aggressive action to bring it about. It is just as essential to take positive action to bring peace as it was to take positive action to win the war. This bill, in my humble judgment, offers us the chance to do exactly that.

(Mr. JOHNSON of California asked and was given permission to extend his remarks in the RECORD.)

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On pages 65 and 66 strike out all of subsection (4).

Mr. COLMER. Mr. Chairman, this is a very important amendment and I hope that those of us who are sponsoring it may have your attention during its consideration. This matter of turning these ships over to foreign flags, historically, I may say, was provided in the original bill that was sent up here to the Hill by the State Department, at which time it was provided that 500 of our merchant ships be turned over. In the other body the 500-ship provision was stricken when that body considered this measure.

As the bill comes to you from the House committee it provides for 200 of these ships to be turned over to foreign flags ostensibly for the purpose of carrying this produce over to participating countries. In the committee some of us attempted unsuccessfully to keep this provision out of the bill. We did not succeed there. So you and the Committee of the Whole have the opportunity and the responsibility of passing upon this question as to whether or not in addition to your \$6,000,000,000 initial provision here you are going to turn over 200 of your merchant ships to foreign flags in which to transport these products over there.

The argument is going to be made here as it has been made elsewhere, that it is economical to turn these ships over to the foreign flags because they can operate more economically than we can operate them under the American flag.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Indiana.

Mr. HALLECK. I have just looked at the language in the bill and the language used there has reference to the chartering of vessels. Does the gentleman understand that that is the equivalent of turning them over?

Mr. COLMER. Certainly I do. There is provision made for the recalling of them, but once you turn them over to them you will never get them back. We have had experience in this field before. Now, they say they can operate them more economically. Let us see what is going to happen. In this country today we are building practically no ships for our merchant marine. As a matter of fact, I make the statement here now that more than 60 percent of all the commercial ships that are being constructed in the United States are being constructed in my little home town of Pascagoula, Miss. Those ships are not being constructed for the American flag; they are being constructed for the South American flag. What do you propose to do? Turn over these ships. For what purpose? So that they may be chartered and sailed under foreign flags. What happens? The argument is made that these ships are idle, that they are tied up, that they are rusting, and that it does not amount to anything anyway. My friends, when you turn these ships over to the foreign trade, it gives these foreign countries an additional advantage, in addition to the one that they already have in the way of substandard living conditions on these ships and the manning of these ships, because they are going to take your trade away from you. And then when you do get your merchant fleet back, if you ever do, when this thing is all over, they will have the trade, and this country and our merchant marine will suffer. Immediately after the war, when the Postwar Policy Committee was in Europe, a committee consisting of the gentleman from New Jersey [Mr. WOLVERTON], the gentleman from Michigan [Mr. WOLCOTT], and other Members—I do not have the time to mention them all—when we were there we talked with these foreign powers about taking over these ships.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COLMER. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

Mr. HALLECK. Mr. Chairman, reserving the right to object, I am not going to object to this particular request, but I made this reservation in order to make this suggestion. There is asserted much reason for the expeditious consideration of this matter. Certainly no one wants to cut off proper debate, but I think that we should hereafter proceed on the proposition that 5 minutes will be granted to anyone who offers an amendment, and that extensions beyond that time shall not be granted.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Chairman, I was observing that when this representative group from this House was over there after the cessation of hostilities, we talked with a number of the leaders in these countries about buying some of these ships from us, and they said they were not interested in buying these ships

because they were not economical to operate. But, now they will take them over. They will take them over and operate them now if we give them to them. Remember, you are turning them over to them in addition to this \$6,000,000,000. The ways of Great Britain, Sweden, and these other countries are virtually bustling beehives today building ships, and yet we are turning our ships over to them, to the injury of our merchant marine. The distinguished gentlemen who head the committees on merchant marine on both sides of this House have given consideration to this matter, and they are opposed to it. The distinguished gentleman from Virginia [Mr. BLAND], the father of the modern merchant marine, is opposed to this provision of the bill. The chairman of the subcommittee, the gentleman from California [Mr. BRADLEY], is opposed to it. The Maritime Commission is opposed to it. Your shipping circles are opposed to it, and everybody who understands this situation is opposed to this provision of the bill.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. Will the gentleman state for the benefit of the House the number of ships that have already been transferred to foreign flags?

Mr. COLMER. I have an idea that it is in the neighborhood of 1,200; but I yield to the distinguished gentleman from Louisiana, who has always exhibited such a keen interest in our merchant marine and who rendered such a splendid and patriotic service with it in the recent war, to answer his own question.

Mr. BOGGS of Louisiana. Fifteen hundred.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

Mr. WELCH and Mr. BOGGS of Louisiana objected.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 45 minutes.

Mr. MILLER of Connecticut. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 45 minutes.

The CHAIRMAN. The question is on the motion.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 94, noes 75.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MALONEY].

Mr. MALONEY. Mr. Chairman, Congress has already acted upon the proposal to charter American merchant ships to foreign nations. Therefore, it is incongruous to me that we should wish to belabor the matter further, in effect holding up speedy action on the entire foreign-assistance program.

I, personally, have examined the arguments pro and con with respect to the proposal to charter 200 American merchant vessels to the foreign nations who are to participate in the foreign-assistance program. Any thorough-going examination of the facts should convince Members of Congress that no more American ships should be transferred in any manner to foreign nations.

The United States Maritime Commission, in an exhaustive study of the matter, declares that the merchant fleets of the 16 nations are already completely rehabilitated.

Many are already forgetting the important and vital role played by our American merchant marine in the recent war. We are not yet at peace, and every day the international situation grows more serious. Throughout the late war our military leaders continually reminded us of the urgent need for merchant ships, and more merchant ships. There is no evidence that I know about which indicates that we would not need these very 200 vessels in a future emergency which it is now proposed we turn over to other nations.

A House Foreign Affairs Committee report, No. 1585, tells us that one of the reasons for proposing that these vessels be transferred is that it would assist in providing more dollars to the participating nations since they would not have to pay American freight rates, assuming, of course, that foreign-ship rates are lower than those of United States merchant vessels.

Nothing could be further from the truth. What the theorists do not seem to understand is that cargo is carried at world rates. It is admitted that the operating costs of the American ships are higher. But at the same level of revenue, this only results in the foreign ship making a proportionally greater profit while the American ship makes less.

Therefore, it is perfectly conceivable that by chartering 200 of our merchant ships to foreign nations and, in effect, driving our ships out, freight rates might be higher than they are at present.

I think it is well to understand that American ships engaged in the carriage of coal and grain, the principal commodities which would be carried by the 200 ships proposed for charter, have their freight rates controlled by the United States Maritime Commission so that no exorbitant, unreasonable, or unjustifiable rate could, under any circumstance, be charged.

From my examination of the issue, I can find no desire on the part of the shipping industry to be against any phase of the foreign-assistance program, except the transfer of ships. They are not alone in this opposition. I have heard repeated opposition to any proposal to transfer our ships from the American Legion, the United States Maritime Commission, the Chamber of Commerce of the United States, the two great national labor organizations, CIO and A. F. of L., and from many other national organizations. In addition, this Congress, as I said before, has already taken action specially designed to prevent any more American cargo ships from being transferred.

Any provision that the 200 vessels would be returned when deemed in the interests of our national security sounds weak and ineffectual to me. We already have the experience of having had returned only one-half of the American merchant ships turned over to Britain under lend-lease, and have received only 7 of the 95 turned over to Russia during the last war.

Again I would like to ask, "What guaranty have we that if the 200 vessels are chartered to foreign nations, who may subsequently fall under Communist domination, such as Czechoslovakia, that they would be returned when we requested them? Supposing they were not returned upon request? Would we go to war to get them back?"

It seems to me that the President's Committee on Foreign Aid, in making its report last November 10, 1947, with respect to selling and chartering American ships to foreign nations, must have had these very questions in mind when it declared:

The limited financial savings are not sufficient to justify the drain on United States resources for national defense which such transfers would involve.

To return to alleged financial savings which would benefit the American taxpayer by virtue of transferring 200 merchant ships, I wonder why nothing has been said about the United States Maritime Commission's communication to a member of the Foreign Affairs Committee. I will not quote from their communication, except to state that in their considered opinion—and the Commission is supposed to be the governmental authority in maritime matters—the charter of these vessels would actually save the American taxpayer nothing at all, but through loss of taxes and charter hire would actually increase the cost of the aid program and subsequently the burden to the taxpayer.

I am reliably informed that some \$45,000,000 would be paid by United States operators as charter hire on these 200 vessels operated under the American flag, plus income-tax revenue from both ship operators and their employees. I am certain that the foreign operators of the vessels would not pay that amount.

There are many more arguments and valid reasons for not chartering these American vessels to the foreign nations. My feeling is that in view of the fact that the United States Senate specifically amended its foreign-assistance-program bill to delete the section dealing with the charters of 200 ships and that Congress itself only a month ago specifically denied the United States Maritime Commission permission to charter vessels to any non-citizen, we must be consistent and delete the proposed charter in our bill.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. JOHNSON].

[Mr. JOHNSON of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. COMBS].

Mr. COMBS. Mr. Chairman, I shall vote for the amendment offered by the gentleman from Mississippi [Mr. COLMER] intended to eliminate from the bill those provisions which would authorize the chartering to foreign countries participating in the recovery plan of up to 200 dry cargo merchant vessels owned by the United States.

I have made clear heretofore that I am for the bill and I think the members of the Foreign Affairs Committee have brought forth the best plan for aiding world recovery and rehabilitation and to stop the encroachment of world communism possible under the circumstances. And because the committee has done such a fine job on the whole I regret the necessity of voting to amend the bill in this respect. However, I can see absolutely no justification, in this time of peril, to charter 200 merchant vessels or any number of American vessels built and owned by our people to any foreign government however friendly it may be. I would call attention to the following language in the bill, beginning on page 66, line 4:

If a vessel of the United States is so chartered, its documents as a vessel of the United States shall be surrendered and it shall, during the charter period, be considered as a foreign vessel for the purposes of the navigation and vessel inspection laws of the United States.

This wording would seem to make it clear that vessels so chartered would be under the exclusive control and, of course, under the flag of the country to which chartered. It is our hope, that all such countries will remain friendly with us but in this time of turmoil and change it is not beyond possibility that the governments of some countries to which vessels were chartered would be overthrown. And there may be a possibility that vessels so chartered would not be returned to this country when demanded.

I recall that in the area where I live, in the shipyards of Beaumont, Port Arthur, and Orange, many thousands of workers worked feverishly during all the war years to turn out the ships that made victory possible. We had none too many ships at the close of the war to do the job that was necessary. It would be shortsighted indeed for us to forget these simple facts and, in these times, continue to turn over to foreign countries our merchant vessels. We had better keep them. We may need them.

Furthermore, I believe in the maintenance of a strong merchant marine by this country and it would be most unwise, even if considerations of national defense were not what they are, to charter these vessels to foreign operators and thus put them in position to more strongly compete with our own merchant marine. If we have idle ships that are needed, let us man them with Americans and sail them under the American flag.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

[Mr. TOLLEFSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. FALLON].

Mr. FALLON. Mr. Chairman, I rise in support of this amendment which will take out of the bill that provision authorizing the transfer of 200 American ships to foreign nations that will operate in direct competition to our own American operated ships.

The transfer of American ships to European countries, as contained in the foreign aid bill, is unwise and should not be permitted. The manifest unfairness and folly of creating a foreign merchant fleet that could "undersell" us in our own ports is unthinkable and I unalterably oppose this procedure.

While I heartily favor the Marshall plan of assisting the nations of western Europe in their postwar recovery programs, I urge most emphatically that it not be done at the expense of a vital part of our national economy, the merchant marine. It requires little imagination to understand the effect of taking 200 vessels from current United States flag operations, and turning them over to European nations to operate under foreign flags, manned with foreign crews and used in the same services in which they are now employed by American operators with American crews. Although we would be paying for this with our dollars, our American seamen and suppliers will be idle.

There is no justification for turning over 200 of these vessels to the foreign nations and it is not necessary in order to obtain the objectives of the foreign aid bill. On the other hand, it will do great damage to our merchant marine and not only would it pave the way for driving the American flag from the world's trade routes, but would have a far-reaching and adverse affect on our national defense and security.

I am gratified that my views are completely in accord with the Maritime Commission, which is the Government agency charged with the responsibilities of shipping matters, as I know their knowledge and opinion is superior to that of any other Government agency on this particular subject. Mr. Chairman, I urge the adoption of this amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey [Mrs. NORTON.]

[Mrs. NORTON addressed the Committee. Her remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, I am somewhat surprised when my colleague on the committee, Mr. COLMER, states that the bill provides these ships will be given away. The language of the bill is very clear. It provides that for periods not extending beyond 1952, they may be chartered to participating countries. That term is used throughout this section. I do not see how you can construe it to mean that when these ships are chartered, they are actually given away. In the same section on line 10 there is a way in which these

charters can be rescinded. I yield to no man in my desire to have a strong merchant marine. It was my privilege to have served on the Committee on the Merchant Marine and Fisheries of this House for 4 years. I share the desire, as do the members of the committee, that we will continue to have a strong merchant marine. That is not the question, however. The question is, are we going to save the taxpayers of this country some \$100,000,000 or more, or are we going to subsidize out of the European recovery program the shipping industry of this country. There you have it. There is testimony before our committee that the amount to be saved to the taxpayers is between \$60,000,000 and \$100,000,000. The amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. JACKSON].

Mr. JACKSON of Washington. Mr. Chairman, it has been my pleasure to have served on the Committee on Merchant Marine and Fisheries of the House for some 7 years. I can appreciate fully the real value of having an adequate merchant marine. May I say at the outset it is true that we are not giving these ships away, but we are turning these ships over to these foreign countries for the duration, so to speak, of the Marshall plan. I would like to ask my distinguished friend, the gentleman from Wisconsin, what sort of condition he thinks these ships will be in after they have been used by these countries for some 4 or 5 years? We all know by experience that these ships will be practically worthless. While some members of the committee may be of the opinion that they will save money by turning these ships over to the countries participating in the Marshall plan, I cannot share that view. A substantial part of the operating costs under a charter arrangement such as ship stores, fuel oil, and so forth, would of necessity be purchased in the the United States with our dollars. The saving, if any would be negligible.

I am sure the House will approve the amendment offered by the gentleman from Mississippi.

(Mr. JACKSON of Washington asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BRADLEY].

(Mr. BRADLEY asked and was given permission to revise and extend his remarks.)

Mr. BRADLEY. Mr. Chairman, in the introduction of this amendment, I yielded to the gentleman from Mississippi solely because he is a member of the Foreign Affairs Committee. Had he not offered the amendment I would have done so.

Mr. Chairman, the purpose of this amendment is very simple—it is to save 200 good ships for the United States—it is to save jobs at sea for 10,000 American seamen—it is to keep the work of overhaul and repair on these ships for our starving shipyards—it is to keep the business of insurance, of ship chandler-

ing, and of ocean transport in American hands—it is to keep our present shipping organizations together so we may be ready for an emergency—it is to keep these 200 ships under the American flag for our own use in the event of war—it is to keep these 200 ships out of the hands of the enemy if war comes upon us. It is to do all these things, and a few more, for it will satisfy the American people that this Congress has at last asserted its authority to overcome the baleful influence of the State Department in all things pertaining to our merchant marine.

You may be told that this program will cost more than if we let the foreigners have the ships and carry our goods. Frankly and honestly, if we take all things into consideration, I do not believe it will cost more to use American-flag vessels. There are a hundred ramifications in this business and every one costs money. The figures you may have presented represent only the direct costs and neglect the indirect, such as widespread unemployment in shipyards and related activities. But what if it does cost a little more? Is it not a fundamental concept that the Americans who pay the bills deserve consideration in the expenditure of their own money? It seems to me that some public officials work on the false theory that it is their own money they are spending and that they can spend it as they please without regard to the common people. The King of France had that idea when he built the vast palace at Versailles. The Kings of France are gone. The Empress of China had that idea when she spent the people's money to build the Summer Palace and the Marble Boat. The Empress of China and her line are gone. We shout that we are trying to stop communism abroad. Why struggle to stop communism abroad and, at the same time, build it up in our own country through discontent that will follow such a raw deal as this legislation proposes for the American shipping fraternity? The amendment offered is intended to stop communism at home by proving that this free Government looks out for its own people.

The truth is that there are ample ships on the high seas to handle every ton of freight now offered, or that will be offered under this program. New foreign ships are being added so steadily that American vessels are now being forced out of business because of lack of cargoes. Every additional ship we charter foreign knocks one more American vessel off the seas.

You may be told that market rates will go up sharply if we adopt this amendment. I do not believe this for several reasons.

First, the anticipated surplusage of tonnage will keep rates down through competition.

Second, the Maritime Commission can control both maximum and minimum rates on Government-owned vessels.

Third, overseas rates are controlled by international conference agreements.

Fourth, men want jobs, not relief or unemployment.

Fifth, this is expected to be a long-range program and Congress can easily

modify existing law whenever it sees fit to do so.

Mr. Chairman, it is a foolish workman who gives away the tools with which he earns his wages. Ships are the tools of ocean transportation—they are the tools of every maritime nation—they are essential to the people for their daily bread and to the state for its security. I earnestly hope that this chartering provision will be knocked out cold.

Mr. BOGGS of Louisiana. Mr. Chairman, I am supporting the legislation now being considered by the committee. I do so, not because of the humanitarian considerations, as commanding as they are, but because I firmly believe that this legislation is essential to the security of our Nation.

For the same reason that I support the legislation—that is for the security of America—I am opposing the provision authorizing the transfer of American ships to foreign charterers because that provision strikes at the very heart of the security of our Nation.

In the light of the history of this provision, and of its far-reaching effects, it is indeed difficult to understand why the committee should have incorporated it into the legislation. The necessity for maintaining a strong, virile merchant marine as an essential part of our national security establishment seems too elementary to argue. Nevertheless, the members of this committee apparently do not appreciate the importance of the American merchant marine.

The argument that the proposed provision will not affect the American merchant marine and that it will merely remove from the reserve fleet 200 ships that are not now being used, thus saving dollars for freight charges and saving steel to be used in the construction of new vessels abroad, is utterly ridiculous in light of the actual facts.

In the first place the ships in reality will be removed, not from the reserve fleet, but from the operating fleet. Already the operating fleet of American vessels has been reduced to such a point that our vessels are now carrying less than 50 percent of our foreign commerce. Fifty percent has been established as a safe minimum by every organization which has investigated this problem. If 200 additional ships are transferred to foreign flags that will mean that 200 ships now carrying cargoes will have to be retired to the reserve fleet and it will mean further a competitive freight rate war which may very well reduce our fleet to relative unimportance in the very near future.

We have already transferred to foreign flags 1,500 American vessels. The foreign fleets have been restored to pre-war strength. Right now they are as large as they were prior to the Second World War, and when the present foreign building program is concluded they will be much larger.

The argument that money will be saved for the American taxpayers is likewise ridiculous. In the first place, the authorization of this bill is for a lump sum, and not for specific items, so that even in the event freight charges were saved the funds would still go to the European

nations. Insofar as the American taxpayers are concerned, actually such a transfer will cost them more, not less. Under the charter contracts 90 percent of all earnings by the charter vessels are recaptured and the other 10 percent is subject to normal income taxation. Aside from losing this tax revenue, thousands upon thousands of American seamen would be thrown out of employment and forced upon unemployment-compensation rolls.

The argument has been advanced that the transfer of these vessels will save steel. This, too, is silly. If you will take the trouble to study the shipbuilding programs under way in Europe, you will find that the ships under construction are of different types than the ones to be transferred, and the transfer of these vessels would have no perceptible effect upon this building program. It would go right ahead and not 1 ounce of steel would be saved.

What must we do to convince the American people of the essential character of the American merchant marine? We entered the First World War with barely enough tonnage to carry 10 percent of our cargoes. As a result our commerce stagnated and our ports were practically out of commission. The American people spent over \$3,000,000,000 in tax funds to build a merchant marine to fight the First World War.

In 1936 when the war clouds gathered in Europe, this Congress passed the Merchant Marine Act and proclaimed a strong merchant marine as essential to the security of this Nation. That act was being administered when we entered World War II, and we were somewhat better off than when we entered World War I, but despite the Merchant Marine Act of 1936, we had to undertake a tremendous program costing billions upon billions.

Every President, every military leader, every security agency has stated without equivocation that we must maintain a strong merchant marine.

The provision of this bill will destroy the American merchant marine and will bring us to the deplorable situation in which we found ourselves prior to two world wars. Are we, as Members of this body charged with the responsibility for the safety of this Nation, going to sacrifice one of the vital arms of our defense by the adoption of a provision which is unwise, which will not do what its authors say it will do, which will not save steel, which will not save money, and which will greatly weaken and probably fatally cripple the great American merchant marine.

(Mr. BOGGS of Louisiana asked and was granted permission to revise and extend his remarks.)

Mr. LATHAM. Mr. Chairman, I rise in support of this amendment.

I was very much surprised and disappointed when I saw that the House Foreign Affairs Committee had written back into this bill a provision for chartering foreign these American merchant ships. This provision had been stricken from the bill in the Senate.

That provision had been condemned not only by the other body but by the

Secretary of Commerce in his report on this bill. It was also condemned by the House and Senate less than a month ago when we passed the Weichel bill, which specifically prohibited the foreign charter or sale of American merchant ships. This provision two weeks ago was condemned unanimously by every member of the House Committee on Merchant Marine, both Republicans and Democrats.

I do not believe the members of the Foreign Affairs Committee—and I mean no offense by this—know more about this highly technical subject than these specialists, some of whom have devoted a lifetime to the study of this subject.

This is done in the name of economy, but why is it that they have to pick this particular spot in the bill to economize? There are plenty of other places in this bill, if they wanted to save money, where they could economize. They could cut down on some of the appropriations to Ireland or Portugal, where there is no Communist menace. But no. They had to pick this spot where they could deal a death blow to the American merchant marine.

Instead of this provision which we are now contesting, this legislation should now have written into it provisions which would protect the United States Merchant Marine instead of harming it. The merchant navies of the 16 participating countries have already recovered their prewar position in world trade. Our own Merchant Marine is disintegrating fast. An average of two merchant ships are being turned back to the Government every day because there is not enough trade to profitably operate them.

I must remind you that this country has spent much time and much money to maintain a stable and strong Merchant Marine, so necessary to the country in time of war. The Congress has set up a special committee, the House Committee on Merchant Marine and Fisheries, to keep fully informed on this vital section of American industry. This special care is necessary because of the fact that foreign countries can operate their vessels with low-paid crews and lower safety standards at about one-third of the cost of American operation.

Actually, of course, the plea of economy as a basis for inserting this provision is a specious one. The Maritime Committee has estimated that the country will lose more in charter hire, taxes, and unemployment benefits paid out, than it will save.

I feel, also, that we should not turn our backs on the 8,000 merchant seamen who would be thrown out of work if this becomes law. How can we possibly justify favoring low-paid foreign citizens as against our own? If it is sound to use foreign cheap labor to sail ships, it is also sound to import foreign cheap labor to mine the coal and sow the wheat which will be delivered under this program.

Mr. Chairman, this provision is thoroughly unsound, and I hope the amendment prevails.

(Mr. LATHAM asked and was granted permission to revise and extend his remarks.)

Mr. PRESTON. Mr. Chairman, the preponderance of the evidence and ar-

gument, in my opinion, lies in favor of the amendment to strike from the bill under consideration the authority to transfer 200 surplus United States vessels to certain foreign nations.

It should be remembered that when the Marshall plan was first given serious consideration by the President he had numerous surveys and reports made to determine what impact the plan would have on our economy. The Secretary of Commerce made a survey and report and his committee stated:

The limited financial savings are not sufficient to justify the drain on United States resources for national defense which such transfers would involve.

The Secretary of Commerce is well known for his sympathetic interest in the welfare of our European neighbors whom we seek to help but he, as zealous as he is, warns that we will run a risk to transfer the vessels under discussion.

The proponents of the transfer base much of their argument on the statement and approval of the Secretary of Defense, Mr. Forrestal. In this connection I wish to point out what he said in a letter to the Honorable ARTHUR H. VANDENBERG, and printed in the hearings, dated February 11, 1948. The Secretary said, "It is not my aim to give you the impression that the charter or transfer of title of 500 vessels, or any lesser number, will be completely without impact on our own military strength. There will undoubtedly be some effect—but it is my opinion that we stand to gain more by such transfer or charter, from an over-all national security standpoint, than we stand to lose."

But the Secretary fails to point out how we will gain. And it should be noted that the above statement was made before recent events occurred, and even then he admitted impact on our security. In the light of present conditions the impact will be even greater.

Why take a chance? It is burden enough to carry the financial load we are undertaking, but it is folly to weaken our national security. Should war be declared the United States will be chartering these same vessels at enormous prices from the recipient countries who are getting them free.

One of our weakest security links when World War II began was our shortage of cargo and passenger vessels. We paid the British several times what the *Queens Mary* and *Elizabeth* cost in charter fees. In fact we were dependent on the British fleet for much of our war activity, but we all know what happened to their fleet during the war.

It is a fact, and I shall not burden the record with figures pertaining to each recipient country, that the merchant marine strength of nearly all of these nations is up to pre-war levels.

What will this mean if we add to their strength by 200 additional vessels? The inescapable answer is that the American merchant marine will be facing disaster. The industry is today fighting bitter competition from foreign bottoms using cheap labor. Holland is chartering some of her vessels to other nations currently. The transfer of United States vessels to

her would enable her to charter more of her own to other nations.

Let us not jeopardize our national security and merchant marine. Is it not enough to make this record breaking altruistic gift? And it is a gift just as all of our war loans turned out to be.

I am supporting the bill, and with some misgivings, but I wholeheartedly refuse to willingly agree to this transfer of vessels which was unanimously rejected by the other body and which is so manifestly unfair to the American merchant marine.

I represent the port city of Savannah and I have first-hand knowledge of the struggle the South Atlantic ports have been having in the post war period. There has been act after act of discrimination on the part of various government shipping agencies. As a result of those acts these ports have become relatively inactive. We want a fair share of government shipping and we want our merchant marine to get a decent break out of the European recovery program. This is no more than other industry will get.

I respectfully ask that you support your committee on merchant marine in their unanimous decision to oppose the transfer of American surplus ships.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. GEARHART] for 1½ minutes.

[Mr. GEARHART addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. GEARHART asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Maryland [Mr. MEADE] is recognized for 1½ minutes.

(Mr. MEADE of Maryland asked and was given permission to revise and extend his remarks.)

Mr. MEADE of Maryland. Mr. Chairman, I rise in opposition to the transfer of the 200 ships proposed in this bill to the 16 participating nations under the European recovery plan.

I feel sure that most of the Members of the House know that shortly after Secretary Marshall made his memorable speech at Harvard University last summer, the participating nations formed a committee known as the Committee on Maritime Transport. They very naively suggested that in order to build up their fleets and to reduce American trade with them, that we should transfer 3,000,000 deadweight tons of shipping to them. At the same time, they flatly refused to reduce their own shipbuilding programs during the 4½-year period covered by the Marshall plan. They plan to build some 15,500,000 tons of new shipping, which would require 5 percent of the entire steel requirements embodied in the Paris proposals—and all of this, of course, on our money while at the same time they want to reduce our American merchant marine by 200 ships and throw 20,000 to 30,000 American seamen out of work.

The Harriman committee appointed by the President to make a thorough study of our merchant marine, said:

It is pointless for Europe to be building up a world surplus of vessels at this juncture. It would be equally pointless for us

to transfer large numbers of dry cargo vessels during the period of European surplus build-up.

But our State Department paid no attention to the Harriman report, which was prepared by outstanding businessmen, and went ahead and incorporated the transfer of 300 ships in the Marshall plan. Fortunately, the committee has at least reduced the number to 200 ships. The result of such transfer would be to remove 200 ships from our European trade and although the present bill provides for the return of these ships "in an emergency," I am sure each one of you has as little faith in that statement as I have.

I am in favor of the European recovery plan and intend to vote for its passage but I am not in favor of giving any nations any of our ships.

The Harriman report went on to say:

The United States needs an active merchant marine for national defense and we must not create conditions in which that merchant marine cannot survive.

Again, in the report of the President's Advisory Committee on the Merchant Marine we find this statement:

Security requirements can be met only through the existence of an efficiently operated merchant marine of such size as to meet the initial military and naval demands. Unless the shipping and shipbuilding industries are maintained above some minimum level, the country will lose that vital nucleus of know-how which is essential to enable rapid expansion to meet emergency or war-time needs.

It seems utterly ridiculous that the House Committee on Merchant Marine and Fisheries is now holding hearings on the present status of the American merchant marine—that those of us who believe it imperative that we have a merchant marine second to none, are continually advocating money, money, and more money for a comprehensive shipbuilding program on one hand, and that the Congress is giving away 200 ships on the other. We pay subsidies to put our own shipbuilding program on a fair competitive basis with foreign shipbuilding where their cost of construction is so much less than ours. We pay operating subsidies to put our ship operators on a fair competitive basis with foreign flag ships—and now, when we had hoped to be able to formulate a construction program to bring our merchant marine to the top of the list—this bill would go a long way toward taking our cargo ships out of competition for foreign trade.

Think twice, ladies and gentlemen, before you vote on this section of the bill. If we can spend five billion three hundred million for relief supplies, let us spend a few more million and transfer our own supplies in our own ships, manned by our own American seamen and then the recipients will know where they come from. Furthermore, if we transfer these ships to foreign nations, it will be our money which is used to operate them—our money which will put 20,000 or more American seamen out of jobs. I hope you will defeat this section of the bill.

The CHAIRMAN. The gentleman from Maine [Mr. HALE] is recognized for 1½ minutes.

Mr. HALE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I question very much whether there is a single Member of this House representing a maritime State who is in favor of the bill as drawn, or who will oppose this amendment.

Only last February—on February 25, to be exact—we passed a law which forbade the chartering of vessels foreign. Is there any earthly sense in reversing that policy not much over 30 days from the time we inaugurated it?

This winter in the Committee on Interstate and Foreign Commerce we have spent an enormous amount of time on the question of distribution of petroleum and petroleum products in this country. We found that last June the State Department recommended that we sell 100 tankers to foreign governments; and a very large part of our oil difficulties this winter stems from the fact that we did dispose of most of those tankers.

The judgment of the State Department on questions of this sort is nowhere nearly as good as the judgment of the shipping interests or the judgment of the Maritime Commission. We have here a principle of national security involved.

Let me remind the Committee that these charters as authorized in the bill are bare-boat charters.

Under bare-boat charters the delivery and redelivery are actual, in contrast with the symbolic delivery and redelivery in the case of time charters, where the shipowner remains in actual possession and operates the vessel with his own officers and crew for an agreed price paid by the charterer, who also pays various expenses of fuel and other items, which vary sometimes according to particular trades; and the same is substantially true as concerns voyage charters, where the owner remains in possession and operates the vessel. It is a broad characteristic of time and voyage charters that the shipowner is himself rendering a service with his ship on agreed terms.

The bare-boat charter is entirely different, being a demise under which the ship herself is turned over to the actual possession of the charterer, who pays the owner an agreed sum, and in addition himself hires the crew and pays all expenses incidental to the use of the vessel by him. He becomes an owner pro hac vice and has substantially the same rights of limiting liability under our statutes as does the actual owner. The time charterer does not have this limited-liability right, seeing that he has only purchased service from the owner and does not have the operating responsibilities that attach to the ownership.

The obligation of the bare-boat charterer on redelivery of the vessel, that is, to repair and restore, is not infrequently an onerous one, according to the vicissitudes encountered and the measure of the responsibility and care exercised during the charter period. Voyage repairs and maintenance on any considerable operation are always fairly important. Some of these items are covered by insurance, others not, but either way they involve cost.

I believe that the money saved under the bill as drawn would prove to be in-

significant, and that every genuine consideration of national interest would be served by the adoption of the amendment.

The CHAIRMAN. The time of the gentleman from Maine has expired.

(Mr. HALE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, there is a moral obligation why every Member of this House should support the pending amendment. We wrote the ship sales bill which was passed by the House after being unanimously reported out of the Merchant Marine Committee. We told the industry at that time it was the last word in the disposition of war vessels.

Mr. Chairman, that alone motivates me to support the amendment and that alone should motivate all Members of the House to support the amendment. In addition to that, we are trying to build up safety at sea and we have provisions that apply to American-flag ships that do not apply to foreign-flag ships which handicap our American ships in competition with foreign-flag ships. These ships will operate under foreign flags to the detriment of the industry we are trying to maintain and build up here in America for our national defense.

There is another provision in the act as it is written. These vessels as they engage in foreign trade will only engage in foreign trade so long as the provisions of this act go on, because foreign countries are building their own vessels to take care of transportation at sea and in turn wipe out the effort of our American merchant marine. Therefore we should not by this bill break faith with the American operator, the American seaman, and those who build and repair ships in American yards, by leaving in this bill the provision for chartering or selling war-built vessels in competition to our struggling merchant marine.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER of Connecticut. Mr. Chairman, I rise in support of the pending amendment to prevent the chartering of 200 of our merchant vessels to foreign operators. The committee should bear in mind this is not a case of supporting the judgment of members of the Committee on Foreign Affairs of the House as much as it is a case of supporting a vital arm of our national defense. If the world situation is so critical that we must seriously consider going back to selective service, instead of chartering these vessels and sending them to sea under a foreign flag, we better give them a few trial runs with American crews and keep control of those vessels here in the United States.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. I appreciate the gentleman's statement. If we are being asked to vote realistically for our Army,

Navy, and Air Force we better start voting realistically about our merchant marine.

Mr. MILLER of Connecticut. I thank the gentleman. We should bear in mind that every responsible official of this Government charged with the responsibility of maintaining and developing the American merchant marine is opposed to the provision now written in the bill and favors striking this provision out. The only opinion expressed here in opposition to the view of those responsible officials of our Government is the opinion of men in the State Department and the opinion of a majority of our own Committee on Foreign Affairs.

(Mr. MILLER of Connecticut asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. DOMENGEAUX].

Mr. DOMENGEAUX. Mr. Chairman, while I am in sympathy with the general principles and purposes of the Marshall plan or European recovery program, I certainly cannot subscribe to the provision inserted in the House bill by which this country could charter up to 200 merchant ships to participating nations. With all due respect to the Foreign Affairs Committee which I know has labored diligently and earnestly to report out a practical and deserving measure, I am puzzled over the committee taking issue on a subject which has been so recently settled. United opposition, including that of the American Legion, United States Chamber of Commerce, Mississippi Valley Association, shipowners and maritime labor organizations, has been directed against the transfer of such ships. In Congress, both the Senate and House adopted bills prohibiting the chartering of any United States merchant vessels to noncitizens, and the President signed this legislation February 27 of this year. And furthermore, in connection with this same bill we are now considering, the Senate very wisely eliminated a chartering provision.

There is no good argument in favor of either chartering or selling these ships. The United States Maritime Commission has termed claims of large savings in this connection as unrealistic promises which tend to overshadow in the minds of the taxpayers the real damage that would be done to the American merchant marine. Moreover, the Commission has pointed out, any dollar savings on transportation, while permitting larger purchases of American goods, would save the taxpayers nothing at all and would not reduce the cost of the relief program to our people, while on the other hand it would actually increase the cost through loss of taxes and charter help. In brief the limited financial savings would not be sufficient to justify the drain on United States resources for national defense that the transfer of our ships would involve.

Referring to the matter of national defense, Secretary Forrestal has stated:

We had the bulwark of the British Fleet at the beginning of the last war. We won't have that protection next time. * * * If we need X number of merchant ships to

support operations 2,500 miles from the American coast line, we will require not twice as many but four times as many ships to support operations 5,000 miles away.

We must keep in mind that relief cargo is carried at world rates and that our own ships, now constituting less than one-half of those engaged in this trade, must meet the competition of the foreign fleet which is fast increasing. Admitting that the operating costs of an American ship are higher, at the same level of revenue this only results in the foreign ship making a proportionally greater profit. If American ships are forced out and foreign ships get a monopoly, with the American taxpayers footing the bill, we could easily have higher rather than lower rates.

It is also argued that this country should agree to transfer certain of its dry-cargo ships to the Marshall plan nations with an agreement that the latter curtail their shipbuilding program. They have definitely turned down such a proposal on the grounds that their shortage is in small and special-type ships that we cannot supply, according to the report of the President's Committee on Foreign Aid, known as the Harri-man committee.

There are also those who contend that we should not hesitate in turning the ships over to the foreign nations since these vessels would be returned to us at the end of the charter period or in any event we could build even better ships to replace them. I have not been able to find anybody in the industry who thinks these vessels would ever be returned to us and certainly our experience with Russia would support this view. It is virtually certain that some excuse would be found by the countries overseas—either the age, condition, or some other factor—to retain the ships for a minor consideration. It is true we can undoubtedly build superior vessels. But even the most optimistic viewpoint of design and economics would not permit such new vessels to compete against the present dry-cargo ships in the hands of foreign competitors with relatively no capital costs and with cheap foreign crews. The question is not how many ships one has as a merchant fleet, but how much business there is available to keep such a merchant fleet in operation on a level of economics which may be met.

The bill would authorize the Administrator to charter ships to the participating nations on any terms which he may decide. It is apparent that this amounts in substance to a grant-in-aid and that no charter hire would be paid by the foreigner. The present American charterers are required by law and are paying approximately \$90,000 a year for each Liberty-type vessel. Thus, we contend, the legislative provision for chartering the ships to foreign nations would be a rank discrimination against the American in favor of the foreigner when we compare the cost of such transportation by the two methods. Even if the foreigner were required to pay charter hire, it would be necessary for this Government to supply American funds for such a purpose.

Further discrimination would be the substitution of foreign for American crews. The theory has been advanced that through the utilization of cheap foreign labor the transportation costs might be reduced. There are other factors which minimize this claim, but at any rate this is an un-American approach. It would be every bit as justifiable to import cheap foreign labor to produce the commodities to be shipped overseas. Assistance to the European nations should be the generous act of the whole American people without any undue burden being placed on the shipping industry and American seamen.

We should not be influenced by reports that the prewar fleets of the countries involved in the Marshall-aid program have not been restored and that we should therefore assist their recovery by contributing ship tonnage. The National Federation of American Shipping has shown on numerous occasions that the prewar fleets of these nations have been restored, and furthermore that the greatest shipbuilding activity in their history is in progress.

There is all the evidence necessary to prove that the transfer of dry-cargo ships to the nations participating in ERP is not essential to the successful operation and minimum cost of this program. There is already a surplus of such vessels to handle the flow of relief cargoes of the character contemplated which are already at peak movement. Approximately three such ships are being returned daily to the Maritime Commission by United States charterers due to the constantly increasing size of the foreign fleets. If we charter 200 ships as proposed in this bill we immediately diminish American participation by this amount. We must contemplate the damage that would quickly result to American shipping and the loss of jobs by many American seamen. But aside from the short-range problem there is the main problem to be considered—how our ships could compete in the future against such ships in foreign hands with no capital costs and low-wage crews.

The requirement in the House bill that vessels so chartered shall be "not in operation at the time of charter" contributes much to a misunderstanding of the subject. With sufficient ships in service to handle all of the business two alternatives are available, either to transfer from United States-flag management and manning to foreign-flag management and manning a ship already in operation, or to take from lay-up an idle vessel, man her with a foreign crew, give her foreign management and foreign flag, and force a corresponding American vessel from operation and into lay-up; this to be successively practiced until 200 ships have been commissioned and 200 decommissioned with a loss of employment by 8,000 or 9,000 American seamen.

Transfer of a ship from American to foreign charter would cost from \$25,000 to \$114,000. Surely no sleight-of-hand operation such as the second alternative would occur. It seems obvious

that the only purpose of such a provision is a political one, in order to furnish a basis for claiming that American ships would not be deprived of business nor American seamen of their jobs. Even those knowing very little of the details of the shipping industry know that it is not a question of the number of ships, but of the volume of business available to employ a number of ships.

The brief prepared by the Maritime Commission, entitled "The American Merchant Marine Under the Marshall Plan," and submitted in connection with hearings on this legislation before the Committee on Foreign Affairs, very concretely and decisively stresses the necessity of protecting and developing our fleet. I wish to call particular attention to these statements contained in the brief, and I quote:

The United States has done its share as far as shipping is concerned. Over fifteen hundred American ships have been transferred to foreign nations within less than 2 years, most of them by the United States Government at prices substantially below what their construction cost the United States and far below present construction costs abroad. Today it is the American merchant marine, not the shipping of the 16 nations, which needs help and protection if it is to survive. Instead of any further vessel transfers abroad, whether permanent or temporary, it is therefore vital that the American merchant marine be assured at least of continuation of its present participation in trans-Atlantic aid shipments, when the European recovery plan begins to operate. The United States Maritime Commission, duty-bound to warn against a plan under which, in the effort to help 16 nations, a vital arm of our national defense and an essential national industry would be sacrificed, strongly opposes the ship-transfer provisions of the 16-nation plan.

Certainly there is nothing to be gained, but much to be lost, by the transfer of any of our ships, and I trust that this provision will be eliminated.

(Mr. DOMENGEAUX asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. ANGELL].

(Mr. ANGELL asked and was given permission to revise and extend his remarks.)

Mr. ANGELL. Mr. Chairman, I think we are making a very grave move in the wrong direction if we turn over these merchant ships to foreign countries. After the First World War we found ourselves almost completely without a merchant marine. We spent literally billions to build up our merchant marine. The merchant marine is an important adjunct to our national defense. We now have tied up in this country very many of our merchant ships, and we are rapidly taking others of them off the ocean. Our flag is disappearing from the high seas. Furthermore, if we turn these ships over to foreign countries, it means that the crews to man these ships, our seamen who are hard to get, will be dissipated, and we will not have them, and they will not be available when we need them in case of war. It seems to

me certainly that it is false economy when we are putting up the money to pay for operating these ships to legislate against our own nationals. We are putting up \$17,000,000 from which the payments are made by these foreign countries, to pay for the men who operate the ships, and to pay for the material and for the supplies that go into the operation of the ships, and we are throwing our own employees, our seamen on the bread line. My district is one of the big ports in the country. On the west coast we built many of these ships during the war. I do hope that everyone in this House will vote for this amendment. The port of Portland in my district built hundreds of them. Most of them are now in moth balls. I will not only vote for the amendment but also for the equally important amendment to require 50 percent of the Marshall plan tonnage cargo to be carried from America in American ships.

Mr. Chairman, pursuant to leave granted in the House I include as a part of my remarks the following correspondence and arguments showing that this amendment should be passed:

SHIPOWNERS' ASSOCIATION
OF THE PACIFIC COAST,

San Francisco, Calif., March 8, 1948.

Hon. HOMER D. ANGELL,

House of Representatives,

Washington, D. C.

DEAR SIR: This association is in full accord with the objectives of the European recovery program. However, we request your attention to, and assistance with, one phase of this program. We are certain that you do not favor the Marshall plan at the expense of economic disaster to an industry directly connected with the national security of the United States, and which will include the unemployment of a sizable segment of American maritime labor.

The European recovery program, as proposed by the State Department, calls for the transfer by sale and charter of 500 American-flag vessels to the 16 participating nations. These 500 vessels represent approximately 5,000,000 dead-weight tons of shipping, an amount equal to one-half of our entire merchant marine before the war, twice the tonnage employed exclusively in our foreign trade prior to the war, and approximately one-half of our present privately owned shipping fleet. Section 11 (a) of Senate bill 2202, to implement the Marshall plan, would allow chartering of 300 vessels. If either of these proposals is allowed to be included in the final passage of the Marshall plan, it will be the most damaging legislation to the American merchant marine since Congress, in 1858, granted mail-contract subsidies to a British-flag line.

Economy is the most important reason suggested in the European recovery program proposals for the turning over of these ships to foreign control; viz, that the cost of transporting relief and rehabilitation cargoes would thereby be reduced. Numerous loose estimates of savings have been offered, completely unsupported by their authors. Regardless of actual figures, we are unequivocally opposed to the theory of sacrificing such a vital asset of the United States merely to accomplish a temporary expedient—which would result in an approximate saving of only 1 percent of the total estimated cost of the European recovery program.

In this connection, we would like to direct your attention to excerpts from the November 1947 Report of the Committee on Foreign Aid under the chairmanship of the Secretary of

Commerce (the so-called Harriman Committee):

"The United States needs an active merchant marine for national defense and we must not create conditions in which that merchant marine cannot survive" (p. H-6).

"The limited financial savings are not sufficient to justify the drain on United States resources for national defense which such transfers would involve" (p. H-8).

Furthermore, we quote the following from House Report No. 1417 to accompany Joint Resolution 332 (Feb. 23, 1948) extending certain authorities of the Maritime Commission:

"In this connection, the committee is also of the opinion that the transfer of ships to foreign nations, as has been suggested in connection with the proposed European recovery program is wholly inadvisable. The committee feels that neither the Maritime Commission nor any other agency should attempt to charter, sell, or transfer title to any person who is not a citizen of this country, nor to any foreign government. To do so would not be in the interest of the United States, nor of the shipping industry, nor of the thousands of seamen and workers who are engaged in maritime employment."

We earnestly request your consideration of the fact that the shipping phases of the European recovery program, as proposed by the State Department, are diametrically opposed to the policies of the Congress relative to the American merchant marine, as set forth in the preamble of the Merchant Marine Act of 1936 (as well as in previous and subsequent merchant marine legislation). The policy of this Nation, as determined by the Congress, has been to develop and promote an American merchant marine adequate to serve the Nation in time of peace, and in time of war as a military auxiliary. However, the State Department proposals, would not only return the American merchant marine to its pre-1936 status, but would create out of the existing American-flag tonnage the low-cost foreign-flag tonnage which would in the future either push the American flag off the seas or necessitate increased subsidies paid to American lines to maintain a minimum of national defense shipping.

It would be much more in line with existing congressional policy for American shipping to be given every possible opportunity to establish its operations on a permanent postwar basis. There has been too little consideration given to the potentialities of American shipping in light of the United States' present world leadership. History has shown that decades of a strong British merchant marine coincided with, and were a part of British world leadership. It has also shown that the power and prestige of nations are directly dependent upon the size, scope, and condition of their merchant fleets. It is quite clear to us that this Nation, in view of its new international role, needs a strong merchant marine with all of its attendant benefits in peace and in war. The United States cannot allow American-flag shipping in world trade routes to be smothered by foreign competition, with that competition made possible by the very ships which were the miracle of wartime production in the United States.

This association, along with other members of the industry, and hand in hand with American labor, cannot stand idly by and see this splendid American-flag merchant fleet disbanded, resulting in unemployment of thousands of trained personnel needed to man the ships, operate them, repair them, and build them. These American citizens will need an economic recovery plan of their own if unemployment is forced upon them.

Very truly yours,

SHIPOWNERS ASSOCIATION OF THE
PACIFIC COAST,

R. W. MYERS, President.

PORTLAND, OREG., March 26, 1948.

HOMER D. ANGELL,

House Office Building,

Washington, D. C.:

Propeller Club, Port of Portland, Oreg., much concerned over action of House Committee on Foreign Affairs in its position on ERP which provides for chartering or otherwise transferring 200 American vessels to foreign flag and fails to include provision that at least 50 percent of cargoes provided under ERP move on American-flag vessels. We earnestly endorse ERP, but do not agree necessary to attain objective by committing long-range injury to our merchant marine to affect uncertain savings in Marshall plan. We respectfully recommend bill passed by House committee be amended as amended by Senate with respect to transfer of American vessels to foreign flag and carriage of ERP cargoes on American vessels. We do not believe American vessels should be taken away from American operators to operate under foreign flags nor do we believe thousands of American seamen should be deprived of opportunity to earn living on American-flag vessels. It seems inconsistent to increase unemployment of American seamen and shore labor who would not participate in manning, repairing, and supplying foreign ships. Present unsettled world conditions require we continue in operation large fleet of American vessels under American flag manned by trained officers and men, we urgently request your support in our position.

D. J. MCGARITY, President.

[From the New York Sun of March 15, 1948]

SHIPPING UNDER THE MARSHALL PLAN

Appearing before the advisory group of the committee on international relations of the National Association of Manufacturers, George W. Morgan, president of the Association of American Ship Owners, painted a gloomy picture of what lies ahead for the merchant marine and American merchant seamen if the present proposal to charter American ships under the European recovery program is carried out. With hundreds of American vessels lying idle it is theoretically attractive to turn 300 of them over to foreign operators, saving their nations the dollars that might have to be spent in transporting ERP supplies in American bottoms. What actually would happen, Morgan argues, is that the 300 ships taken out of storage would quickly be replaced by 300 American ships that would be driven there by competition so keen that even now vessels are being retired at the rate of about two each day.

The withdrawal certainly would be speeded if the contemplated transfer without payment of charter hire under ERP is carried through. Foreign competitors would have this saving in hire added to their lower operating costs to place American rivals at a disadvantage. Freight rates now have so declined that the maximum saving in ERP costs, provided all 300 ships were needed during the entire period of the plan, would not exceed \$200,000,000. The participating nations, however, do not believe they will need more than 150 ships during 1949; and after 1950, because of declining import requirements and the increase of their own merchant marine, there will be no further need for American vessels. This would reduce the savings under the whole program to \$88,000,000, little more than a third of the sum the Government will be paying out in the same period to the one-sixth of American shipping which draws subsidies. For the sake of this potential saving, the other five-sixths which operates on the basis of private enterprise without governmental largess will be taking a terrific beating. Little will be gained if the money saved now has to be spent later to undo the damage wrought in an excess of generosity.

MEMORANDUM FROM NATIONAL FEDERATION OF AMERICAN SHIPPING REGARDING THE SHIPPING ASPECTS OF THE MARSHALL PLAN PROGRAM, AND MORE PARTICULARLY THE PROPOSAL TO TRANSFER 200 SHIPS BY CHARTER TO THE PARTICIPATING NATIONS, AS CONTAINED IN THE HOUSE VERSION OF BILL S. 2202

WASHINGTON, D. C., March 24, 1948.

There follow statements and arguments which have been advanced, followed by a brief statement of the facts and the authority in each instance.

1. On February 25, 1948, both the Senate and the House passed the Tobey and Weichel bills specifically prohibiting the charter of any United States merchant ships to non-citizens. The President signed the legislation on February 27, 1948. Further, the Senate on March 10, 1948, by unanimous action eliminated the chartering provision from the Marshall plan bill.

It is indeed surprising to find the House Foreign Aid Committee immediately taking issue on a subject so lately and so conclusively settled. It should be noted that this action of the House committee was notwithstanding the active opposition of the American Legion, the United States Chamber of Commerce, the Mississippi Valley Association, shipowners, shipbuilders, maritime and shipbuilding labor both CIO and A. F. of L., the Maritime Commission, and many other national business and civic organizations.

2. That savings in cost of Marshall plan of \$100,000,000 per year would result. (House Foreign Aid Committee Report.)

Statements of saving in the dollar cost of the Marshall plan which would result from transferring United States dry-cargo ships to the participating nations by either sale or charter have been vastly exaggerated. These claims have emanated largely from the State Department without any supporting data or authority and without any details as to how arrived at.

In a letter addressed to the Honorable JOHN DAVIS LODGE, dated March 4, 1948, the Maritime Commission made the following statements:

"Misconceptions widely held on the subject of American surplus ships, the shipping needs of foreign nations, and the effects of further ship transfers, have led to unrealistic promises of savings to the taxpayer while hiding from him, or even from those who speak out on the subject, the harmful consequences to the American merchant marine."

"* * * Moreover, that we find that any dollar savings on transportation, while permitting larger purchases of American goods, will save the American taxpayer nothing at all and will not reduce the cost of the aid program to the American people but, through loss of taxes and charter hire, will actually increase it."

In further substantiation, the President's Committee on Foreign Aid, known as the Harriman committee, reported to the President of the United States on November 10, 1947, as follows:

"The limited financial savings are not sufficient to justify the drain on United States resources for national defense which such transfers would involve."

The federation has carefully computed all such costs based upon the ERP commodity schedules, existing freight rates, experience in vessel turn-around, and other technical factors with which it is customary to determine ship operating costs. Resolving every questionable factor adversely, the industry finds that the maximum possible saving in dollar costs to the Marshall plan program to be \$52,700,000,000 spread over the entire period during which these ships could be utilized. A detailed estimate of how this figure is arrived at is attached hereto.

We submit that the industry itself and the Government agency charged with shipping matters are the best authorities on the subject.

3. "On the point of national security, the committee was assured by the statement of Secretary of Defense Forrestal that even the original provision for transfer and charter was no threat to American defense interests." (Report of Committee on Foreign Affairs, No. 1585.)

This statement is inaccurate. Secretary Forrestal stated in a letter of February 11, 1948, to Senator VANDENBERG that he said it was not his aim to give the impression that the charter or transfer of title of 500 vessels, or of any lesser number, will be completely without impact on our own military strength. He said there would undoubtedly be some effect.

Secretary Forrestal has also stated on other occasions:

"The dissipation of our military and naval defenses after every war has, historically, been a typically American characteristic. Only this time we cannot afford such an expensive national habit. * * *

"We had the bulwark of the British Fleet at the beginning of the last war. We won't have that protection next time. * * *

"If we need X number of merchant ships to support operations 2,500 miles from the American coast line, we will require not twice as many but four times as many ships to support operations 5,000 miles away." (American Legion, March 1948.)

4. That the participation of American ships in the transportation of relief supplies would increase the dollar cost of the Marshall plan through higher freight rates.

What is not understood is that the cargo is carried at world rates and that American ships, which now constitute less than one-half of those engaged in this trade, must meet the competition of the foreign fleet which is fast increasing. It is admitted that the operating costs of the American ship are higher, but at the same level of revenue this only results in the foreign ship making a proportionally greater profit. This in contrast with the highly technical suggestion that the inclusion of American higher-operating-costs ships would maintain freight rates at a higher level. It is perfectly conceivable that if the American ships are forced out and the foreign ships have a monopoly, with the United States taxpayer paying the bill, we could easily have higher rather than lower rates. American ships engaged in the trade have their freight rates on bulk coal and grain controlled by the Maritime Commission, under the charter parties between the United States Government and the United States citizen charterer, so that no exorbitant or unreasonable rate could under any circumstances be charged.

5. That the United States should agree to transfer certain of its dry-cargo ships to the Marshall-plan nations in consideration of a curtailment of the shipbuilding program of these European nations.

The suggestion has already been made by the American Government to the Marshall-plan nations and definitely refused, their reason being that their shortage is in small and special-type ships of a character we cannot supply. Our authority for this statement is the report of the Harriman committee.

6. That we should not be reluctant to see these dry-cargo ships transferred to foreign flag and control, as they would (a) be returned to us at the end of the charter period, or (b) we could in any event build superior ships to replace them.

We have been able to find no one in the industry who believes these ships would ever be returned. Our experience with Russia would support this view.

The industry anticipates that at the end of any charter period some excuse will be found based on the age, condition, or some other factor, to retain the ships in foreign

control for a very minor consideration. As far as the building of superior ships is concerned, this we can undoubtedly do. However, even the most optimistic viewpoint of design and economics would not permit such new vessel to compete against the present dry-cargo ships in the hands foreign competitors with relatively no capital costs and with cheap foreign crews. Again the question is not how many ships one has as a merchant fleet but how much business there is available to keep such a merchant fleet in operation on a level of economics which may be met.

We call attention to the press reports from The Hague recently confirmed by the burgomaster of Rotterdam that the Netherlands is bartering ships to Finland, Poland, and Yugoslavia for timber, coal, and grain. While not criticizing the Netherlands for meeting their difficult economic crisis in whatever manner is available, it must be recognized that the availability of these United States ships for the carriage of cargoes to Holland would facilitate the availability of other Dutch vessels for such purpose.

7. The proposed bill authorizes the Administrator to charter such vessels to the participating nations on any terms which the Administrator may decide.

All informed persons will agree that this amounts in substance to a grant-in-aid and that no charter hire would be paid by the foreigner. On the other hand, the present United States charterers are required by law and are paying approximately \$90,000 per year for each Liberty-type vessel. This, we submit, is a rank discrimination against the American in favor of the foreigner when we are comparing the cost of such transportation by the two methods. Even if the foreigner were required to pay charter hire, it would be necessary for us to supply the United States funds for such purpose.

Another instance of discrimination is removal of the American crew and the substitution of a foreign crew. The contention has been made that through the utilization of cheap foreign labor the transportation costs may be reduced. There are other offset factors which minimize this result. In any event, this is an un-American approach, and there would be equal justification to import cheap foreign labor to produce the coal, wheat, and other commodities to be shipped abroad. Aid to the European nations should be the generous act of the whole American people. It should not be visited upon the shipping industry or American seamen disproportionately and inequitably.

8. It has been argued that the prewar fleets of the Marshall-plan nations have not been restored. Therefore, in our efforts to aid their recovery we would be justified under certain conditions in contributing ship tonnage.

The federation has shown in numerous instances that the prewar fleets of these nations have been restored; that the greatest shipbuilding activity in their history is now under way; that by 1951 they will possess approximately 8,000,000 tons more shipping than prewar and a larger percentage of the estimated active world merchant fleets.

Perhaps, however, the best authority on this subject is the document forwarded to Congressman LODGE by the United States Maritime Commission on March 4, 1948, which states, "The merchant fleets of the 16 nations are already fully rehabilitated" and which is followed by four pages of detail substantiating evidence.

9. There has been a contention that the transfer of dry-cargo ships to the participating nations is essential to the successful operation and the minimum cost of the Marshall plan.

The facts are that there is already surplus of such ships in operation to handle the flow of relief cargoes of the character contemplated which are already at peak movement. This is evidenced by the fact that approximately three such ships per day are being returned to the Maritime Commission by United States charterers due to the constantly increasing size of the foreign fleets. To charter the 200 ships now proposed would only result in immediately diminishing American participation by this amount. It is small consolation to the shipping industry and to the seamen to be told that inasmuch as the American participation is diminishing this should be accelerated. It is a small solace to the American seaman who finds himself out of a job. This, however, is the short-range problem. The main problem is how United States ships may compete in the future against such ships in foreign hands with no capital costs and low-wage crews. As to the real need of these vessels under the improved conditions of coal production and anticipated harvest, we quote from the Norwegian Journal of Commerce and Shipping, dated January 17, 1948:

"As a consequence, there should be no plausible reason for large-scale transfers of American Government-owned tonnage to European flags at this early stage. There is ample reason to await developments in this respect. This so much the more as developments during the 6 months which have elapsed since the Paris conference have shown a decided increase in the European coal output. It would appear that this tendency will prevail to an increasing degree."

10. The act as drafted by the House contains the statement that the vessels so chartered shall be "not in operation at the time of charter."

The requirement only emphasizes the misunderstanding of the subject. With sufficient vessels in service to handle all of the business the alternatives are: (a) To transfer from United States-flag management and manning to foreign-flag management and manning a ship already in operation; or (b) to take from lay-up an idle vessel, man her with a foreign crew, give her foreign management and foreign flag, and force a corresponding United States vessel from operation and into lay-up. This to be successively practiced until 200 ships have been commissioned and 200 ships have been decommissioned with a loss of employment to eight or nine thousand American seamen.

The transfer of a vessel from United States to foreign charter, with change of flag, crew, etc., would cost anywhere from twenty-five to one hundred and fourteen thousand dollars per ship, depending upon whether from active or recent operation, or from lay-up reserve. It is perfectly obvious that no sleight-of-hand operation such as the second alternative would occur. The only purpose of such a provision is the political one to furnish a basis to claim that American ships were not being deprived of employment nor American seamen of their jobs. A person with the most elementary knowledge of shipping knows that it is not a question of the number of ships but of the volume of business available to employ a number of ships.

Estimate of proposed saving in Marshall plan cost by chartering 200 merchant ships, as provided in S. 2202, sec. 111 (a) (4)

The Paris report, dated September 1947, states the need of United States flag bulk dry-cargo ships as follows:

1948	-----	\$6,300,000
1949	-----	3,200,000
1950	-----	1,700,000

All of the proposed charter vessels will probably not be in service before September or later; but, assuming July 1, 1948, the 200 ships could possibly under the most favor-

able circumstances render the following services:

	Ship-years
1948-----	100
1949-----	200
1950-----	170

A total of----- 470

The present freight rates over the range of ports from the German ports to Greece average about \$8.25 per ton, including coal and grain, which are the bulk commodities. For conservative estimating, let us say that the rate is \$8.50.

It is known that each ship can carry 9,000 tons of cargo per voyage, and the experience rating shows over this range of ports that five round trips per year is a liberal figure.

On the foregoing factors, our computation then reads:

Gross freight moneys paid: 470
ship-years times 5 trips times
9,000 tons at \$8.50----- \$179, 800, 000

Less:

Nontransferable cost such as
United States port charges,
fuel, and other expenses
which must be paid for in
dollars (Harriman report
estimates at \$3 per ton)--- 63, 500, 000

Basic charter hire at 15 per-
cent of statutory sales
price, using Liberty ships,
which are the cheapest--- 45, 000, 000

Breaking-out and laying-up
expense. This will vary
from a minimum of \$25,000
per ship if active or re-
cently active ships are
transferred, to \$114,000 per
ship if laid-up-fleet vessels
are used. Taking the aver-
age at \$50,000----- 10, 000, 000

Lost income taxes from sea-
men and officers----- 2, 000, 000

Unemployment compensa-
tion for 8,000 seamen for
13 weeks at \$25 per week. 2, 600, 000

Cost of bringing 8,000 for-
eign seamen to United
States ports, wages, sub-
sistence, and housing while
commissioning vessels un-
der charter, at \$500 per
man----- 4, 000, 000

Total deductions----- 127, 100, 000

Maximum saving----- 52, 700, 000

The CHAIRMAN. The Chair recog-
nizes the gentleman from California [Mr.
HAVENNER].

(Mr. HAVENNER asked and was given
permission to revise and extend his re-
marks.)

Mr. HAVENNER. Mr. Chairman, I
shall support this amendment to the
pending bill, striking out the authoriza-
tion to charter 200 American vessels to
foreign countries. I believe that the
House committee made a very serious
mistake by inserting this dangerous pro-
vision in the bill, particularly in view of
the fact that the other body, after
lengthy discussion and very thorough
consideration of the subject, decided to
omit it.

If the solemn warnings to Congress by
the President and the Secretary of State
that the American people are in the
shadow of a national emergency are to be
accepted at face value, then it would be
the most destructive kind of folly to per-
mit these ships to be taken away from us
at this time. Through bitter experience

in the past we have learned that the
American merchant marine is a prime
factor in our national defense. When
we were plunged into World War II, our
merchant marine was a hollow shell, and
it was immediately necessary for us to
mobilize the vast industrial resources of
the Nation in a great shipbuilding pro-
gram in order that munitions and sup-
plies could be transported with our
armed forces to the remote places of the
earth where that war had to be waged.
This was a tremendous undertaking,
costing many billions of dollars, and the
ultimate outcome of the war was delayed
and endangered by our initial unpre-
paredness for adequate maritime trans-
portation.

Since the shooting war ended our Gov-
ernment has again permitted the mer-
chant marine to dwindle to a dangerous
low level of strength. This proposal to
reduce it still further by giving away 200
cargo ships can only be characterized as
sheer madness.

The Maritime Commission and the
American shipping industry have pre-
sented most convincing evidence to this
Congress that sufficient aid in ships has
already been given to the nations which
would be the recipients of this additional
benefit. The transfer of more ships
would be gravely detrimental, not only to
our national defense, but to our Nation's
shipping industry, including labor as well
as the ship operators.

No other economic segment of our Na-
tion is being asked at its own expense to
place the competitive industries of other
nations in a better position than they en-
joyed prior to the recent war. Any
further transfer of ship charters at this
time would constitute a threat to the se-
curity of the American people, as well as
to the welfare of an industry which is one
of our first lines of defense. Such a pro-
cedure would actually interfere with the
maximum execution of the recovery pro-
gram by delaying and disrupting the flow
of relief supplies to Europe. The pro-
posed transfer of these ships to foreign
nations would enable those nations to
release their own vessels for use in what
they consider more lucrative activities.
A study of the comparative prewar and
present postwar tonnage of the nations
involved shows that the majority of these
nations at the present time have more
merchant ships than they had prior to
World War II. The claim that savings
will be accomplished by putting these
American ships under foreign charters
has been refuted over and over again but
no one has gainsayed the destructive ef-
fect upon our American merchant ma-
rine.

Those of us in Congress who represent
districts bordering upon the Pacific coast
are keenly aware of the hazards to which
our constituents would be subjected if
this proposal were carried into effect.
We have bitter memories of the deplora-
ble state of unpreparedness in which we
found ourselves when the attack on Pearl
Harbor occurred. This black lesson of
national history must not be permitted to
be repeated.

The people of my district in the great
western port of San Francisco are deeply
alarmed by this dangerous section of

the House bill. Beyond its menacing ef-
fects upon the national defense, it would
have disastrous economic results in this
country. The employment of thousands
of men engaged in the ship-building
trades and in the maritime industry
would be jeopardized. This is a time,
Mr. Chairman, when our Nation should
be engaged in building a stronger mer-
chant marine and the pending proposal
to give away a large number of our few
remaining ships is utterly preposterous.
I earnestly hope that this crippling pro-
vision of the bill will be stricken out.

The CHAIRMAN. The Chair recog-
nizes the gentleman from Washington
[Mr. TOLLEFSON].

[Mr. TOLLEFSON addressed the Com-
mittee. His remarks will appear here-
after in the Appendix.]

(Mr. TOLLEFSON asked and was given
permission to revise and extend his re-
marks.)

The CHAIRMAN. The Chair recog-
nizes the gentleman from Virginia [Mr.
BLAND].

Mr. HAND. Mr. Chairman, if it is in
order, I should like to yield my time to
the distinguished ranking minority
member of the Committee on Merchant
Marine and Fisheries.

Mr. THOMPSON. Mr. Chairman, I
should also like to yield my time to the
distinguished gentleman from Virginia.

Mr. BLAND. I thank the gentlemen
for their kindness.

Mr. Chairman, I could not improve the
debate on this amendment if I would try
to. I have been a member of the Com-
mittee on Merchant Marine and Fish-
eries since 1921. I came here in 1918
when we were in the midst of a war. I
have said frequently that if we had had a
merchant marine when World War I was
threatened we would never have gone
into that war. If between World War I
and World War II we had provided an
adequate merchant marine, I do not be-
lieve we would have engaged in the last
war. Now we are guarding against a
third world war.

Someone asked a question as to these
being charters. Charters? Do you know
that today we are trying to get back from
Russia 89 ships that were allotted to her
under lend-lease? We have moved
heaven and earth, and the chairman of
the Committee on Merchant Marine and
Fisheries, the gentleman from Ohio [Mr.
WEICHEL] has been trying in every way
he could to get those ships back, but we
have not got them back. We are still told
that these ships will be given back be-
cause they are chartered, but when they
are chartered, and it is said over there
that they are given away, we are not go-
ing to war to get them back, and they
will be lost.

Let us preserve our independence, our
manhood, and our people by keeping our
ships here, ready. If war comes and we
have to go abroad, we want those ships.
Whatever the condition is, we want the
ships to protect America. I have been
fighting for that since 1921 and I am
willing to continue my fight.

Mr. THOMPSON. Mr. Chairman, I
ask unanimous consent to extend my re-
marks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMPSON. Mr. Chairman, a few weeks ago the Committee on Merchant Marine and Fisheries thoroughly thrashed out the question of advisability of extending the Ship Sales Act. In the course of our deliberations we concluded that it was wholly unwise and unwarranted to make further transfers by sale or charter or any other manner of any more of our surplus ships to foreign flags.

We heard testimony from the State Department, from ship operators, from our own Maritime Commission, and from others who were qualified to speak as experts. The State Department did not give us one single reason why we should dispose of any more of our ships except to say that they thought it was economically wise to rebuild the foreign merchant marine to its prewar level. Since this has already been accomplished and the foreign merchant fleets have already been restored, we did not regard this as a valid reason. It is apparently a little known fact that we have already rebuilt the foreign fleets. Nevertheless, it is true, and some foreign nations are already so far above their own requirements that they are chartering some of their surplus ships to still other foreign flags.

We Americans do peculiar things sometimes, and we do not always use the best judgment in making our decisions. For one thing, we are extremely generous and a "soft touch" for less fortunate nations—which they all are. We bend far over backward to demonstrate our national generosity, just as we are now proposing to do. We have another peculiar trait which prompts us to take the advice of almost anyone except those qualified to speak. We ask the man on the street how to doctor ourselves when we are under the weather. We ask the druggist for legal advice, and let the Ladies' Aid Society tell us how to defend the Nation from attack. We drive our doctor nuts when we call on him finally to undo the error we may have made when we find ourselves really sick. The lawyer all too often has to get us out of a legal jam, and by following the inexpert advice of the pacifistic idealists we have twice in recent years had to call upon the military experts to get us out of devastating war.

Now, when we are proposing to tamper with the merchant marine and to seriously impair the economics of that extremely important business, it is significant that not one single member of the Committee on Merchant Marine and Fisheries has been consulted, nor, so far as I know, have any members of the Maritime Commission, the Navy, nor any others who might qualify as experts.

We hear only vague statements to the effect that it will be more economical for us to ship by foreign vessels. I have no inclination to get you all tangled up in a mass of figures, but I do think you will be interested in a general analysis of the fallacy of this idea and in the factors which make it a fallacy.

The committee in its report says that it would be uneconomical and contrary to the best interests of the American people to prohibit the transfer of laid-up American merchant-marine ships for a limited period. Now let's see whether it would be uneconomical to make the transfer.

You will note if you read the bill that the ships in question are now laid up. They have been stripped and are not ready to go to sea. Many of them are in need of extensive overhaul and replacement of a great deal of essential equipment. All of this overhaul, all of the repair work, all of the expenses of every kind are to be paid for by the United States. The cost is variously estimated, depending upon the condition of each individual ship, at from \$25,000 to considerably over \$100,000. If the average is \$50,000, which is extremely conservative, then the cost to the United States for this one item alone will be \$10,000,000. The United States has sufficient ships under its own flag to carry the commodities provided under the Marshall plan. It follows, therefore, that if we put foreign ships in competition with our own, then our own ships will have to be laid up. Their crews will be on the beach, and they will be subject to unemployment insurance. The operators will lose the income to which they are entitled, the Government will lose the taxes; the ships which are laid up will begin deteriorating far more rapidly than they would if they were kept in operation.

In the case of the foreign ships, the United States would pay in dollars for port charges, fuel supplies, and loading. This group of items alone will run over \$60,000,000, based on the expected tonnage to be handled by the ships in question.

Then there is an interesting little item of transportation, wages, subsistence, and lodging for 8,000 foreign seamen who would come to the United States ports and stand by while the vessels are being made ready for delivery. The best advice I can get on the subject indicates that this little item will cost our Government \$4,000,000.

It all totals up to an outlay on our part of some \$128,000,000, none of which would have to be spent if we used our own ships. I invite your attention to just one other item and it is of grave and critical importance at this moment.

There is a fleet of submarines in this world composed of the best and most modern types. There are supposed to be 200 of them and some have been reported prowling around off our Pacific coast in recent days. If we should be suddenly attacked it is very likely that these submarines would sink every vessel they could find and we would, therefore, be faced with an immediate shortage of ships with which to support the Navy and to move troops and supplies to strategic points around the world. We would then be forced to immediately start building more ships. During the last war, they cost us \$1,800,000 apiece. Today they would cost a good deal more.

These particular 200 ships, scattered around among the nations of Europe, would fall an easy prey to the attacker and would very likely be sunk or taken over in large numbers. If you fritter away these 200 ships, you ought to set aside immediately the funds with which to replace them, because you are certainly going to have to do that very thing.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Chairman, I am in favor of this amendment. We need a strong merchant marine now and we may need a stronger one in the years ahead. We are building a strong merchant marine in this country and it certainly does not make sense to give away ships we may be sorely in need of in the not too distant future. Let us do nothing to weaken this very important arm of our national defense.

(Mrs. NORTON asked and was given permission to revise and extend her remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, I hold in my hand a copy of the Merchant Marine Act of 1936 referred to as the Magna Carta of the American merchant marine. I served 20 years on the Committee on Merchant Marine and took an active part in making this legislation possible.

The opening line of section I, of that act reads as follows:

It is necessary for the national defense and the development of its foreign and domestic commerce.

It further states that—

It must be capable of serving as a naval and military auxiliary in time of war or national emergency.

Mr. Chairman, the four main links in our national defense are Army, Navy, Air Service, and merchant marine. They are all interdependent upon each other and, like any chain, it is no stronger than its weakest link.

It cost this Government \$15,000,000,000 to build a merchant marine necessary to win the Second World War. We were building ships until V-day in Europe. Every ship built in this country was in actual use by this country until that time. Mr. Chairman, Britain was building ships for her postwar trade before V-day in Europe. Not only was she building ships for her own postwar trade, but she was building ships before V-day in Europe for neutral Portugal. Britain today has a greater tonnage of better ships than she had before the outbreak of the Second World War. Sweden took advantage of her neutrality to build over a million tons of splendid ships for her postwar trade.

The proposal to transfer 200 dry cargo ships to participating nations was stricken from the bill on the floor of the other body by a unanimous vote. It may be true that we have more ships of the Liberty type than we actually need in time of peace, but in time of war we need

every vessel in our merchant fleet right here in this country as our auxiliary Navy and as an integral part of our national defense. Anything may happen with world conditions as they are today. Give to participating nations money, or our products, or our wares, but in the name of common sense and national security let us keep our ships and strike from the bill the provision turning over our ships and thereby weakening our national defense.

AMERICAN FEDERATION OF LABOR,
Washington, D. C., March 24, 1948.
The Honorable RICHARD J. WELCH,
The House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: Being fully aware of the keen interest you take in the American merchant marine, I wish to direct your attention to paragraph (4) of section 111 of the bill S. 2202, the so-called European Recovery Act. The paragraph to which I direct your attention is found on pages 65 and 66 of the Senate act as reported to the House of Representatives.

When the Senate bill was reported it also contained a paragraph providing for the chartering, to participating countries, of a number of merchant vessels owned by the United States. We supported an amendment proposed by Senator BREWSTER which struck the provision from the bill.

The American Federation of Labor strongly urges the Members of the United States House of Representatives to drop the House provision above mentioned, which permits the chartering of 200 American cargo vessels to foreign nations, as the leasing of these vessels to foreign countries certainly will not build up the American merchant marine, and, in addition, will cause disemployment of 200 American crews.

Needless to say, the maintenance of the American merchant marine is of primary importance to our national defense and, as one of the earliest and strongest supporters of the Marshall plan, the American Federation of Labor calls for the elimination of the proposal for the leasing of American ships to foreign nations, with only the best interests of the European recovery program at heart.

Sincerely,

W. C. HUSHING,
Chairman, National Legislative Committee,
American Federation of Labor.

SAN FRANCISCO, CALIF., March 22, 1948.
Hon. RICHARD J. WELCH,
House of Representatives,
Washington, D. C.:

Alarmed by revival in House ERP bill of plan to charter American vessels to foreign nations. Believe charter plan as recommended by House Foreign Affairs Committee dangerous to national defense as well as to security of maritime workers and industry. Long debate on plan would serve only to obstruct ERP. Charter of vessels to foreign nations, all of whom have returned to pre-war maritime strength, would weaken United States competitive position. Believe that Senate, House, and President acted in best interest of Nation when passed and approved extension of Merchant Ship Sales Act last month. This act prohibits foreign sales or charters. Since charters would not accomplish savings nor expedite ERP, we request your support of ERP as set out in S. 2202 eliminating foreign charters.

HUGH GALLAGHER,
Vice President and Operating Manager,
Matson Navigation Co.

SAN FRANCISCO, CALIF., March 22, 1948.
Hon. RICHARD J. WELCH,
House of Representatives:
As a citizen of San Francisco, in our second most important maritime State, I feel there

is no valid argument in favor of chartering 200 American ships to foreign nations under ERP as recommended by the House Foreign Affairs Committee. Such charters are unnecessary to the success of the Marshall plan. No additional ships are needed for relief haulage in the Atlantic; on the contrary, ships are in need of cargoes today and will be when the plan goes into effect since no more cargoes are planned under its first year of operation than moved last year. These nations are not in need of more ships to re-establish their prewar position. With over 1,000 American war-built ships already sold to foreign nations and with the ships being built abroad, their merchant fleets are already over prewar level. Already the five ERP nations have more vessels operating in the Pacific than prewar, in purely commercial trade, having nothing to do with the haulage of relief. The change-over of such ships now would only disrupt the even flow of relief goods. The loss of immediate control over so much shipping by the American people at this time would be perilous. All of these arguments have been heard over and over by the House and Senate. Congress made its decision when it passed the Extended Merchant Ship Sales Act not 30 days ago, prohibiting any foreign sales or charters. The Senate more recently reaffirmed this prohibition in its version of the Marshall plan. You are strongly urged to support the immediate adoption of S. 2202, as it affects American shipping.

H. F. CLIFFORD,
Luckenbach Steamship Co.

SAN FRANCISCO, CALIF., March 22, 1948.
Hon. RICHARD J. WELCH,
House of Representatives:

We are unable to understand reported action by the House Foreign Affairs Committee recommending the charter of 200 American ships to foreign nations under ERP. It is plain that this committee has acted on last-minute pressure from the State Department, which has rightly urged prompt passage of the Marshall plan. We are in accord with the view that a reasonable aid plan for Europe should be passed without delay. However, we point out that both Senate and House have had endless hearings in which they have heard all segments of American labor, all segments of American shipping, the United States Chamber of Commerce, many local chambers, and numerous other interested and informed bodies including the United States Maritime Commission itself. Not one of these groups has failed to vigorously oppose charters or sales. Yet each of them recognizes immediate need for European aid.

The Senate and House have heard every argument from every quarter and have made their decisions. They passed an extension of the Merchant Ship Sales Act not 30 days ago. The President signed this bill. It is now law and prohibits any charters or sales. The Senate more recently went on record against any such charters or sales when it passed the Vandenberg-Connally bill. Your efforts to prevent any such charters will simply be confirmation of present law and the present Senate version of the Marshall plan and we urge you vigorously to oppose this last-minute effort to scuttle the merchant marine which would release a substantial portion of our first line of defense from the immediate control of the American people.

VINCENT P. McMURDO,
West Coast Manager,
Luckenbach Steamship Co.

SAN FRANCISCO, CALIF., March 20, 1948.
Hon. RICHARD J. WELCH,
House Office Building, Washington, D. C.:
We are frankly amazed at the statement accredited by the press to a member of the House Foreign Affairs Committee that a

failure to provide for charters of American ships to foreign nations under ERP amounts to a subsidy for American shipping. Apparently this statement is based on a conviction that a substantial saving can be made to the United States as a result of such transfers. Our industry, through the National Federation of American Shipping, has repeatedly pointed out to interested committees that little, if any, real saving would result when proposed transfers are considered in the light of all the circumstances. Further, any real savings accomplished would be discriminatory against American shipping, both labor and operators. No other segment of our Nation is being asked at its own expense to place the competitive industry of another nation in a position better than it enjoyed prewar. We strongly urge that you act to prevent any such charters in accord with the Merchant Ship Sales Act and the already expressed feeling of the Senate in its passage of the Vandenberg-Connally bill. In addition to the foregoing, there of course is always the dangerous possibility of tonnage operating under a foreign flag falling into hands disadvantageous to our national security.

W. T. JEXTON,
President, Coastwise Line
(Coastwise Pacific Lines).

(Mr. WELCH asked and was given permission to revise and extend his remarks and include a number of communications with reference to the bill.)

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMAS].

Mr. THOMAS of Texas. Mr. Chairman, there are three good reasons why this section of the bill giving away 200 of our merchant ships should be stricken.

First. Instead of weakening our merchant marine fleet, we should be strengthening it because an army and air force overseas is helpless without a strong merchant marine fleet to supply it. In fact, our merchant marine fleet has been neglected to the point where it is now becoming serious. The President's Advisory Committee on Merchant Marine, in its report about 2 months ago, pointed out the danger signal.

Second. The paragraph clearly is discriminatory against the shipping industry and its employees. We all know that ERP will greatly benefit many types of industry, many producers of agricultural commodities, many forms of transportation, as well as other segments of our economy. Under normal course of business the shipping industry would benefit. So why penalize it and our merchant seamen.

Third. It does not make sense, in the light of world conditions, to give away a badly needed weapon of national defense, particularly in view of the fact that a ship cannot be ordered from a Sears Roebuck catalog. It takes time to build one, and time, if this country gets in trouble, is what we will need most. Recall during the dark days of 1941 that it was our old laid-up ships that really saved the day.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Chairman, a few minutes ago when a member of the committee said that this provision in the bill originated in the State Department, the cat was let out of the bag. It has been typical of the State Department in re-

cent years to attempt to destroy the American merchant marine. In substantiation of that statement, I remind you of the astounding fact that when the ships sales bill was under consideration in the Committee on Merchant Marine and Fisheries, the State Department proposed a provision which would permit the sale of American ships to foreigners on more advantageous terms than to Americans. This charter provision is equally outrageous. These 200 ships, if chartered to foreigners, would drive an equivalent American tonnage off the seas, to say nothing of bringing unemployment to their crews.

Furthermore, the bill, as you will notice, makes no mention of the terms of the charters. There is nothing in the bill to prevent chartering these ships to foreigners at the rate of a dollar a day. If that is the sort of measure the House proposes to enact after we have spent billions of our dollars during World War II to build up an American merchant marine, then I suggest that the House is not legislating with intelligence.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, I have only been in Congress for 7 years. During that period of time I have never known the State Department to represent the United States. It would be very revealing if they would turn their eyes toward the people of this Nation. They are like the well-known chameleons who, when they leave these shores, assume the colors of the country to which they are going instead of the country from whence they came. It took 800 ships, according to my friend the distinguished gentleman from Pennsylvania [Mr. VAN ZANDT], to accomplish the Leyte invasion, and 1,200 ships from the merchant marine at Lingayen Gulf, and 2,500 ships were to be used against the Japanese mainland. You can forget about your Air Force, you can forget about your Navy, you can forget about your Army, if today you forget about your merchant ships. It just does not make sense. It is like a dog trying to run on three legs. This country cannot run on three legs as long as the State Department lampoons the people and immobilizes the merchant marine. The merchant marine is the only thing that can carry our auxiliaries and mechanisms of war wherever we may have to fight a war. You can vote today on this proposition, but remember we will have an unbalanced defense force in the event of another war. The State Department does not represent my district on the proposition in which they recommend the destruction of our merchant marine.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, it is quite a commentary on the way this legislation is being pressured through that on this amendment, so vital to the American merchant marine, a gag rule of 45 minutes has been applied, and the many Members who are resolved to fight for the merchant marine have a minute and a half apiece in which to do it. Obviously no argument can be made in that

time. I can only point out, as a member of the Committee on Merchant Marine, and as such, charged with a special study and special responsibility in maritime matters, that if this amendment is not adopted, it will be a knockout blow to the merchant marine of this country and will put thousands of American seamen on the unemployment rolls.

The only argument in favor of chartering the ships is economy. It is a fine time for the proponents of this bill to start talking about economy. Every move except this one has been to add a few hundred millions to the cost. But this will not save money, Mr. Chairman, not one cent. The money appropriated in this bill will be spent. It might get some more goods shipped to Europe, but it will not save the American taxpayers. On the contrary, they will lose, at least to the extent of the revenues from chartering American ships to American operators, and from taxes derived from these operations.

The merchant marine is an integral and important part of our defenses, and as such we must guard it.

The other body had the good sense to knock out this provision, and we must do likewise.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WOLVERTON].

IN FAVOR OF AMENDMENT TO STRIKE OUT OF EUROPEAN RECOVERY BILL SECTION RELATING TO TRANSFER OF 200 SHIPS

Mr. WOLVERTON. Mr. Chairman, as one of those who desire to support the foreign assistance bill, now under consideration, I am distressed to find that the bill provides for an additional transfer of 200 ships. This, in my opinion, is a great mistake. It ignores entirely the basic facts with respect to the need of any such transfer in a program of recovery for European shipping. I was a member of the Colmer committee and the Herter committee. I visited Europe. I think I know what these countries need. They do not need these 200 additional ships.

It is difficult to understand upon what theory of need the Foreign Affairs Committee decided in favor of this additional transfer. The Senate could see no necessity and accordingly voted it down. The House committee has overlooked the fact that the American merchant marine fleet has already been depleted by a transfer to European nations of 1,054 large ocean going vessels. Of course, no one would charge that the committee has intentionally sought to sabotage the American merchant marine, but, that nevertheless will be the practical effect of its latest action in further depleting our fleet.

European shipping has already had all the recovery it should have as a result of American contribution. The 1,054 ships already transferred is a very generous help toward foreign shipping. Why should there be any further help given in this regard? We should not become so zealous in our desire to help as to seriously hinder and handicap our own shipping. It has been a long hard struggle to build an American merchant marine and now when we begin to realize

it we start to throw it away. It just does not make sense to anyone who thinks in terms of our own interests. European shipping has already had its recovery program. This program of further transferring ships makes us look ridiculous and it is ridiculous. All of the advantages which the sponsors of this further gift portray can be accomplished by European nations utilizing 200 of the 1,054 ships we have already given. There is a time to be generous and a time to be sensible in displaying a charitable purpose. We have been more than generous by the transfer of 1,054 ships already given. It is time now to be sensible and withhold this additional transfer of ships.

Every Member of the House before voting to sustain the transfer of 200 ships as provided for in this bill should determine:

First. Will the charter of 200 vessels from the laid-up fleet to foreign nations affect the American merchant marine?

As an answer to this question, I submit that the charter of 200 vessels to foreign nations from the laid-up fleet will result in the immediate lay-up of at least 200 vessels presently flying the United States flag. During the last 6 months of 1947, over 370 vessels flying the United States flag were laid up in our reserve fleet. During January 1948, 58 vessels flying the United States flag were sent to the laid-up fleet. During the first few weeks of February, American ship owners informed the Maritime Commission that they are returning an additional 58 vessels for lay-up. Hardly a day passes when one or two vessels are not turned back to the United States Maritime Commission. The lay-up of American-flag vessels is a direct result of the large-scale construction of vessels abroad and the numerous transfers of American tonnage to foreign flags. There is at present an excess of large tonnage over the demand, and the American fleet being the highest-cost operator suffers all of the contraction. It is folly to suggest that vessels transferred to foreign flags from our laid-up fleet do not affect the active American fleet. Actually, if transfers are to be made, it would be wiser to haul down the American flag on an active ship and turn it over to foreign flag, since the cost of removing a vessel from lay-up for charter to a foreign government and of returning an American-flag vessel to lay-up is approximately \$25,000. The cost of removing 200 vessels from lay-up for foreign charter, and of returning 200 American vessels to lay-up would be approximately \$4,500,000-\$5,000,000.

Second. Will the refusal of the United States Government to transfer additional vessels to foreign countries increase the cost of the European recovery program?

As an answer to this question, I submit an unqualified "no." The Congress is going to appropriate a specified amount of money for the European recovery program. Whether the goods secured under the program are to be carried in American vessels or in foreign vessels will not alter the sum appropriated by the Congress. Hence, the cost to the American taxpayer will not be increased if

provisions are made for the transportation of a certain portion of the ERP commodities in American vessels. It has been argued, however, that, insofar as dollars must be used for the purchase of American shipping services, they will not be available for the purchase of other commodities. This argument is truthful, but it does not tell the full story. There is no doubt that there will be some savings in dollars if the 16 European nations were able to transport all of the ERP goods in their own bottoms. However, the savings has been greatly overestimated. Despite the fact that the State Department's original estimates ran between five hundred and six hundred million dollars, the Herter committee in its report entitled "Transportation as It Affects the European Recovery Program," comes to the same conclusion as the National Federation of American Shipping, namely, that the saving at most will run between two hundred and three hundred million dollars. As the National Federation has pointed out, the estimated saving is about 2 percent of the amount of funds to be made available under the ERP. These savings must be counterbalanced by a number of other factors. Our Nation spent over \$225,000,000 training the maritime labor force we now have. Dissipation of this maritime labor force by the transfer of additional vessels to foreign countries will be a real loss to our Nation which must be counter-balanced against the alleged savings. Similarly, seamen will be thrown out of work and their families will suffer hardships. There will be the cost of unemployment-insurance benefits and the loss of the taxes paid by seamen and the business that their earnings generate. Hence, the question really before the Congress is one of balancing a small diversion on the part of the European nations from certain commodities purchases to shipping-service purchases against the great loss to our Nation. Moreover, we may well question why the American fleet must be driven off the seas while these European nations pay dollar freight for tonnage flying the Panamanian and Honduran flags which is owned by citizens of Greece, of Great Britain, of Sweden, and possibly of other European countries. If the 16 European nations are really interested in saving dollar freight, let them show their good intention by requiring their citizens to register their tonnage under their own flags.

It seems to me that European shipping has already had its ERP. Our Nation has met its moral obligation to aid in the rebuilding of the merchant fleets of our wartime allies by the transfer up to March 1 of over 1,054 large ocean vessels aggregating in excess of 8,000,000 dead-weight tons. As a result of these transfers and of expanded shipbuilding programs, the ERP nations today have considerably more large oceangoing vessels than they had before the war. If other industries in western Europe had similar recoveries there would be no need for any European recovery program today.

American shipping and shipbuilding in contrast has suffered a serious de-

cline. Because of these transfers and European launchings, the American bulk-cargo fleet in foreign trade has declined from 1,500 vessels last July to less than 900 today. This has meant large-scale unemployment amongst seamen, ship-repair workers, and has affected a host of industries related to shipping and shipbuilding.

It is important to point out that the exceptional revival of the European merchant fleets in regard to large vessels has been obscured by the tendency of our State Department and the sponsors of this bill to emphasize over-all tonnage figures. It is true that the European fleets are deficient in certain types of vessels, largely small vessels for short trades and passenger vessels. We have no vessels of this type available for sale to these nations. Nor will the transfer of additional vessels of the 10,000-ton category compensate for the lack of these particular types of vessels.

Further transfers of large vessels will, however, result in the immediate lay-up of at least an equal number of vessels operating under the American flag injuring the long-range prospects of the American merchant marine, reducing the revenue to the United States Treasury from charter, hire, taxes, and so forth, and causing additional wide-scale unemployment in the maritime industry.

Answering Secretary of State Marshall's letter of February 17 to the chairman of the Committee on Merchant Marine and Fisheries, I am at a loss to understand the logic of the State Department in this matter. The State Department says that there is 14,000,000 dead-weight tons of vessels idle in our laid-up fleet, and urges, since the American operators have no demand for these vessels, that we transfer some to foreign flags. The precise reason that American operators cannot utilize these vessels is the numerous transfers that have already been made. Further transfers will proportionally reduce the number of vessels now active that American operators can economically employ. The logic of the State Department followed to its conclusion will lead to the complete destruction of the American merchant marine.

There is no subject to which the Congress could more properly devote its attention than that of keeping alive the American shipbuilding industry and the building up of a merchant marine, commensurate with the size and importance of our Nation, adequate to meet the demands of peace and capable of being quickly expanded in time of war.

Just recently the Joint Congressional Air Policy Board, of which I had the honor and privilege of being a member, rendered to the Congress its report on the condition of our aircraft-manufacturing industry, the necessity of keeping it alive and ready to go at a moment's notice. The necessity of maintaining at all times a strong and up-to-date commercial air-carrier industry as well as fighting air force. The Air Policy Board was created by Congress because it was apparent that the aircraft-manufacturing industry was on its last legs, ready to die, unless help came in the form of an expanded program of construction.

The shipbuilding industry and our merchant marine are in identically the same condition as our aircraft industry. It is gasping. It is dying for lack of work. No one will deny that it is important to the economy of our Nation as well as our national security. In peace or war it is an absolute necessity and must be preserved with the same care and interest as we have displayed toward the aircraft industry. Both industries are in the same category of importance to our national welfare. Both should have the same consideration.

The report of the President's Advisory Committee on Shipping recognizes the importance of the shipping industry and the necessity to give it new life. It recommends a program of ship construction, all too small, it is true, but, nevertheless, leaves no doubt as to the necessity for such a program.

Other countries, even the very ones that are seeking financial and other relief from us, are engaged in shipbuilding programs. As an illustration, Great Britain and Ireland, as reported by Lloyd's Shipping Register, were building more than half of the 3,846,656-ton total of new merchant shipping under construction throughout the world on June 30, last. British shipyards at that time had under construction merchant ships totaling 2,062,949 gross tons—53.6 percent of the world total. This figure marked the greatest activity in British shipbuilding since 1922.

At the same time as the British yards were showing this shipbuilding activity the United States was constructing only 183,236 tons, about 9 percent of the British construction program.

The figures of ship production in other European countries when compared with our own are likewise disturbing—Sweden, France, Holland, Italy, likewise exceed our total tonnage of construction. Merchant tonnage under construction in British Dominion likewise exceed our own. Our construction exceeded only that of Denmark and Spain. This presents a sorry picture.

The Secretary of State says that the sale of our surplus vessels will produce revenue to the United States Government and reduce the cost of the foreign assistance program. Since most of the sales to date have been on credit, and since the chartered terms in regard to the 200 vessels whose charter the House Foreign Affairs Committee has authorized is uncertain, I find that the net result will be a loss rather than a gain in revenue. At the present time, American operators of these vessels are returning to the Treasury in the form of charter, hire, and taxes, millions of dollars each month. In regard to the increased cost of foreign-assistance programs should the Congress refuse to transfer further vessels, I have watched the extravagant estimates of certain agencies which originally totaled as high as \$600,000,000 reduced as more and more facts were brought to light until we are told today that the alleged saving would be in the neighborhood of \$100,000,000. I seriously doubt whether there would be any savings to this Nation.

The estimates in regard to savings flowing from the charter of 200 vessels fail to take into account the revenue now derived from the operation of a like number of ships under the American flag, the charter hire, the taxes, the earnings of seamen, and the general beneficial economic results that flow to a large number of industries and areas of our country. The estimates fail to take into account the increased cost of unemployment insurance for our maritime workers and the wasteful dissipation of a skilled maritime labor force build up during the war at a cost of over \$225,000,000 which would result from further transfers.

The Senate has on two different occasions voted unanimously to bar further transfer of American vessels. Less than 2 months ago this House, by a unanimous vote, took a like position. The action of the Senate and our prior action was based on sound reasoning. The proposals of the State Department, as embodied in the bill brought forth by the House Foreign Affairs Committee, on the other hand will seriously overtonnage the world merchant fleet with large vessels permanently impairing the opportunities for the development of the American merchant marine and the American shipbuilding industry.

I urge the Members of the House to reaffirm their previous decision and to eliminate the proposal contained in the bill to charter 200 vessels to foreign flags. I further urge the Members of the House to join with the Senate in providing that a reasonable proportion, a minimum of 50 percent, of the commodities to be exported under the European recovery program from the country be carried on American bottoms.

Mr. JUDD. Mr. Chairman, I rise in opposition to this amendment.

There are three basic reasons why it should be defeated. First, to save money; second, critical raw materials; and, third, national defense.

The American merchant marine must have a subsidy. There is not a man or woman in this House who disagrees with that. I will vote for whatever subsidy is necessary to give us the strongest merchant marine in the world. On the same basis that we vote direct subsidies to farmers to carry out price-support programs, the merchant marine ought to have a direct subsidy to the operators so that they can pay the wages that the American merchant seamen ought to have. But we should do it in a direct manner and not in disguise in the European recovery program. We should not go before the American people and ask them to give several billion dollars to put European countries on their feet, and then use several hundred millions of it as a subsidy for our own merchant marine. Furthermore, a sensible subsidy should be for the long-term world trade and not for this temporary program. When it ends we will be right where we are now, or still further behind.

A second way in which this amendment will increase the costs of shipping is that if the Administrator does not have this cushion to permit him to charter to the participating countries up to 200 vessels if needed, you know very well what will

happen to the market rates for shipping. When UNRRA was enacted, the market rates went from \$8 to \$12 per ton in a few weeks. Every private American shipper as well as the Government had to pay 50 percent more for everything he shipped anywhere, because there was not a cushion of expanded carrying capacity to give the Administrator a chance to hold down the rates.

We ought to have high wages for American seamen, but we should do it outright and not in this bill for European relief and recovery.

It is because those countries cannot get our old ships that they are building new and better ships, while we hang onto our obsolete ones and do not build new ones. They build new ships with critical raw materials, that we need here at home. With market rates set to take care of Uncle Sam, the highest cost operator in the world, the other countries can more than compete with us. They can make a killing with their lower costs when rates are even \$8 a ton, as at present, not to mention the \$10 or \$12 a ton to which they will probably go if this amendment is adopted. They are already making such a killing, at the expense of our taxpayers. Again, if you are worried about the argument that this provision in the bill will weaken our national defense, look at the statement of Secretary Forrester on February 11. Surely no one can accuse him of being less interested in our security than any person here, yet he said that in his opinion by the charter or transfer of title of up to 500 vessels we stand "to gain more from an over-all national security standpoint than we stand to lose." Our bill as it is, authorizes only the charter and of not to exceed 200 ships that will strengthen our national defense and not weaken it. The vessels are better off and more readily available if in operation by our allies than they are rotting away in the James River, or elsewhere, as are some 1,200 other vessels.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. Judd] has expired.

Mr. FALLON. Mr. Chairman, I ask unanimous consent that the 1½ minutes allowed to me may be assigned to the gentleman from Maryland [Mr. SASSCER].

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. SASSCER. Mr. Chairman, our merchant marine has traveled a tortuous and difficult path through the years. It is a vital part of our secondary defense. We have been loaning money to other countries to subsidize their merchant marine. That merchant marine is in competition with ours, which is but partially subsidized. It is my honest conviction that if we turn over these 200 ships we do not help European recovery. We will hinder European recovery, because by our so doing we weaken an important part of the fabric of our own economy, which naturally reflects itself throughout the world.

I think it is important and vital for us to keep these ships, and I hope this amendment will prevail.

(Mr. MALONEY asked and was granted permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from South Dakota [Mr. MUNDT] is recognized.

Mr. MUNDT. Mr. Chairman, this issue has been greatly confused during the debate this afternoon. It is not a question of dismantling the merchant marine at all. Nobody proposes to scuttle or even reduce our merchant marine. It is a question of taking 200 ships which are not now being used and loaning them to countries which can use them at a considerable saving to the American taxpayer, in order to have this legislation do what it was designed to do—that is, to strengthen the friends we have in Europe.

At no time is it contemplated scuttling the American merchant marine. It is utilizing ships that are not being used. Eighty percent of the present cargoes of our American merchant marine is comprised of foreign relief, paid for by American taxpayers. Those who want to see the taxpayer get his money's worth in this program will vote to continue the legislation as it now is.

I agree with the gentleman from Minnesota [Mr. Judd]. I want a strong merchant marine and I will vote to subsidize it to any extent necessary to keep the merchant marine strong, but I do not think we should raid a bill of this kind simply because special interests want to get the last pound of flesh which is available to them through refusing to loan idle merchant ships to friendly neighbors so as to reduce by some \$600,000,000 the burdens of our American taxpayers.

These 200 ships are being taken from a pool of ships not now being used, to loan them over to friendly countries, where they can use local currency, local sailors to ply the oceans without charge to us. It saves the American taxpayer most of the cost of transporting our supplies to the countries requiring and meriting our assistance.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. MUNDT] has expired.

The gentleman from Ohio [Mr. VORYS] is recognized for 1½ minutes to close the debate.

Mr. VORYS. Mr. Chairman, the committee's provision on shipping is based on this simple proposition, that people who get relief ought to haul it away at their own expense. On the other hand, this amendment proposes that the shipping interests, owners, and seamen, want to profit by relief at the expense of the American taxpayers.

We need a merchant marine but we ought not to subsidize it by loading hundreds of millions of extra dollars of relief costs for the merchant marine on to ERP.

The State Department says this proposed amendment might cost as much as \$600,000,000. The shipping interests appearing before the committee said that it can only cost our taxpayers \$200,000,000 more.

As for defense, Secretary Forrester has shown that the chartering of these ships

would add to the strength of our defense. It is inconceivable that with a privately owned fleet of nearly 11,000,000 tons we would need for defense these 200 ships that are not now being used. While the special interest flag-waving plea is very strong here, let me assure you that if you vote down this amendment you will not be striking at national defense, because line 11 of the committee bill provides that the President may terminate any charter when it is necessary in the interest of national security.

Defeating this amendment will save the taxpayers upward of \$200,000,000.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLMER].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 165, noes 32.

So the amendment was agreed to.

Mr. COLMER. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 65, lines 5 and 6, strike out the comma and the words "merchant vessels authorized to be chartered under paragraph 4 of this subsection."

Mr. COLMER. Mr. Chairman, I think the reading of the amendment is sufficient. Since the amendment striking out subsection (4) was adopted a moment ago, these words in the bill are surplusage.

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. BRADLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRADLEY:

On page 65, line 15, strike out the words "a substantial portion" and substitute in lieu thereof the words "at least fifty per centum."

Page 65, line 18, strike out the words "dry cargo."

(Mr. BRADLEY asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, in view of the fact that this traverses must the same matter that has already been debated I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BRADLEY. Mr. Chairman, the purpose of this amendment is to accomplish exactly what most of us think the language of the bill means, but what the Administrator of ERP may not understand it to mean. I have little doubt but that our Committee on Foreign Affairs wants American shipping given a fair share of these American cargoes, but I submit that the words "a substantial portion" are meaningless if interpreted by an unsympathetic administrator. They may call for 75 percent, or for 10 percent, insofar as official compliance with the law is concerned.

It has been the consistent policy of the Congress to protect American industries from cheap foreign competition. When the Congress considered a matter some-

what similar to this in 1934, it passed Public Law 17, which declared:

It is the sense of Congress that cargoes purchased with American Government loans will move 100 percent on American vessels.

I appreciate that the "sense of Congress" is not a hard and fast requirement but, nevertheless, I invite your attention to the fact that this declaration is still on the statute books—it is still the law of the land—and, furthermore, that it was passed by a New Deal Congress—a Congress supposed to be much less sympathetic in industry than this Republican-dominated House.

When ERP legislation was under consideration in the other body, a 50-percent requirement was written into the bill on the Floor without opposition. The amendment which I now offer brings the language of this House version into conformity with the bill as passed by the other body insofar as this provision is concerned.

If there is any one just criticism of this amendment, it is that the 50-percent requirement is too small. Just consider what it will accomplish. It does not require that American vessels carry one-half of all cargoes shipped out of the United States, although that would seem to be a fair request. It does not suggest that American vessels be given one-half of cargoes purchased with our money for European relief, wherever they may be obtained, although that also might be regarded as a fair request considering that American taxpayers foot the bills. Not at all. Not those things that would make common sense to the common man, but rather it assures Americans of only a few crumbs from the big loaf we are now baking to send abroad.

Please note carefully. This amendment requires only that American vessels shall carry one-half of the gross tonnage of commodities procured within the United States, out of funds made available under this title, and transported abroad on ocean vessels, and please note carefully once more—to the extent such vessels are available at market rates. Is this asking too much for our own people? Is this simple requirement going to make the law difficult to administer? Why, a good, competent, American moron could administer this simple provision of law, and I trust that the Administrator will have assistants above that level of intelligence. You may be told that this amendment will boost the cost of shipments. Just how? The language is plain—at market rates—and it is just plain horse sense that if we do not pay market rates to our own shipping, and to our own seamen, we will pay the same rates to foreigners.

No, Mr. Chairman. There are no real technical difficulties and no real additional expense features in this amendment. The objections boil right down to a steadfast determination on the part of the State Department to give American dollars—your dollars and my dollars—to foreigners to bolster their dollar exchange. I have heard this matter thrashed out with representatives of the State Department in the Merchant Marine and Fisheries Committee, and that

is the only logical conclusion I could reach. It is the State Department's thoroughly un-American approach to the thoroughly American problem of maintaining an adequate merchant marine under the Stars and Stripes. It would hand the very livelihood of thousands of Americans to foreigners of many lands.

Mr. Chairman, I hope those who believe in the American way of life will rise here in support of this amendment.

Let us keep at least a thin slice of bread for the American seaman and his family. Let us remember that we are Americans.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment presents an administratively impossible monstrosity to the Administrator. He would have to be more than a moron. He would have to be an Einstein to figure out this business of 50 percent of tonnage on American ships. Of course, it will mean that in order to be on the safe side he will have to put more than 50 percent of the tonnage in American bottoms, thus carrying on what the House has apparently decided should be done, a relief program, a WPA program for American shipping interests, at the expense of the taxpayers. I am not speaking for the State Department. I am speaking for parts of the country that do not have shipowners and seamen but like to see their dollars used in the most efficient manner rather than as an indirect subsidy to a special interest.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from South Dakota.

Mr. MUNDT. I would like to point out to the House that there is a joker in the amendment offered by the gentlemen from California which will come back to plague some of these gentlemen representing the eastern seaboard, and who so enthusiastically voted for the Colmer amendment. He has stricken out the words "dry cargo" which means that those tankers which you will need so badly to bring fuel oil to New England and the eastern seaboard areas next winter will not be available if you vote for the amendment, because he says that at least half of the tankers have to be used to export supplies to Europe. I caution you gentlemen from New England, who will be pleading next fall for oil, that if you vote for this amendment you will have nobody but yourselves to blame for it, for you are thereby saying that at least half of the tankers to be used in this program to carry fuel and supplies to those European countries must be our American tankers so badly needed here at home. In addition to that, let me point out that what the gentleman from Ohio has said is completely true. This simply makes it more of a WPA project for the shipowners and the ship unions, because it says that not only can we not lease any of these vessels to foreign countries, but at least half of the shipments have to be made in American ships.

Your committee has conscientiously tried to weed out all of the special self-interest aspects of this measure. We

have attempted to make it what it purports to be, a measure protecting the security of this country and not relief or subsidy for any special interest or any selfish group. But I want to emphasize the importance of at least keeping the tankers available to supply fuel oil for New England, and you people who pleaded so energetically to defeat the committee on the earlier amendment and now support this one will have an explanation to make to your constituents when they are cold next winter. Those of you from communities receiving your gasoline or fuel supplies in tankers better speak up now or forever hold your peace.

Mr. VORYS. Mr. Chairman, I want to make a sporting proposition to the House. Here is a 50-percent proposition in this amendment. You voted in one amendment on behalf of the shipowners and the unions. Now vote down one in favor of the taxpayers. Vote this one down. There is a 50-50 proposition.

Mr. MEYER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MEYER. Mr. Chairman, I shall vote for this European recovery program. That blunt statement is not to be construed as indicating that this has been an easy decision for me to make. It has been anything but that. I can think of no question or problem which has given me more concern than that posed by this measure. It is the most momentous and soul-wracking issue ever presented to me, in Congress or out. I know that I do not stand alone in this feeling, that many of you are perturbed by the magnitude of the problem with which we are confronted today.

Let me say here, Mr. Chairman, that the mass of unbridled and oftentimes wantonly raw propaganda that has drenched the country in behalf of this program has served much to becloud the issue and has made more difficult the making of a fair appraisal of such merits as the program may have.

Throughout the long period I have devoted in discussions and in following the hearings and the debate on this proposed foreign policy for a postwar recovery program, I have endeavored to maintain an open mind despite the resentment aroused by the propaganda for it and in spite of my feeling of skepticism for this approach to the world problem of Russian aggression which threatens to enshroud not only Europe but the world.

This skepticism has not been assuaged by the realization that we are now harvesting the bitter fruit of appeasement sown in secret agreements at Yalta, Tehran, and Potsdam. Neither has it been dissipated by our senseless policy of opposing Russia with the expenditure of billions of dollars of the taxpayers' money and at the same time permitting a continuance of the shipment of the sinews of war to this potential enemy.

The idea of foreign loans and gifts of additional billions of dollars from American taxpayers is repugnant to all my preconceived thinking. I am one of those

who feel that Europe should realize that America cannot become an international Santa Claus; that there is a bottom to our barrel of resources; and that the people of Europe should face up to that fact and rely upon their own initiative and will to do in their reconstruction plans.

But, Mr. Chairman, because of the abuses and inconsistencies of our foreign policy here we are, sitting on a powder keg with the world aflame and we must act. I can, therefore, see no alternative for us now at this late hour but to accept this program as a calculated risk which we must take. I am especially persuaded toward this conclusion by the fact that the measure before us specifically spells out a provision that the program shall be effectuated by an Administrator separate and apart from the State Department.

I am one of those, too, Mr. Chairman, who believes that a Representative in Congress should be just that—that he should represent as much as possible the majority view of a cross section of the thinking of the people of his district. To that end, following the President's message on March 17, when he gave dire warning that we are on the verge of war and urged early enactment of this European recovery program, I polled some 2,000 people in my district in all walks of life. Their interest in this vital question is indicated by the flood of prompt responses which I received. Throughout these returns there runs this common theme—that they are perturbed and have many misgivings as to the course we should pursue. Many wrote letters amplifying their views. A preponderant number joined in the feeling that we cannot now afford not to try this program in the face of world conditions as they confront us. One businessman and civic leader put it in a nutshell and voiced this preponderant opinion when he said:

In the light of what has been published and with a feeling of hope rather than conviction, it seems to me that the Marshall plan probably is worth the risk involved. As to the amounts that should be allowed, I am willing to accept the judgment of the Congress. In general terms, it seems to me that a rather liberal maximum should be set with the idea that we can afford to be generous if the plan works but that there should be safeguards so that we can call a halt if the plan does not work or the recipient countries do not play their part.

And so, Mr. Chairman, fortified with this poll of opinion from my home folks I must, as a Member of Congress, meet the issue presented. Repugnant as is this program of embarking upon another large grant of billions for foreign aid, I must assume my responsibility and weigh the possible benefits as against the ills of such a program. After prayerful consideration, and with due regard for the thinking of my people, I have come to the decision that the future security of these United States and the possible prevention of the further spread of communism, with the implications of the prevention of a third world war, by the enactment of this so-called Marshall plan, will outweigh the drain upon our domestic economy and financial resources.

I have come to this decision with a feeling of hope rather than conviction. This feeling of hope is bolstered by the

opinion of a great American, Herbert Hoover, who in his recent letter to the Speaker, gave his views and recommendations on the Marshall plan and came to this expressed conclusion:

I realize that many approach this gigantic experiment with great apprehension and a realization of the sacrifices it will mean to our people. All legislation must be the result of compromise. However, if it should produce economic, political, and self-defense unity in western Europe, and thus a major dam against Russian aggression, it would stem the tide now running so strongly against civilization and peace. The plan, if well devised and under a capable administrator, stands a good chance of success. I believe it is worth taking the chance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. BRADLEY].

The amendment was agreed to.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: On page 68, line 18, after "prescribe", insert "in regulations promulgated by him with the approval of the Comptroller General of the United States"; and on page 68, lines 19 and 20, delete everything after the word "title."

Mr. JUDD. Mr. Chairman, the committee has no objection to this amendment. It was worked out by the General Accounting Office.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. ISACSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ISACSON: On page 74, line 13, insert the following new subsection of section 111:

"(d) No portion of the funds or any other assistance authorized under this act shall be available for the procurement of petroleum or petroleum products from Middle East sources or for financing or in any other way assisting the exploitation and development of Middle East sources of petroleum or petroleum products. For the purposes of this title the Middle East shall include Saudi Arabia, Yemen, Iraq, Iran, Kuwait, and Bahrein."

On page 74, line 25, after "United States", insert "and the Middle East."

The CHAIRMAN. The Chair will advise the gentleman from New York that the last part of the amendment just reported, applying to line 25 on page 74, is part of section 112. That section has not yet been read, so that part of his amendment cannot be considered at this time.

Mr. ISACSON. Mr. Chairman, I ask unanimous consent that both be considered together.

Mr. VORYS. I object, Mr. Chairman.

Mr. ISACSON. I will speak on the first part of the amendment.

The CHAIRMAN. The gentleman will have to ask unanimous consent to modify his amendment so as to consider only the first part.

Mr. ISACSON. Mr. Chairman, I ask unanimous consent that my amendment be so modified.

Mr. VORYS. I object, Mr. Chairman.

Mr. BLOOM. I hope the gentleman will not object.

Mr. ISACSON. Mr. Chairman, I offer my amendment again.

The CHAIRMAN. With the latter part deleted?

Mr. ISACSON. With the last part omitted.

The CHAIRMAN. The Clerk will report the amendment as now offered.

The Clerk read as follows:

Amendment offered by Mr. ISACSON: On page 74, line 13, insert the following new subsection of section 111:

"(d) No portion of the funds or any other assistance authorized under this act shall be available for the procurement of petroleum or petroleum products from Middle East sources or for financing or in any other way assisting the exploitation and development of Middle East sources of petroleum or petroleum products. For the purposes of this title, the Middle East shall include Saudi Arabia, Yemen, Iraq, Iran, Kuwait, and Bahrein."

Mr. ISACSON. Mr. Chairman, my amendment would forbid the use of Marshall-plan dollars to buy Arab oil.

On Monday, March 22, in addressing this body, I charged that the administration's betrayal of the Palestine partition plan was compelled by the powerful oil lobby. I presented a factual indictment of the dealings of the Arabian-American Oil Co. with the Grand Mufti of Araby, which I challenged President Truman to deny. There has been no denial.

On Wednesday, March 25, in addressing this House further on this subject, I made an even more serious charge. I stated that the administration has abandoned the United Nations partition plan for Palestine as a direct corollary of this foreign-assistance bill under consideration. Again there has been no denial.

To support my contention, I cited section 112 (b) of the bill which directs the procurement of oil from sources outside the United States. In answer to the question "What sources outside the United States?" I cited the report of the Committee on Foreign Affairs, page 10, which reads as follows:

Petroleum, too, will furnish peculiar difficulties which are not rendered easier by the existing threats of political chaos in the Middle East, centering on Palestine. The whole European-recovery program depends in considerable measure on the development of the exportable oil of the Middle East in the next 3 or 4 years, since, without oil, not only its industrial users but transportation will be seriously crippled.

This language clearly established why the Jewish state was being betrayed.

This language clearly established why the United Nations was being destroyed.

This language clearly established why the plighted word of the United States was being broken.

The deal is simplicity itself. Aramco, with its new pipe line through the Arab nations, will produce oil cheaply. The Marshall-plan nations armed with 4,000,000,000 Marshall-plan dollars—out of a total \$17,000,000,000 program—specifically allocated for the purchase of oil outside of the United States of America under section 112 (b), will buy the oil at tremendously high prices. Result: Millions of dollars' profit for the oil interests.

Thus the Truman administration not only betrays the Jewish people, the American people, and peace itself, but

asks that the American people spend billions of dollars so as to make possible this betrayal which is so highly profitable to a few oil corporations.

Nor is this a minor aspect of the Foreign Assistance Act of 1948. All the studies behind the Marshall plan and the ERP have studiously avoided giving full information on anticipated expenditures for petroleum products and facilities. But the basic truth cannot be concealed: that more than one-fifth of the ERP outlay is intended to return to the coffers of American oil interests.

Five large American oil corporations are principally involved in the lavish expenditures of billions of dollars for oil procurement primarily from the Middle East and the Caribbean.

These include first of all the Standard Oil Co. of California and the Texas Corp., who jointly hold the huge concessions in Saudi Arabia and the Bahrein Islands. Two additional oil companies, Socony—short for Standard Oil Co. of New York—and the Standard Oil Co. of New Jersey have recently arranged to buy into the huge Saudi Arabian oil concession. These two companies also share in the huge Iraq oil concessions.

The Gulf Oil Co. and the Shell Co., a private British-Dutch oil monopoly, hold the remaining shares.

These five American oil companies will be the principal beneficiaries of the billion dollar oil expenditure under the Marshall plan.

"The public be damned" was the old motto of the trusts. "The peace be damned" is their new motto.

How lucrative the Middle East oil profits will be is apparent by the startling revelations which the National Defense Investigating Committee made last year in testimony which showed they were charging the American Government \$1.05 a barrel for oil which cost them about 40 cents.

When one considers how successful these companies have been in making huge profits on direct Government purchases it is clear that there will be even greater possibilities for profits under the indirect purchases and loose methods of ERP.

The purpose of my amendment today is to put a stop now to this whole deadly game by prohibiting the use of any ERP funds for financing Middle East oil imperialism.

It is my conviction that if this amendment is accepted, we shall see an early end to the current outburst of war hysterics and a resumption of our Nation's now-abandoned humane solution of Palestine.

If this amendment is accepted, the "peace be damned" imperialists will have lost their major objective—profits!

Yes, take the profits out of betrayal and we may yet witness a restoration of the partition plan for Palestine.

Take the profits out of betrayal and we may yet return to the security of a strong United Nations.

Take the profits out of betrayal and we may yet—yes, even yet—avoid the horrors and destruction of total war and once more tread the narrow path of peace.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment, and all amendments thereto, close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JACKSON of California. Mr. Chairman, I rise in opposition to the amendment, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACKSON of California. Mr. Chairman, I rise in opposition to the amendment just offered by the gentleman from New York. The amendment, as he says, does simply one thing, and that is, that it denies to this country the right to purchase oil in the Middle East with ERP funds. I say it does one thing more. It cuts the throat of the United States of America. It does that immediately his amendment is adopted. The amendment deprives the United States of the ability to maintain itself as a strong Nation and as the only hope of the world today. It renders it impossible for us to obtain from the Middle East any oil under this program. Which means that all of the oil to be provided ERP countries would of necessity have to be diverted from our own critically short supplies.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I would prefer to continue.

Mr. BLOOM. It does not prevent us from buying oil over there. It prevents us from using this money to buy the oil. That is the way I understand it.

Mr. JACKSON of California. That is one interpretation.

Mr. BLOOM. I do not want the impression to go out that we could not buy any oil at all, but the money appropriated under the Marshall plan cannot be used.

Mr. JACKSON of California. The purpose of the amendment, whether expressed or not, is to prohibit purchase by this country of Middle East oil.

The Secretary of Defense has stated before the Committee on Foreign Affairs that denied access to the oil of the Middle East we would be unable to run our peacetime economy today, let alone any possible wartime economy. Industrial production in this country is so high at the present time that it is essential that we obtain every drop of oil and petroleum products possible from every available source.

Mr. ISACSON. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I prefer to finish first.

We are talking about a 70-group air force and talking about the enlargement of the Military Establishment, if it becomes necessary in the light of present circumstances. Failing access to the oil, what will we put in the gas tanks of the planes, the tanks and the ships—Coca Cola? It is going to take gas and petroleum products and oil from every

source in the world to run in high gear today in the face of Red aggression. We cannot place manacles upon our hands as we approach the realities of a world in turmoil, where conquest and force run rampant.

If for no other reason, this amendment should be defeated, because it is an attack upon not only this program but upon this country as well. It is part of the pattern of planned chaos that we have seen in the past and that we shall continue to hear on the floor of this House. Here is an opportunity for this House to stamp its condemnation on words which might have appeared in the Daily Worker or which might have been spoken through the propaganda pipe lines from Moscow.

Mr. ISACSON. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. Yes, I yield.

Mr. ISACSON. Are you trying to tell this body that any resolution aimed against the Grand Mufti, against the Arabs, against the utilization of oil for the slaughter of innocent Jewish settlers is a resolution against the interest of this Nation? Is that what you are telling us?

Mr. JACKSON of California. I am telling the gentleman only that the national interest of the United States of America and the national defense of our country is of prime and total importance to me. I see in the gentleman's amendment a direct attack against those things. Therefore, I ask for a unanimous vote against the amendment.

The CHAIRMAN. The time of the gentleman from California [Mr. JACKSON] has expired.

The question is on the amendment offered by the gentleman from New York [Mr. ISACSON].

The amendment was rejected.

Mr. MATHEWS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman—

The moving finger writes; and, having writ,
Moves on: Nor all your piety nor wit
Shall lure it back to cancel half a line,
Nor all your tears wash out a word of it.

Upon the pages of history for three long years the "moving finger" of events has written the garbled, contradictory and incomprehensible record of waste, error, and futility known as the bipartisan foreign policy, spearheaded by the Democratic New Deal and tail-feathered by Republican internationalists. With it has gone \$20,000,000,000 worth of our Nation's resources and the industry of the Americans who have likewise paid for it.

The continually repeated objectives of this policy were to stop communism and prevent another war, objectives with which no good citizen could quarrel. Yet, now, after 3 years, we are further from the attainment of these ends than ever.

Do not take my word for it. Examine the sad admissions of the two men who have led the parade—President Truman and his Secretary of State Marshall.

The speech of the President to the joint session of this Congress on March 17 of this year was the nearest acknowl-

edgment that this country is in imminent danger of war that could be made in high diplomatic language.

As for stopping communism, 2 days later, March 19, at Berkeley, Calif., Secretary Marshall said:

Never before in history has the world situation been more threatening to our ideals than at the present time.

Have there ever been, in human experience, greater acknowledgments of failure, or more unqualified indictments of their own policies, than the statements of these two men?

That is the record. Neither the piety of starry-eyed global operators nor all the wit of New Deal speech and propaganda writers shall lure the Finger back to cancel half a line of that record nor all your tears and all mine wash out a word of it.

Who keeps telling us democracy can be saved only by preventing another war? The same people and their prototypes who twice previously, with an interval of a quarter of a century, told us the only way to save it was by fighting two wars.

What did these people tell us we would get out of the last of these wars? A brave new world. This is it. What do you think of it? The Atlantic Charter. Does it even exist? The four freedoms, including freedom from want and freedom from fear. Was there ever a time when want and fear were so rampant in the world as today? American world leadership. How do you like the kind you have had so far?

It is these same people who for 3 years have been skipping happily along behind the bipartisan foreign policy to stop communism and prevent war, strewing roses of hope, violets of faith and lillies of optimism.

Since World War II, from a constantly deteriorating position of military, diplomatic, moral, and economic strength, we have spent carelessly, unwisely, and lavishly of our previous material resources; we have scattered our little forces abroad to so many places, in so many directions and for such devious purposes that we are dangerously extended and weak; we have bungled our diplomacy inside and outside the United Nations Organizations; we have insisted upon following commitments made secretly, ratified treaties, and dispensed still more of our precious resources to strengthen the one powerful nation fostering the very communism we said we were trying to stop; we have neither obtained nor tried to obtain military concessions or advantages to protect our own people in return for the billions of their money we have spent; we have poured materials into outposts on the doorstep of a potential enemy for that enemy to take over whenever it wills, with nothing to support those outposts nearer than the Western Hemisphere.

We have done those things which other nations wanted us to do and we have left undone those things which we ought to have done for our own. There has been no health in this bipartisan foreign policy.

Time and again, in public utterances, statements to the press and on the floor of this House, I have pointed out the

inefficiencies, inconsistencies, failures, wastefulness and double talk of this bipartisan foreign policy. I detailed instances, figures, and facts. So have many other Members of this House. It would serve no purpose to set forth a lengthy review of these here.

If the record of our bipartisan policy is not one of outright treason, it at least is one of astounding duplicity. If it is not one of unconscionable deliberate dissipation of our national wealth, it is at least one of amazing incompetent waste. If it is not one of actual puerile nonsense, it is at least one of impracticability scarcely worthy of adult minds. If it is not one of deliberate evil doing, it is at least one of misguided and erroneous intention, the latter having the same result as the former. When somebody stabs you in the back by mistake it makes just as big a hole as if he did it out of pure malice.

Why, then, should I vote for this bill, as I intend to do.

Because we are so deeply involved now that to try to suddenly and violently tear ourselves loose appears to me as disastrous a course as that which has gotten us into the mess. I must look at the situation as it is, not as it might have been had some of us prevailed in our previous efforts to keep it from getting that way. This is no time to say "I told you so" and wash my hands of the whole matter. The provisions of this bill, although complex, are highly superior to the awful Marshall plan which would put is in the bag for \$17,000,000,000 more to be wasted by the State Department without the slightest regard for the safety, interests, and economy of our own Nation nor for the only thing that is certain—change; change in conditions here, in the participating countries and throughout the world. While I certainly do not like more Truman doctrine, and while I would like to detach some of the provisions of the bill so that child welfare, economic aid and military meddling are not all tied up in one inseparable bundle, nevertheless, I am forced to take it all or leave it all.

My record will show that I am not opposed to reasonable help to the suffering in other parts of the world nor to friendly nations. But it will show that I have opposed the purposeless prodigality of measures which have heretofore been adopted and much concerned about that characteristic in the administration of the rest.

Whether this 4-year program regardless of the provisions of the bill, as stated by the gentleman from Massachusetts [Mr. McCORMACK] or a 1-year program regardless of the provisions of the bill, as contended by the committee, will make little difference in the long run. If we elect a Republican President and Congress this fall, I am confident the program will be only what will be really helpful to the participating countries and at the same time reasonably safe for our own. If we do not, and the same gang goes back, or Henry Wallace gets in, the lid is off again, so what difference will it make then what we do now?

Let me congratulate the Foreign Affairs Committee for the comprehensive

and candid report rendered on this bill as a substitute for S. 2202. Anybody who reads that report must be aware of the dangers in voting for the bill, as the committee wants us to do and which I am going to do for the reasons I give. I concede to those who vote against it many sound and convincing reasons for so doing. I cannot agree with many who will vote the same way I do who still believe that if only we keep putting an endless number of quarters in this slot-machine we will eventually hit the jackpot of no communism and no war.

Mr. Chairman, stopping communism is not a matter of a particular amount of money spent or a particular length of time over which you spend it. Communism may be used as a stick to stir up hysteria to get you to spend it. That is great propaganda for those so morally bankrupt they believe money can procure or prevent anything; that you can buy any friend or blackmail any enemy. Nothing but a complete regeneration in the peoples of the world of the courage to accept the great responsibility of liberty will stop communism. And that, right here in our country, is going to require a rebirth of old-fashioned Americanism. If that be reactionary, make the most of it.

With all the showmanship and horseplay about stopping communism outside of the United States, the President calls it a mere bugaboo here. Yet in the letter of the National Economic Council of February 15, 1948, after a careful review of the situation, there appear these words:

As compared to total populations, the percentage of acknowledged Communists in the United States today is nearly as great as, if not greater than, the percentage that took over Russia in October 1917.

Granting that general conditions here are not as propitious to communism as in Russia in 1917, nevertheless, should, God forbid, hostilities start, think what that means in terms of possible sabotage, in the light of modern scientific developments. What could that number not do as leaders of or agitators in our labor organizations. Or in our armed forces. And in the important positions in our own Government which, in spite of the work of the Un-American Activities Committee, other committees and individual Members of this House in exposing them and bringing them to the attention of the Executive and the heads of his departments, they still seem to maintain.

Internationalists and liberals of both parties ought to know more about communism and its vicious attributes than some of the rest of us, because for years they have supported, fought for, consorted with, befriended, and defended communism and the Communists. Only after the American people became really aroused to this insidious ideology did they desert their erstwhile companions like rats leaving a ship sinking at the dock.

Ah, but Henry Wallace and his kind of liberals did not follow this bipartisan foreign policy. Why not? Simply and solely because, bad as it was, it was still not favorable enough to Russia and too favorable to the United States to suit them.

And, Mr. Chairman, you cannot prevent war by throwing around dollar bills.

The possibility of war is inherent in internal conditions in Russia, the maintenance of a vast overburdening Army and the political desperation of a dictator who knows no other way of trying to unify his people against a common enemy. It is inherent in the same political desperation of demagogues in this country who see no other way of remaining in power. It is inherent in further diplomatic stumbling on the part of our administration or an untoward incident somewhere in the world setting off a chain of events of which dictators and demagogues may take advantage.

If we are fortunate enough to avoid war, it will not be because of the policy we have heretofore pursued, but in spite of it. It will be because the grace of God is merciful to the stupidity of man.

In voting for this Economic Cooperation Act of 1948 I am not deceiving myself into believing that its passage will be received by the participating countries as something for which they hoped but to which they have no real right until the Congress passes the act. The passage will be nothing but formal confirmation of what they have been led to believe is already coming to them by the President, the Secretary of State, the internationalists, most of the newspaper editors, magazine-article writers, and radio announcers in the United States, by the most intense propaganda campaign it has been my misery to see.

It has been this technique of administrative propaganda built up with every important proposition before it comes before Congress which has prevented calm and impartial consideration of these measures, and has embarrassed this Congress in even attempting to give them such consideration. Under this technique the Congress cannot work freely in the use of its best calm, considered, and studied judgment. It works under pressure from masses of people who have been propagandized, pushed around, and worked into hysteria, with special effort on keeping them from learning all the facts and the truth before final action is forced upon the Congress. That is not our constitutional Republic in action. That is maneuvered democracy.

Should the act not be passed, these participating nations will not be merely disappointed. They will feel they have been robbed of something which already was theirs. I venture to say some of them will grumble because we have cut down the super boxcar figures of the Marshall plan and hedged the thing around with safeguards for our own economy. Uncle Shylock, some of them will say, is showing his true stinginess, meanness, and selfishness again. For have we not told them it is all for our own benefit, anyhow?

When I cast my vote for this bill, I wish I could do so with the great glow of smug self-righteousness of those who regard themselves as world statesmen and have gone along with everything that was labeled "bipartisan," and who have gotten us into this mess. I cannot do so. I have no conviction that what I am doing is absolutely right; only the con-

viction that I am choosing what appears to me the right horn of the dilemma which confronts us under the circumstances which exist because of what has gone before—that quagmire in which we find ourselves because of these very bungling, opinionated midgets fired with "Vaulting ambition, which o'er-leaps itself, and falls on the other" side.

The moving finger has writ. It is my duty to read and try to interpret that writing; I cannot just pretend it is not there.

(Mr. MATHEWS was granted permission to revise and extend his remarks.)

Mr. ROBERTSON. Mr. Chairman, each succeeding minute brings us closer to the vote on this momentous bill which we have before us on the floor for consideration, the bill known as the Marshall plan.

It has been well sold to the people of the Nation, yet most of them know too little about it. Most of us will probably vote for this bill because if by some circumstance war should follow, we would be held responsible for not having done our bit. Yet, there is a great question in my mind whether or not money can stop war.

If this bill becomes a law, and I think it will, it is regrettable that the people of the United States have not a better conception of the sacrifices they will be called upon to make. True it is that it is the plan for some of this money to be spent in other countries to buy raw materials, but to a very large extent it will come from the United States.

It may be argued that it will have a contributing value to the price structure of America, especially foods. Many have argued that it is better than the Steagall amendment for farm commodities. Let us not forget that we are further depleting our natural resources by the passage of this bill. If we could be assured that it would stop the march of communism, it would be worth it all. I still find myself concerned on this principle.

I should gladly, Mr. Chairman, vote relief for suffering countries of Europe, and I should, with equal enthusiasm, vote supplies if I felt we would stop definitely and conclusively the march of communism. It is not enough for me to say that we must take this calculated risk. It is not so long ago that this Congress passed a bill authorizing the sum of \$3,750,000,000 to England. This has been turned over to a Socialist government who totally wasted it, as all Socialist governments will do with everything. No good has come to the rehabilitation of Europe and no good has come to the United States.

Let us not overlook the fact that again in this particular legislation England is the great beneficiary, greater than any other country, and there is no concern, apparently, about the march of communism in England. Still, we are led to believe that this is the salvation of our country against communism.

Perchance it may do its small part, but we must be prepared to take the risk and to make the sacrifice, and it is the duty of this administration to advise the people of the Nation just exactly what faces them. Page after page of statistics are supplied in the official

presentation to Congress, but in all of the pages the percentages of American aid allocated to each country and the predominant share scheduled for England are not revealed. It has required a special investigation to obtain this official figure, to show where our billions would go country by country. These are the facts:

England.....	\$5,348,000,000
France.....	3,701,000,000
Italy.....	2,913,000,000
United States and British zones in Germany.....	2,499,000,000
Holland.....	2,436,000,000
Belgium-Luxemburg.....	1,419,000,000
Austria.....	713,000,000
Denmark.....	582,000,000
Ireland.....	497,000,000
Greece.....	473,000,000
Norway.....	234,000,000
Portugal.....	150,000,000
Iceland.....	38,000,000
Turkey.....	18,000,000
Total.....	21,021,000,000

Sweden and Switzerland are in for nothing. Actually they expect a favorable trade balance of about \$176,000,000. This means net requests for over \$20,000,000,000 from Uncle Sam. The difference between that figure and the announced \$17,000,000,000 is to be made up chiefly by the International Bank and Monetary Fund, which is about 80 percent United States taxpayers' money.

England's \$5,348,000,000, which is one-third of the \$17,000,000,000 in the Marshall plan, is exactly the amount asked for by Bevin in January, 6 months before Marshall attempted to answer England at Harvard University.

(Mr. ROBERTSON asked and was granted permission to revise and extend his remarks.)

Mr. CRAWFORD. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 69, after the word "title" in line 11, strike out all language in the parentheses in lines 12 to 16, inclusive.

[Mr. CRAWFORD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MUNDT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. MUNDT. Mr. Chairman, I want to take these 2 minutes to explain to the House the true purpose of the language of the bill.

Precisely as stated by the gentleman from Ohio, this language was written in the bill, and I may say it was included at my request, to give American privately owned information media encouragement in their fine work such as the Paris edition of the New York Herald Tribune, such as the Reader's Digest, Time magazine, Look, Newsweek, the Saturday Evening Post, and other established American publishing houses, book publishers as well, who are able to sell their merchandise abroad and receive for it the coin of the local realm—this pro-

vides them a convertibility guaranty up to the extent stated in the language of the bill provided they have approval by the Department of State, the Economic Administrator, for their activities.

It seems very logical that every Member of this body would want to have the American story told abroad. We have voted wisely in setting up the Voice of America program which enables the Government to enter into the information field abroad. In that legislation, now known as the Mundt bill, I specifically provided for the utilization of American private industry, newspapers, magazines, the cinema, book publishers and the like in expanding and extending the Information Service created in the State Department by passage of the Mundt bill. This guaranty as to the convertibility of currency is designed to encourage such participation. This language to which the gentleman from Michigan [Mr. CRAWFORD] objects now gives private business, a private publisher, for instance, the opportunity to participate in this information program abroad. It applies also to American motion pictures. I think this is one of the most essential features of the bill; that is, that we continue to keep the world informed about the American purpose and the American pattern of life and more especially what we propose to do by this program to be of assistance to our associates in Europe in helping them to help themselves become strong enough and well enough organized to resist and repel communism.

Mr. Chairman, I ask that the amendment offered by the gentleman from Michigan be overwhelmingly defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was rejected.

The Clerk read as follows:

PROTECTION OF DOMESTIC ECONOMY

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 percent of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization

of surplus agricultural commodities pursuant to this or any other act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any Government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per cent of the sales price (basis free along ship or free on board vessel, United States ports); as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the act of July 30, 1947 (Public Law 266, Eightyeth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the Secretary of Commerce determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however,* That such export may be authorized if the Secretary of Commerce determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 79, line 11, strike out the period, and insert the following: "*Provided further,* That no exports shall be authorized pursuant to authority conferred by section 6 of such act of July 2, 1940, of any commodities or technical data from the United States to any country which has announced its intention to attempt to prevent the success of the European recovery program."

Mr. COLMER. Mr. Chairman, this is a very simple amendment, and if you will bear with me a few minutes I will explain it.

In 1940 this Congress gave the President the authority to do certain things. Let me just read this section:

When the President determines that it is necessary in the interest of the national defense to prohibit or curtail the exportation of any military equipment or munitions or component parts thereof, or machinery, tools, or materials, or supplies necessary for the manufacture, servicing, or operation thereof, he may by proclamation prohibit or curtail such exportation except under such rules and regulations as he may prescribe.

Now, if I may have your attention. The Congress gives the President the authority to curtail the shipment of munitions, materials, and implements of warfare to certain countries where it was not in the interest of this country to ship them. For 30 days or more Members have been rising on this floor complaining about shipments being made to Russia and her satellites. It became so strong that a few days ago the President limitedly exercised the right that this Congress gave him by issuing a pro-

clamation stopping the shipment of certain airplane parts to Russia. You will recall that some of the Members rose here the other day and talked about a ship up here at Newark, N. J., being loaded with materials for Russia. This amendment goes further than the statute you passed before and makes it mandatory; in other words, there is no discretion so far as the President is concerned, but this amendment says that none of these goods shall be shipped to any country that is not collaborating under this Marshall plan.

Frankly, I wish that I could have made this amendment stronger. I offered a stronger amendment in the committee, but under the rules of procedure here this is as strong as I can make the amendment and make it germane. This amendment provides that none of these goods enumerated in this statute which you passed shall be shipped to any of any of these countries that are not co-operating under this plan; in other words, that means that none of these munitions, none of these planes, none of these goods, machines, and so forth, that could be used for that purpose can be shipped to Russia or its satellite nations. That is all there is to the amendment.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from New York.

Mr. BLOOM. I am in sympathy with the gentleman's amendment, but what I am afraid of is that this will destroy what we are trying to do in the future; in other words, the gentleman's amendment says that any country which has done anything to oppose or to hinder the Marshall plan at no time can come in. Now, the door is open, and we have said so right along. The gentleman's amendment would destroy what we are trying to do in the future.

Mr. COLMER. Mr. Chairman, the gentleman from New York evidently is not familiar with the amendment or what it would do. Listen. For 2 years I have been trotting down to the White House, the State Department and other places trying to get the shipments of these goods to Russia and her satellites stopped, and every time I went I was told I was right, but the timing was wrong. It is the same proposition that the gentleman from New York raises now, that the timing is wrong. You shipped scrap iron and oil to Japan up until the very hour that the bombs fell on Pearl Harbor. This amendment would stop the shipment of those goods over there. It is simply making mandatory what you already gave the President authority to do.

In this connection, Mr. Chairman, on March 24, 1947, I introduced a resolution that would provide, among other things, for the setting up of machinery in this Government to screen the shipment of goods to certain foreign nations, particularly Russia and her satellites. That is the resolution that I referred to a moment ago when I said I had made many trips to the State Department, the White House, and other Departments of our Government where our foreign policy is made. The American people are against shipment of these goods to

our potential enemies and it ought to be stopped, and it ought to be stopped now. I, for one, am tired of expending billions of dollars of American money and American resources to stop Russia, while at the same time permitting Russia to obtain the goods, equipment, and the assistance necessary for her own economy, the building up of her arms, and generally assisting her in her program of aggression. In other words, deterring her with one hand and helping her with the other.

Earlier in the debate I made myself very clear when I said that I was inclined to support this bill, but very reluctantly. But if I cannot have some assurance that this conflicting policy will cease I am not so sure that I yet will vote for the measure. As I said, this amendment does not go as far as I should like it to go. But it is as far as I can go without making the amendment subject to a point of order.

In conclusion, may I say that I hope I never hear another Member of this House come on the floor and talk about the shipment of goods to Russia and its satellites if that Member is not willing to stand up today and vote for this amendment, which would merely stop the shipment of munitions and materials to Russia and her satellites. I ask that you support this amendment or forever hold your peace on this subject.

Mr. RIZLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to support this amendment. Yesterday I suggested to the House that the investigation of my own committee disclosed that since January 1 of this year a large number of Russian ships had sailed to Russia carrying goods, wares, and merchandise of every kind and character to that country. We immediately started an investigation to determine from the shipping lines and other sources how much of this material had gone out and what it was. I am today in receipt of a letter from one of the big shipping lines which ships direct to Russia, the Moore-McCormack Lines, in New York. I think this letter would be interesting to the Members of the House. It is directed to an investigator of my committee who has been in New York. This, mind you, is the record of only one shipping company and from one port. The letter is as follows:

MOORE-McCORMACK LINES, INC.,

New York, N. Y., March 29, 1948.

Mr. EDWARD E. FINE, Jr.,

Surplus Property Subcommittee,

House of Representatives,

Washington, D. C.

DEAR MR. FINE: In accordance with your request we wish to advise you that during the period January 1947 up to and including February 1948 we loaded a total of 39 vessels from the port of New York to the U. S. S. R. These vessels carried a total of 163,430 tons.

Break-down: January 1947 to December 1947, 35 ships, 148,997 tons.

January 1948 to February 1948, 4 ships, 14,433 tons.

The manifests of these vessels were prepared so as to indicate various types of cargo, i. e., cash orders, pipe-line cargo, UNRRA cargo, and private shipments.

The consignors on the bills of lading covering the cash orders were either Amtorg Trading Corporation or the Soviet Government Purchasing Commission, depending upon the organization making the purchase.

The consignor on the pipe-line cargo was in each case the Soviet Government Purchasing Commission, for according to the agreement, this cargo was assigned to a foreign government and the Soviet Government Purchasing Commission represented the U. S. S. R.

The consignor on the UNRRA cargo was the United Nations Relief and Rehabilitation Administration.

With regard to the private shipments, same appear on each manifest, however, the volume of tonnage involved varies. In other words, some of the vessels may have 2 or 3 tons of private shipments, and in other cases the total may run from 35 to 50 tons, it is always insignificant in volume. The consignors on these private shipments are the parties making the shipments, and cover principally household and personal effects, books, printed matter, and foodstuffs shipped to private individuals and the foreign embassies. In addition, it also includes shipments for account of United States Government agencies to their representatives.

The manifests of all vessels fully describe all cargo, showing commodity, shipper, consignee, weights, value, and manifest tons. Each shipment is also covered by a shipper's export declaration which is stamped by the collector of customs "invoice produced." Both manifests and export declarations are filed with the collector of customs as soon as vessel sails.

The manifests include such commodities as: Metalworking machinery, including lathes, cutters, planers, grinders, and heavy industrial presses. Electrical machinery, including hydroelectric power equipment, transformers, motors, and internal combustion engines. Agricultural machinery. Excavating machinery, including road graders, scrapers, cranes, and power shovels. Oil refinery equipment, including oil well tools, drill collars, oil well drilling equipment, steel pipe for oil lines and steel storage tanks. Steam locomotives, Diesel electric locomotives, trolley locomotives, and railway dump cars. Steel piling, steel railway car wheels, wire rope. Autotrucks, auto parts and accessories, sisal rope, woolen rags, graphite electrodes, various types abrasive grains and products. Scientific and measuring instruments, radio receivers and equipment, foodstuffs, petroleum products.

We have noted no significant change in the character of cargo moving to the U. S. S. R. Today's manifests, to the best of our recollection, are similar in every respect to manifests of a year ago, or 10 years ago. Of course, the war period was a different matter entirely. We believe no useful information would be found by requiring either the collector of customs or ourselves to engage in any extensive and expensive searching of dead files.

Yours faithfully,
MOORE-McCORMACK LINES, INC.,
ROBERT C. LEE,
Executive Vice President.

In view of this situation, in view of the character of the goods shipped, in view of what is happening now, and in view of the fact that this shipper, one of the big shippers to Russia, says there is no difference in the character of cargo they are sending now and what they sent 1 year ago or 10 years ago, we need to do everything we can to see to it that these shipments are stopped or at least carefully screened so that our economy is protected and our boys safeguarded against the folly of those who continue their policy of appeasement. The same policy we pursued with Japan, the same policy that resulted in our own sons dying from American scrap and other war goods in the hands of our enemies.

The amendment offered by the gentleman from Mississippi should be adopted.

(Mr. RIZLEY asked and was given permission to revise and extend his remarks.)

[Mr. BLOOM addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MUNDT. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. MUNDT as a substitute for the Colmer amendment: Page 79, line 11, strike out the period and insert the following: "Provided further, That the Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities or products which go into the production of any commodity for delivery to any nonparticipating European country which commodities or products would be refused export licenses to those countries by the United States in the interest of its national security. Whenever the Administrator determines that it is in the national interest of the United States to prohibit the exportation of any commodity to any country wholly or partly in Europe which is not a participating country, the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall take such action as may be necessary to prohibit the exportation of such commodity to such country."

Mr. MUNDT. Mr. Chairman, I hope I can have the close attention of the Committee on this amendment, because, in my opinion, it deals with one of the most important aspects of our whole security program.

I am entirely sympathetic with the objectives of the gentleman from Mississippi [Mr. COLMER] but his amendment illustrates the difficulty one gets into by bringing amendments in quickly, without having the benefit of committee analysis and screening, because, while he closes the door very abruptly and bars any kind of American export whatsoever to Russia, he leaves the other half of the door entirely open. For that reason I have offered my amendment at this point as a substitute, whereas it should more properly come later in the bill on page 94, where I had previously announced my intention to offer it.

My amendment has been approved by the committee, and I am offering it to you now as a committee amendment, to achieve the valid objectives of Mr. COLMER's amendment, and to do something extra, which I think is highly important.

In the first place, my substitute amendment, which has just been read, provides that the Economic Administrator shall refuse to permit the export to participating countries of all commodities and supplies which they in turn utilize to manufacture war potentials, which we deny ourselves the right to ship, for sending to the satellite countries or nonparticipating countries. The Colmer amendment does not touch that aspect of reshipment whatsoever. So it leaves that part of the door completely open, because it would still permit us to ship participating countries materials which they fabricate into war materials and

ship on to Russia. My amendment stops that completely.

As to the other aspects of the gentleman's amendment, where he would stop shipment of everything to Russia, our committee amendment simply stops shipment to Russia of implements of war and war potentials, things which would make Russia strong militarily. As for me, I would like to see the manufacturers of table radios flood the market in Russia with radios. I would like to see the publishers of books and magazines flood the markets in Russia with those books and magazines. I would like to see the shipment of fine rugs, musical instruments, and pictures to Russia. I see no point in denying shipments to Russia of so-called soft goods, peaceful material, material which will make the Russians happier at home, which will tend to make them realize the advantages of our system of life, which will tend to broaden their whole view and their whole picture of life.

I simply contend that we should deny shipment to the Russians of materials of war. My substitute amendment does that, while leaving open the normal peaceful channels of trade. But the most important advantage of my substitute amendment is that it closes the door which the Colmer amendment leaves open. It closes the door through which, under the Colmer amendment, the participating countries could still fabricate supplies, furnished them under this bill, and reship them to Russia for warlike purposes. My substitute amendment as approved by our committee stops that also.

I yield to the gentleman from Mississippi.

Mr. COLMER. If the gentleman will yield, the gentleman does not understand my amendment at all. I said I wish it went as far as the gentleman says it goes, but I could not so word it and make it germane.

My amendment simply would make it mandatory where it is now discretionary to stop the very things the gentleman's amendment seeks to stop as provided in the section of the act of July 2, 1940.

Mr. MUNDT. Assuming the validity of your position as now expressed, the position of our committee substitute is still stronger because it closes the other door which you leave dangerously open. If we accept the gentleman's argument, his proposal would stop the shipment of war materials but the Committee amendment in addition to doing that would prohibit shipment to participating countries of materials which they in turn can fabricate and ship in terms of war supplies to Russia and the satellite countries. My amendment closes tight the door to the reshipment of war potentials to the Soviet sphere and it is that door the Colmer amendment leaves open. I think that the committee position is stronger and better protects the security of this country even if we accept the gentleman's contention that both proposals are the same up to that point.

Mr. COLMER. If the gentleman will yield further I want to call the gentleman's attention to the fact that his amendment leaves the matter in the

hands of the Administrator. If it has to be someone I would as soon it be in the hands of the President. The Administrator will not be able to handle it.

Mr. MUNDT. My amendment gives it directly to the Administrator and spells out what he must do. If he can handle ERP at all he can handle this restrictive directive. It writes in the intent of Congress as clear as the light from the midday sun. It spells it out where all who run can read. It places the administrative authority and the final responsibility for carrying out this policy of not either shipping or permitting the reshipment of war supplies and potentials to Russia and her satellites directly upon the Economic Administrator of this act. This Administrator must come back to Congress for a new authorization and a new appropriation if this program is to continue beyond the next fiscal year. This Administrator must counsel and advise with a public advisory board made up of distinguished Americans from both major political parties. This Administrator must make a written report to Congress and the country as to his custody of these responsibilities.

My amendment takes from the President of the United States and the Department of Commerce final authority over exports to the nonparticipating countries in Europe for the very reason that up to this very hour the President and the Department of Commerce have failed miserably and notoriously to safeguard our national security in this respect. They have failed to deny export licenses to American concerns desirous of shipping war potentials, machine tools, et cetera to Russia and the captive countries caught within her greedy, godless clutch. It is our hope and our expectation the Economic Administrator will succeed where the President and his Department of Commerce have so conspicuously failed. If he does not, it is as sure as the night following the day that this European recovery program will fail and that Congress next year will refuse to appropriate any further funds for a program which persists in contradicting itself through the type of collision policies this administration has been following up to this very day and hour. I urge the adoption of my amendment.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. FOLGER. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. O'HARA. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, will the gentleman yield further?

Mr. FOLGER. I yield.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 23 minutes, the last 5 to be reserved to the committee.

The CHAIRMAN. The question is on the motion of the gentleman from Ohio.

The question was taken, and on a division (demanded by Mr. O'HARA) there were—ayes 93, noes 20.

So the motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina is recognized for 5 minutes.

Mr. FOLGER. Mr. Chairman, in view of the shortness of the time I ask to be notified when I have consumed 3 minutes.

The CHAIRMAN. The Chair will notify the gentleman.

Mr. FOLGER. Mr. Chairman, I did not intend to make any observation about the bill. I had a hard enough time to bring myself to the point where I would support the legislation. I have reached that point, however, notwithstanding the fact that I have been largely of opinion and definitely committed to the idea that we were in the premature rehabilitation of Germany which has made war against us on two occasions. I hope we have not forgotten this. I recognize that already 16 nations have met and indicated by the signing of an agreement that they welcome the help of the United States in reestablishing among other things peace in the world. I think that ultimately in the minds of most of us this is designed to be a peace measure. Any legislation that is of the import that this amendment carries with it comes next to a declaration of war against Russia, a thing that is premature, it is not helpful, and would put us in a bad light in our protestations that we are trying to bring about a peaceful status among all the nations of the world, to which the President no doubt referred when he said: "Let me yet leave the door open to everybody."

We open it to Germany, we open it to Russia, we open it to Czechoslovakia or any other country in the world that will come in and join us in this great effort to bring about peace. We certainly can risk our State Department, the President, and the War Department in discussion and understanding in the months that are to come, maybe years so far as that goes, as to what may be shipped to one country or another. I do beg you not to adopt this amendment, which is next to a declaration of war and a separation of ourselves from every part of the world except those 16 nations. It is almost a declaration of war against those that have not signed.

Mr. Chairman, I doubt whether I can vote for this bill if the amendment is agreed to. It is a most dangerous thing, it is unavailing, it is not necessary, and it is going too far in the effort of our people in our quest for a peaceful world in which we as well as other nations of the world want to live.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, the acting chairman of the Committee on Foreign Affairs should be congratulated on shutting off debate, permitting the members of the Foreign Affairs Committee who have taken up most of the time on a

very important amendment to speak, then when the other Members get around to wanting to speak, shutting off debate. I hope that will not happen again.

Mr. Chairman, I would like to refer to the matter of steel. I wonder how much consideration has been given to the shortage of steel. You are worrying how you are going to control munitions and other things that are shipped over there. You are attempting to control them here. But what are you doing about the all-important subject of steel?

May I say to you people who have been short of petroleum up on the east coast and out in the Middle West during the last winter that you are going to have another shortage this next winter. We are already experiencing a shortage of tractor fuel oil. We cannot get the necessary tank cars to haul the tractor fuel oil from Texas up to our part of the country.

We are now going into this program in which the Government and the other nations of the world will be buying up material in short supply. You are going to have more to worry about than munitions. You are going to have to worry about the shortage of other critical material. Then, also, you better have the OPA ready, too, because it will move in along with selective service and all of the other regimentations and prewar controls just before you get into the shooting war which is just over the horizon.

But if you want it that way, then vote for this bill. I do not intend to do so because the illustration of the debate on the sale of 200 ships is pointed. Most of those who passionately supported that amendment are voting for this bill. The most critical item you could have, which is not controlled in any way, shape, or form, and I see that some Members are smiling over that remark, is the matter of steel. You have given no consideration to it whatsoever. When war comes and our armed services and our own people need what is being given to nations all over the world, I prefer to think first of the needs and requirements of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. BELL].

Mr. BELL. Mr. Chairman, I expect to vote for the bill before the House, but as I look back over the last few months and the last few years, I am beginning to get pretty badly disgusted with the things I have observed when discretionary powers have been given. I remember a few months ago in this hall when we were debating the question of UNRRA. We were told that this money, these vast sums, that we were voting would go to the peoples of western Europe, but when the smoke blew away we found that practically all of it went to those countries behind the iron curtain. Some time ago we voted a large sum to maintain a radio service in Europe. Just a few days ago a gentleman whom I have known for many years, and in whom I have every confidence, and who has spent most of the last year in Germany, told me that our American-controlled radio allots regular daily time to the Communists to broadcast their infamous doctrines to the

people of Germany. Day after day, as I have seen accounts in our daily papers of munitions of war, things that can be used to mangle the bodies of our sons, going to Russia, my blood has boiled.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BELL. I yield to the gentleman from Mississippi.

Mr. RANKIN. I call the attention of the gentleman from Missouri to the fact that Gerhart Eisler, this chief Communist whom we captured in the United States, went up to this Tower of Babel called the United Nations and used its radio to broadcast to Europe and to spread his Communist doctrine.

Mr. BELL. I do think that when we allow discretionary powers, and do not know who will exercise those powers, then it is up to the Congress to protect the people of the United States. This thing of appropriating \$6,000,000,000 with one hand to protect this country against communism and with the other hand sending to Russia and her satellites munitions and arms and everything else on earth to kill the people of this country, is just sheer, utter nonsense and folly.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, great decisions are always very simple. A vote for peace or war just means saying aye or nay. The amendment which is before the Committee, proposed by the gentleman from Mississippi, is a declaration of economic war. It says that hereafter we shall sever international economic relationships with the Soviet or her satellites. Now, that does not cover what happens between the 16 nations whom we are going to aid under this bill and the U. S. S. R. and her satellites. According to this amendment, trade between the 16 western European nations and the Soviet and her satellites can be perfectly free. The committee amendment, though, seeks to protect both aspects—any shipments from the United States and any shipments from the 16 nations, insofar as any supplies may be proposed for shipment to the U. S. S. R. and the satellite countries, which jeopardize or affect the national security of the United States.

Furthermore, the committee's amendment says that the Administrator is "directed" to refuse delivery. It is very precise on that point. What the committee amendment does is to seek to carry out what should be the intent that no war-making materials and no materials of any kind can be shipped which jeopardize our national security. In the language which I worked out myself to try to deal with this difficult subject, it says that any supplies, contrary to the interest of the national security of the United States, may not be shipped; not only directly from the United States, as the gentleman from Mississippi provides, but according to the committee amendment, directly or indirectly from the United States, and the 16 western European nations as well. The committee amendment is designed exactly to serve the purposes which are sought to be served, and the committee amendment should, therefore, pass.

[Mr. WHITTEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, I rise in support of the amendment offered by the gentleman from South Dakota [Mr. MUNDT] to prohibit the reshipment of any of the products or articles to any of the nonparticipating nations. At the present time we observe that some of the countries stipulated in the provisions of this bill have already entered into trade relations with the Soviet Union. Such trade agreements no doubt run for quite a few years.

I hold in my hand a letter from the counselor of the State Department that may interest the Members, particularly in relation to the obligations the British trade commission has assumed in connection with the British-Soviet trade agreement. The letter states in part:

With respect to your inquiry concerning the inclusion of locomotives in the British-Soviet trade agreement, it is possible to state that the agreement provides for 1,100 narrow-gauge locomotives to be delivered within 2½ years from the commencement of delivery.

The letter is signed by Charles E. Bohlen, counselor of the State Department.

Mr. Chairman, it seems to me rather absurd and ridiculous for us to pass a bill permitting cooperation between this country and the other nations of the world who are fighting to retain their democratic government, to permit them on the one hand to get the raw materials in the form of steel from this country and manufacture them into locomotives or airplanes or any other finished articles and then ship them under a trade agreement to Russia or any satellite powers. It seems to me that when spending a tremendous sum of money on the one hand to stop the spread of communism, we ought to make sure this kind of a matter should be stopped.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, this debate seems to have been excited largely by lists that have been read of items which are presently being exported to Russia. I think it would be wise for use to remember that this Congress, the Eightieth Congress, relaxed the export controls. It was only recently that we restored partial controls on exports under the Taft Act. The items listed by the gentleman from Oklahoma, I imagine were contracted for legally and were consistent with the commercial policy of this country as laid down by Congress in the period of relaxed export controls. That is the first point I have to make.

The second point I want to make is that what we are actually doing here in this amendment as amended is to call for an economic blockade. You cannot enforce an economic blockade unless you also provide for all the necessary measures to enforce it.

The third point is that an economic blockade is the first step to war, and I

do not think such a step should be taken with 20 minutes debate at a quarter to 5 in the afternoon when the Members of the House are too weary for the full deliberation this question demands.

The fourth point is that you cannot enforce this amendment. Let's not kid ourselves about the effectiveness of this provision. It assumes that every item of equipment furnished under this act can be earmarked for life and that every article produced by such equipment in the indefinite future can be earmarked for life.

The equipment furnished under this plan will not be distinguishable from machinery procured and financed in ordinary commercial fashion out of the dollar resources of the recipients. It is the essence of this plan that its operations will be carried out through private trade channels wherever possible. ERP machinery is not to be walled off from all the other trade machinery to the recipient countries. The products of such machinery cannot be segregated from all the other production of recipient countries.

Yet you would have to wall off the machines and segregate the products if you were to try to give reality to the purpose of this amendment.

Suppose one of the 16 countries that will be importing from us buys a turret lathe. Under the Marshall plan, we are not going to sell them all the turret lathes they will need. How are we going to earmark each turret lathe exported under ERP to see that it is not used in the manufacture of some goods which eventually will go to Yugoslavia?

My fifth point is that this amendment will make it impossible to achieve the goals set by the 16 participating countries to assure their sound rehabilitation. This whole program will fail unless there is trade between eastern and western Europe. Western Europe needs the food of eastern Europe, and eastern Europe needs the manufactured goods of western Europe. When you come right down to it grain sent from eastern Europe and Russia to western Europe can also be processed into a war material.

The purpose of the Mundt amendment is to tie every participating country to this country's export-control policy. It will do this regardless of whether the control in question applies to an exclusively strategic material or to a material which happens to have strategic uses among others.

Such a material or product might be placed under export control by the United States only because it happened to be in short supply in the United States. It might not be in short supply in the participating country concerned. Nevertheless, this amendment would compel the participating country to go along with our export-control policy—regardless of the effect on its own economy.

This amendment is simply unworkable. I lay aside the question whether it is prudent or justifiable to launch now upon economic warfare. I have definite ideas on that. I simply insist that the worst danger of the Mundt amendment is that it sends us off on economic warfare armed with wooden guns.

Gentlemen, let us not fool ourselves. Almost any machine that we send to Europe can be used for war, but machinery is also necessary if Europe is to get back on her feet. There are certain risks we must take as we work for peace but they are nothing in comparison to the certain disaster we will reap if we have another world war.

I do not believe that war is inevitable. I believe that the ERP will contribute greatly to the economic stability which is essential if we are to have peace. The seemingly endless problems that confront us today are the direct result of World War II. I firmly believe that world war III, aside from the terrible destruction it would inflict, would also destroy our political and economic way of life. But if there are those who are sure world war III is inevitable, then certainly they should not vote for this bill.

[Mr. CRAWFORD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The gentleman from Michigan [Mr. SADOWSKI] is recognized.

Mr. SADOWSKI. Mr. Chairman, let us quit kidding the American taxpayer. There will be no tax reduction and we will have to restore the excess-profits tax in order to raise more revenue to meet all of these added expenditures.

This plan is not the Marshall plan. Marshall is now out of the picture. It is a Republican baby. It is the Vandenberg plan, and it means more inflation, more profiteering, more shortages, demand for war controls over our domestic economy, unlimited expenditures for militarism and armaments, an unbearable tax load on our citizens, and an economic bust worse than the one we had under Hoover in 1930.

With the Knowland amendment adopted in the Senate and approved by VANDENBERG, and with the adoption of the Mundt amendment in the House, we would restrict our trade and commerce to only one-half of the countries of Europe—to those who will do business with American-gift dollars. Dollars that we will gouge out of our taxpayers. What a business.

Shortly after the Revolutionary War we fought a war against Tripoli and the Barbary States because we refused to pay tribute.

Now, we shall collect tribute from our own taxpayers to do business with the world.

Not only that, but to do business with one-half of the world, that is Asia and eastern and central Europe, we will pay tribute to English, German, Argentine, French, and Italian brokers to act as our business agents to carry on an export and import business with the other nations. Satan must be roosting in our brains to so confuse our thinking. I will tell you what ECA stands for—it stands for an exhausted and controlled America, and if you want to know, I will tell you what ERP stands for—ERP stands for exit Republican Party, in 1948. Like Bergen says to Mortimer Snerd, "How can we be so stupid?"

Why do you not inquire what happened to a billion dollars in gold that was looted by the Nazis from the countries of Europe and deposited in Swiss banks? We have not heard any more about it, have we? What combination of bankers are sitting tight on this yellow pile?

Why is the reparations program halted and instead we are going to pay off German war damages with American tax dollars under this Vandenberg plan?

We are short of scrap iron and steel. There are 10,000,000 tons of it in Germany. We have dumped several billions of dollars into Germany already and now under ERP and Army appropriations, we will dump another couple of billion. Yet, we cannot even get scrap iron in return. Who is holding it back? Certainly it is not the defeated Germans.

France, England, Belgium, and Holland, together with the German people themselves, had insisted that the monopolists and cartellists in Germany be busted up. Now we are raiding the United States Treasury to pay them off so that they would shut up, and the private monopolistic controls over I. G. Farben, Krupps, the coal mines, and the rest of the heavy industry remains in the hands of the Junkers and the German war moguls.

Through ERP, the American taxpayer guarantees that a cartellist- and monopolist-ridden Germany shall be revived and continued on the same basis as before the war.

I think it would be far cheaper in blood and money, and we could have peace, if our international banking houses and our international investors filed their claims for foreign investments with the United States Treasury and, we, the American taxpayers, paid them off in full, and told them that in the future they should keep their nose out of other people's business and develop our industries and resources at home. If the people of Europe want public ownership or national ownership of their industry and resources, they should have it, and it is none of our darn business. We will still be able to do business with the world and we do not have to kill off half of the world's population in order to stuff down their throats a program of private monopoly and cartellists that nobody wants. And the sooner we get rid of the internationally minded bankers like Forrestal, Harriman, and General Draper, the better. I do not question their patriotism or loyalty, but as a Democrat, I object to these people being our policy makers.

The bankers have never elected a Democratic President, and they do not belong in our tent.

I fear to give these banker militarists, that have a spoon in everybody else's soup, all of this power and might. I am not a pacifist, and in 1938 when it was most unpopular, I advocated full military armament, the draft, universal military training, the whole works, because I had faith and confidence in our leadership; that such military power would be used in defense. I would not hesitate a minute to give this power to Eisenhower. I do not trust international bankers. I am a Democrat. Jefferson, Jackson, Wilson, and Franklin D. Roosevelt

would not have these fellows sitting in the White House.

The CHAIRMAN. Under the agreement, the gentleman from Connecticut [Mr. LODGE] is recognized for 5 minutes, to close debate.

Mr. LODGE. Mr. Chairman, the Mundt amendment is an attempt to cope with one of the most difficult dilemmas in this entire legislation. I believe that it is a most intelligent response to that problem. The problem can be stated in this fashion:

A revival of trade between eastern and western Europe is important to the recovery of Europe, and it is important in relieving the American taxpayer of at least part of the burden of supporting this program. On the other hand, it would be obviously insane to assist countries which have dedicated themselves to the destruction of this program, in that mission of destruction.

The result is that we must have a formula with a certain amount of latitude and we must have confidence in the Administrator. If we do not, we might as well give up the whole program. We must realize that the whole success of this program depends upon the quality of the Administrator. So we direct the Administrator to refuse delivery, insofar as practicable, when the national interest is involved; and we also give him authority, in the second part of the Mundt amendment, where the national interest is involved, to prohibit the exportation of any commodity to any non-participating European countries.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I had rather not just now.

That is obviously intended to ban the export of munitions, airplane engines, and certain types of machine tools, and any other articles which the Administrator in his discretion shall decide would militate against the national interest of the United States. As I interpret it, it applies particularly to war potentials.

The Colmer amendment has two weaknesses: First, it is too strong in that it prohibits the export of any commodity, and this might defeat the program; and second, it is not strong enough in that it does not control those commodities which go into the making of commodities in the recipient countries.

Mr. COLMER. Mr. Chairman, will the gentleman yield? I think the gentleman should yield to me there.

Mr. LODGE. I shall be delighted to yield to the gentleman.

Mr. COLMER. If the gentleman will read my amendment he will find that it does not prohibit the exportation of any commodity, but only those particular things that are referred to in the statute that this Congress passed.

Mr. LODGE. The copy before me reads:

That any commodities or technical data of the United States to any country which has announced its intention to attempt to prevent the success of the European recovery program.

This does mean any commodity under section 6 of the Export Controls Act of

1940, but that act includes a great number of commodities. It is very broad.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. LODGE. Not at the moment.

I would like to say just this: There are many materials which we are going to export which can well be used by these countries to diminish the economic strain upon us. Great Britain has made an agreement with Soviet Russia whereby Great Britain will get a load of wheat and Soviet Russia will get British capital goods. That will diminish the strain on American wheat. This is an enormously difficult problem with which our committee wrestled for a long time. It is not susceptible of an easy answer.

I consider that the Mundt amendment is a most flexible and intelligent response to this extremely difficult problem.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield.

Mr. VORYS. Would it not be a lot better to adopt an amendment which has been considered by the full committee and its counsel rather than one which no one has had a chance to read?

Mr. LODGE. I think the implications of the Colmer amendment are extremely dangerous.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield.

Mr. JUDD. I would like to emphasize that the Mundt amendment does not merely authorize the administrator to stop certain exports, it directs him. It states that he shall take such action to interrupt any trade through the participating countries to behind the curtain if it is not in the interest of our national security.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield.

Mr. O'HARA. As a matter of fact, under either amendment that has been offered, when the Administrator gets to the point of shutting off the spigot, that is war. The gentleman knows it, and I know it because it means we have broken off relationships.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield.

Mr. HINSHAW. As I understand the Mundt amendment, it would enable the United States to control the export of products that might have to do with atomic energy; whereas the Colmer amendment would not.

Mr. LODGE. I think that is correct, and I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentleman from Connecticut has expired, all time has expired.

Mr. COLMER. Mr. Chairman, I ask unanimous consent that my amendment may again be read by the Clerk.

The CHAIRMAN. Without objection, the Colmer amendment may be again read.

There was no objection.

Mr. MUNDT. Mr. Chairman, so that we can have the whole picture, I ask unanimous consent that after the reading of the Colmer amendment my substitute amendment may be read again.

Mr. COLMER. I have no objection to that.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk again read the Colmer amendment and the Mundt substitute.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLMER] as amended by the Mundt substitute.

The amendment as amended was agreed to.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 76, beginning at line 18, strike out subparagraph (2) through line 4 on page 77.

Mr. VORYS. Mr. Chairman, through a mix-up the committee which approved this amendment has offered it, although it was suggested to the committee by the gentleman from Massachusetts [Mr. HERTER]. I would be very happy to have him explain the amendment, and I therefore yield to him for that purpose. I think it is a very good amendment.

[Mr. HERTER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio.

Mr. Chairman, I should like to have the attention of the membership of the committee and the distinguished gentleman from Massachusetts [Mr. HERTER]. I want the House to be informed as to the action it is about to take. This section has to do with the using of agricultural surpluses when they are needed. In the case of wheat it protects the millers by saying that 25 percent of all the wheat shall be ground in this country. It provides how wheat shall be handled. It provides how petroleum shall be handled; that it shall be gotten from other countries. It provides, specially for a number of commodities. It is anticipated that there will be some tobacco used as an incentive in some of the countries. I had nothing to do with drawing this language. I have very little interest in tobacco. Then the question arose that when you go to exporting tobacco there is tobacco in Maryland of a certain type, there is tobacco in Pennsylvania of a certain type, and there is tobacco in Virginia of a certain type. There is burley and there is flue-cured. The question arose as to whether you would take all burley or whether you would take all Maryland, or what type.

If the members of the committee will look to the debates in the Senate where this amendment was handled by Senator AIKEN of Vermont and Senator BARKLEY of Kentucky, they will observe the very frank statement there that this was put in here to be sure that if any tobacco is shipped it shall be shipped in the same proportion it has always been shipped for

the last 50 years. There is no question of trying to apply it to fish, because if you will read line 20 on page 76, it specifically says where practicable and applicable. It is not applicable to anything but tobacco. There is no difficulty in administering it. It cannot be applicable to any other commodity. It is not applicable to cotton, because you have no such identification and class and type. It cannot be applicable to wheat, because you do not have that classification. But it was put in here, and I think frankly with some wisdom, and was worked out, if you will look at the Senate debates, by Senator AIKEN, the chairman of the Committee on Agriculture, with the State Department and the Department of Agriculture. I am confident that the members of the State Department who collaborated with Senator AIKEN have a full understanding of how it is to be administered, and it was put in there in order to take care of a peculiar situation. If you want to legislate here that none of certain commodities shall be used, well and good, but as long as that commodity is in the bill, then you cannot get proper administration, you cannot stop a fight between Maryland and Pennsylvania and Ohio and Virginia and South Carolina. I see the distinguished gentleman from Virginia [Mr. FLANNAGAN] here. He knows 10 times more about it than I do, and I am sure he will corroborate what I have said and I hope he will contribute to this discussion.

Mr. KEFAUVER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. KEFAUVER. Mr. Chairman, it is obvious to all of us that time is running out in Europe. While there may be some imperfections in the European recovery program as it is now presented, I am satisfied that it is the best that can be done at the moment. It must be put into effect as rapidly as possible. To the millions now living at the edge of the iron curtain the passage of ERP will bring the only hope with which to revitalize the strength to help themselves.

There are inevitable risks in assuming the grave responsibilities which ERP entails and it will mean material sacrifice for the American people. I am convinced however that this course gives us the greatest opportunity to continue to work for peace. The ERP in action is tangible proof of democracy's inherent strength. It is clear, unmistakable notice to communism that we are joined more closely than ever with free countries of the world in proving by action that Democracy is the way to freedom and peace.

It is clear and unmistakable notice that to free men peace without freedom is not peace. It must be clear to the Comintern by now that failing all else this Nation has no alternative but to sustain freedom with crushing force.

While we must continue to work unceasingly for peace through the United Nations our words and our efforts must have a strong backbone of military strength. Strength and force are lan-

guage which Russia understands. If there be war aims in the Russian plan I know of no better way to dissuade and discourage them than to expand our Army, Navy, and Air Force to whatever proportions are necessary to leave no doubt in the Kremlin mind that we are an intrinsically stronger opponent.

The Russian record thus far points clearly to an insatiable desire for aggrandizement in every direction. Domination of Czechoslovakia and Rumania are accomplished facts and the strangling tyrannies of communism continue unchecked. It is always the moral responsibility of freemen to hold wide the doorway to peaceful negotiation. We must at the same time be alert and prepared to stop a mad dog at the threshold.

Once passed, it is vital that ERP be effectively administered. There is no time for the delay and confusion of organizational experiments. It is obvious that no agency now exists which is qualified to undertake the administration of a program of such size and complexity.

I believe that the European recovery program can be most effectively and economically administered through an independent agency set up for this express purpose. This agency must be headed by an Administrator appointed by and responsible to the President. It must be staffed with highly competent and experienced personnel. In my opinion, the Administrator should be a man of wide experience in business and industry. He should be a man of unquestionable integrity and loyalty to this country with a proven record of achievement in organization and administration.

While it is my belief that the Administrator should be responsible to the President, the very nature of his work will, of course, bring him into the forefront of our Nation's foreign relations. He will inevitably help to shoulder some of the burdens of our Secretary of State. For this reason he must be a man who works well in double harness. The Administrator's deputies assigned to foreign countries should be men of similar qualifications, for while they cannot be responsible to our ambassadors, they must work effectively and in full cooperation with them. It seems to me that this general type of organization with clear delegation of responsibilities makes for streamlined channels of communication and authority. It leaves it in the hands of the President to resolve such major issues as the Administrator and the Secretary of State cannot resolve themselves.

In setting up this new agency care must be taken not to duplicate functions already being handled efficiently by other agencies. In this connection I am thinking specifically of the allocation of materials and export control which is now and always has been handled efficiently by the Department of Commerce and the Department of Agriculture. Similarly the fiscal aspects of this program should be handled by the National Advisory Council established by Congress itself in the Bretton Woods legislation. I see no necessity in trying to set up an additional group to consider these questions when such an expert group has been working in this field for some time.

I believe it important that the Administrator appoint a roving deputy or so-called roving Ambassador, whose primary duty is to work with the countries participating in the program in developing a closer economic and, perhaps in due course, a closer political union.

Effective economic and political union of the countries of Europe is, I believe, a cornerstone in the era of peace we are all striving to build. The importance of such a roving deputy cannot be overemphasized. His efforts can make a vital contribution toward peace.

While the passage of ERP makes our position clear and inflexible, it is my deepest hope that time and unceasing effort will discover the common ground on which our differences with other nations can be settled peaceably rather than in catastrophic war.

I shall continue to cling tenaciously to the belief that lasting peace is somehow attainable. I will not cease in my efforts to help reach this goal.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes, the last 3 minutes to be reserved to the gentleman from Massachusetts [Mr. HERTER].

Mr. PHILLIPS of California. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 18 minutes, with the last 3 minutes to be reserved to the gentleman from Massachusetts.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON of California. Mr. Chairman, I should like to have the attention of the gentleman from Massachusetts, who offered the amendment, so that I may try to clarify in my own mind his purpose in submitting this amendment striking, as I understand, paragraph (2) starting in line 18 on page 76 and ending in line 4 on page 77. I admit that the language is a little confusing to me, too. It states:

In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, and so forth.

It seems to me that if the gentleman's amendment is adopted and that section of the bill is stricken out, we are not going to give any consideration whatever to the historic reliance of the producers of agricultural commodities in this country on markets which they formerly had in Europe. I admit that I am just as puzzled as the gentleman from Massachusetts, but I do not want to see us take any action here that might be a mistake.

Mr. HERTER. The history of this amendment indicates very clearly that its intent was to cover only tobacco. This amendment had nothing to do with the Aiken amendment whatsoever. The

amendment was adopted in committee before the Aiken amendment was ever offered on the floor of the Senate. The Aiken amendment was to take care of surplus agricultural products, and then this amendment was amended to fit in with the Aiken amendment as it came out of the committee. The only reason I raised the question at all is that it seems to me that for an Administrator to have to fight his way through the obscurity of this language without knowing what is intended is very difficult. If it is intended to take care of tobacco, it seems to me it ought to say so, and the language of the amendment ought to say why and how they want tobacco taken care of, instead of putting it in this very general language, which applies to all surplus agricultural commodities and is likely to lead to endless difficulties for the Administrator.

Mr. ANDERSON of California. The reason I raised the question is that the paragraph begins by stating:

In providing for the procurement of any such surplus agricultural commodity—

So I should like to know how the gentleman figures, in view of the fact that it says any, that it applies only to tobacco.

Mr. HERTER. Because this was the amendment as it came out of the Senate Foreign Affairs Committee. It came to the floor of the Senate and the Senate then inserted the general Aiken amendment to take care of surplus agricultural commodities.

Mr. ANDERSON of California. I understand that.

Mr. HERTER. The language of this was then adjusted so that it would follow the Aiken amendment, but the history of it, I think, is just as I have described it. If there are valid reasons for taking care of this tobacco feud as between different types of tobacco, I have no objection, but it seems to me the language would make it apply to all surplus agricultural commodities and be a very difficult thing for any Administrator to try to follow.

Mr. ANDERSON of California. I presume there is a difference of opinion then, and if this provision is stricken from the bill, it can be very amicably settled in conference between the two bodies.

Mr. HERTER. I think so. I have no objection to this whatsoever, but it strikes me that it is difficult when it is applied to all agricultural commodities and is only intended to apply to one commodity.

Mr. ANDERSON of California. I thank the gentleman for his comments, but I shall have to oppose the amendment.

(Mr. ANDERSON of California asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Chairman, I hope that the gentleman from Massachusetts will see fit to withdraw the amendment. While the amendment may apply to other agricultural commodities, such as dried fruit, it was, in my opinion, drafted primarily to take care of the different types of tobacco. I

know of no other agricultural commodity which goes upon the market according to type. This amendment was agreed to by the State Department, by the Department of Agriculture, by the tobacco growers, dealers, and warehousemen. I have never seen such accord among the tobacco people. Just last week all of the people interested in tobacco met and discussed this amendment at length. They expressed themselves as being in entire accord. It does seem to me that in view of the fact that the growers, dealers, and warehousemen are in agreement with the language in the bill and think the language necessary to protect their interest that it would be a foolish act on our part to strike the language out of the bill. Surely no one desires to cripple a commodity that pays annually into the Treasury over \$1,000,000,000 and surely this House will respect the unanimous opinion of those interested in tobacco.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. REES. About how much money do you expect to spend out of this fund for tobacco?

Mr. FLANNAGAN. I do not know. We have no control over that. That is out of our hands. But we say that if you are going to use any of this money for tobacco, here is the way it should be divided among the different types of tobacco.

Mr. REES. But why spend the taxpayers' money for tobacco instead of spending it for food?

Mr. FLANNAGAN. I am not arguing about that, but we are going to spend some of it for tobacco and if it is spent for tobacco, here is the ticket that we want to see written into the law. I hope the amendment is voted down.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. PHILLIPS].

Mr. ELLIS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. ELLIS. I would like to associate myself with the remarks of the gentleman from Virginia [Mr. FLANNAGAN] on this subject.

Mr. CHAPMAN. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. CHAPMAN. Unfortunately, I could not get time, but in answer to the question asked by the gentleman from Kansas [Mr. REES] I would like to say that spending the taxpayers' money for tobacco is not such a terrible thing when tobacco pays \$1,200,000,000 in taxes each year.

Mr. PHILLIPS of California. Now, Mr. Chairman, I cannot let a discussion of the merits of tobacco come out of my very limited time.

This is what I am afraid of, that the paragraph having been put in and having been so worded in providing for the procurement of any such surpluses would, by that inclusion, refer it back to the various commodities which are much desired for nutritional purposes abroad. That is the only thing I am afraid of. Will the gentleman answer that?

Mr. HERTER. It means that the Administrator, wherever practical and possible, has got to apply this formula to every surplus agricultural commodity.

Mr. PHILLIPS of California. What would be the parliamentary situation if this were stricken out in the House? Could it be then discussed and put back or reworded in the conference?

Mr. HERTER. It could.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. VORYS. Does the gentleman feel that in this relief and feeding program there is any occasion for putting in the test of historical use in this country?

Mr. PHILLIPS of California. Yes; I do. I will give you an illustration.

Mr. VORYS. The important thing we have got throughout this bill and in other parts of the Aiken amendment is the test of feeding people over there, not unloading surpluses here.

Mr. PHILLIPS of California. All right. Now, dried fruits are very much desired abroad. Dried fruits were historically a commodity exported from this country. In another part of Europe citrus fruits were exported prior to the war. It would be desirable if the Administrator would give some thought to the fact that they had been historically exported.

The CHAIRMAN. The time of the gentleman from California has expired.

The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman—

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. McCORMACK. It seems to me this whole thing can be cleared up if they struck out the words "any agricultural," and put in "surplus tobacco." Then you will be protected.

Mr. RICHARDS. I wanted to request the gentleman from Massachusetts [Mr. HERTER] to withdraw his amendment. I think the reason there is some confusion about his amendment is that we do not understand the purpose of this provision. The purpose of the provision is to give equal justice to growers of all types of tobacco in the United States, and the same thing applies to other agricultural surpluses.

The gentleman from California [Mr. ANDERSON] would like to see fruit in different areas given equal consideration. That is all it is. I believe it would be helpful all around for the gentleman from Massachusetts [Mr. HERTER] to agree to withdraw his amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. COOLEY. I would like to ask the author of the amendment why it would not clarify the situation if he followed the suggestion made by the gentleman from Massachusetts [Mr. McCORMACK] just to insert the word "tobacco" in place of "commodity." If they do not want to agree to that, I certainly hope the gentleman will not insist upon his amendment, because this amendment in the bill was considered at great length in the Senate.

Mr. RICHARDS. I do not think that would clarify it. I think the bill should be left just as it is.

Mr. COOLEY. I am inclined to agree with the gentleman, but I thought it would satisfy the author of the pending amendment.

Mr. HERTER. I would have no objection at all if the gentleman wanted to confine it to tobacco.

Mr. COOLEY. I thought that might clear it up as far as the gentleman is concerned.

Mr. RICHARDS. I do not believe that would clear it up as far as the gentleman is concerned. We have other surplus commodities such as fruits.

I think it would be best to leave the provision just as it is.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. COOLEY. I do not see how it would increase the difficulties of administration in view of the plain language of this provision.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

The gentleman from North Carolina [Mr. BONNER] is recognized.

Mr. BONNER. Mr. Chairman, I am convinced of the sincerity of the gentleman from Massachusetts in moving to strike out this provision, but the provision does not apply entirely to tobacco. As the gentleman from California stated, there is an application of this provision to dried fruits, there is an application of this provision to other agricultural commodities. I think it can be said and I admit, that it does apply primarily to tobacco because there are about five different types of tobacco grown in different parts of the country, used for different purposes. They have an historical basis of export to foreign countries, and the language in the bill is for the purpose of following as near as possible the past desire of each country to receive jobs in accordance with the historical past. The language does not say that they shall be used in this bill, but if they are used and certainly tobacco has been asked for by those we have already in authority on the scene of activity in Europe for incentive purposes. There the language as now contained in the bill serves a most necessary purpose. We know our soldiers desire tobacco in all forms and we supply it generously, we know the workmen in Europe desire tobacco for incentive purposes. Our soldiers have been missionaries of the consumption of tobacco throughout Europe; and, as the gentleman from Kentucky has stated, tobacco is one of the largest revenue-producing crops in America. Certainly we are all convinced, whether we come from the West or the North or wherever it may be, we should encourage foreign consumption for revenue-producing purposes if we did not keep up this sale in Europe we would lose great revenue here in America.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. HOLMES. It must be remembered also that there are certain types of

fresh fruits that have historical dependence upon their type of market and those markets have been built up over the years.

Mr. BONNER. The gentleman is correct.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Kentucky.

Mr. CHELF. Does the gentleman feel that the best interests of everybody concerned would not be served by the language of the bill itself?

Mr. BONNER. I can see no reason why the administrator of this bill after reading the debate cannot understand just what is intended by this language or where the language will have any damaging effect whatsoever on the administration of the act, and I earnestly request the membership of the House to vote down this amendment.

Mr. SASSCER. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to my fine friend from Maryland who I know is greatly interested in the tobacco farmer.

Mr. SASSCER. The purpose of incentive goods is to reduce the amount of goods and supplies that we may be called upon to furnish under this program. Tobacco is included as an incentive item and should be retained in the bill. I hope the amendment is voted down.

Mr. BONNER. I thank the gentleman from Maryland for his fine contribution, and again I urge all friends of agriculture to vote down this amendment.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Chair recognizes the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I had prepared an amendment to write the word "tobacco" into the bill, but if this relates to other commodities I do not think that would be a fair approach to a correction of what is about to be done and which would be almost disastrous to the tobacco-growing industry of many of the States.

In my own State of North Carolina the difference between a low price and a high price of tobacco is the ability to transport. There is not the ability to consume the tobacco that is grown by the markets in this country. It is a fact and we need not discuss that, that tobacco is considered an incentive and has been very desirable in war areas and in areas of destitution.

In the States of Ohio, West Virginia, Virginia, Maryland, Pennsylvania, and coming on down to North Carolina, South Carolina, and Georgia, a great part of the money derived from agricultural production comes from the growth and sale of tobacco. Our market would be very seriously crippled and our revenue as well; and the revenue which is paid to the Federal Government would be severely hurt. If this motion to strike out should carry I will offer an amendment to the amendment to save tobacco, but I did not want to do that if there were other commodities in any part of the United States that ought to come within it.

I really do not see what harm it would do to leave this section in the bill as it has come to us. I believe it ought to be here.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield.

Mr. REES. I just want to understand why we should use relief money to relieve the tobacco situation. I understand the gentleman to say that the tobacco growers will be in a terrible fix if we do not take this surplus tobacco off their hands. Perhaps so. But we should not use this relief money for Europe for that purpose.

Mr. FOLGER. If we can take care of the people here economically, we will do that.

Mr. CHELF. They are not only getting the tobacco, but by having the tobacco themselves, they can tax it and help themselves.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Chair recognizes the gentleman from Massachusetts [Mr. HERTER].

[Mr. HERTER addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. HERTER].

The question was taken; and on a division (demanded by Mr. RICHARDS) there were—ayes 62, noes 68.

So the amendment was rejected.

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: Page 75, line 22, after the period, insert "For the purposes of this act such term shall include any domestically produced fishery product (whether fish, shell fish, mollusk, or crustaceous) which is determined by the Secretary of Agriculture to be in excess of domestic requirements."

[Mr. TOLLEFSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts, [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, I hope that this amendment will be adopted. I am pleased to know that the committee has already approved it, because that follows the action of the House a week ago in amending the Agricultural appropriation bill approving fishery products in all its phases to be considered agricultural products. It seems to me that when we are providing food in its many phases to the people of Europe, that we may well and with profit also consider the fishery products. We have in mind, of course, that in this country we produce every year well over four and one-half billion pounds of fish, and there comes a time, perhaps seasonally, when we have a great surplus. I believe that fish, being the fine food that

it is, should not be considered unavailable for distribution throughout the European countries, where it will serve a very useful purpose. I am grateful to the committee for accepting the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. MILLER].

Mr. MILLER of Maryland. Mr. Chairman, this amendment and the next is important to large groups of our citizens—farmers, fishermen, and the workers who process their crops.

I suppose there will not be a Member of this body who votes for this foreign-aid bill who will not do so with misgivings and regret because of the sacrifices it will impose on the American people.

High though our purpose is from the humanitarian angle, and important as it is from the standpoint of enlightened self-interest, in our efforts to stem the tide of communism and protect human freedom without another world war—the cost will be great.

Our people and our economy will stagger under a grievous load no matter how well the plan works. The production of our farms and factories will be called upon to meet increased demands. If every effort is not made to keep our industrial machinery running smoothly, our resources, great as they are, will be insufficient to fill the requirements. Therefore it is imperative that every impetus and encouragement be given to our domestic production. We must eliminate bottlenecks wherever we find them.

I believe this amendment is of vital importance in this connection. There is not enough food in the world to feed the teeming population. During the war years our farmers and our fishermen were urged to produce more and ever more, yet too often good food is destroyed or permitted to go to waste and crops are permitted to rot in the fields. Food must not only be produced, but it must be preserved and distributed. Today many segments of the canning industry are impeded by abnormal surpluses of accumulated stocks. As of last March, for example, there were over 7,000,000 cases of tomatoes, nearly 11,000,000 cases of tomato juice, and over 13,000,000 cases of green peas clogging the shelves of warehouses and the storerooms of the packers. The 1946 pack of sweet potatoes is largely unsold. These are only a few of the fine canned and processed foods that are now in abundant supply. A new crop year is fast approaching. If these accumulated stocks are not moved, our canneries cannot work at full capacity. If the canneries cannot absorb the potential production, farmers will suffer. Either their crops will have to be curtailed or they may rot in the fields. This will result not only in loss of food which the world needs, but will cause serious and unnecessary losses to our farmers and their families, the canners and workers, the people who pay the taxes and make the sacrifices here at home.

As was so well pointed out last Thursday by the distinguished gentleman from Louisiana [Mr. LARCADE], there is much

more to this feeding problem than caloric values. We might as well face the fact that unless the maximum use of surplus foods is specifically directed, the often-expressed will of Congress in this regard will continue to be nullified by the formula that demands the most calories for a dollar. The maze of departments and the bureaucrats that pass on these matters will end up by making further heavy demands on grain and thereby add to scarcities and to the cost of living at home. Our domestic economy will be hampered and production of food decreased. If our people are to make these sacrifices—if they are to send these billions abroad—if they must continued to wait for road, post office, school, harbor, and other improvements long due in so many parts of our land, at least we should make it as simple as possible for them to produce the food and earn the wherewithall to pay the taxes required.

Mr. Chairman, I urge the passage of this amendment.

(Mr. MILLER of Maryland asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

The amendment was agreed to.

Mr. LARCADE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LARCADE: On page 75, subsection (d), line 20, after the comma insert "canned and other food commodities."

Mr. LARCADE. Mr. Chairman, this is similar to the amendments just adopted. In order to save time, may I ask if the committee will accept the amendment?

Mr. VORYS. What does the amendment include?

Mr. LARCADE. It provides for the inclusion in the bill of the purchase of surplus canned foods.

Mr. VORYS. "And other food commodities" includes anything on earth, does it not?

Mr. LARCADE. I would not say it covers everything on earth, but it does include canned foods.

Mr. VORYS. Can the gentleman tell me anything that is not included under "other commodities"? If the gentleman will strike out those words so that we will now what his amendment means, we might be able to agree to it.

Mr. LARCADE. I will be glad to do so.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. LARCADE. I yield to the gentleman from Georgia.

Mr. PACE. The truth is that the "other foods commodities" was put in there for the sole purpose of including fish. Inasmuch as the amendment on fish has already been adopted, the gentleman can easily modify his amendment.

Mr. LARCADE. I will be glad to do so if the committee will accept the amendment.

Mr. Chairman, I ask unanimous consent that my amendment may be modified so as to provide that on page 75, line 20, after the comma, the words "canned foods" be inserted.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. LARCADE. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Does that include canned fish?

Mr. LARCADE. Yes.

Mr. HOFFMAN. Or just agricultural products?

The CHAIRMAN. The Clerk will report the amendment as proposed to be modified.

The Clerk read as follows:

Modified amendment offered by Mr. LARCADE: On page 75, line 20, after the comma insert "canned foods."

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana, as modified.

The amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 75 at the end of line 17, strike out the period and insert the following: "The amounts of corn and derivatives of corn produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the derivatives procured in the United States for transfer by grant to such countries under this title shall not be less than 50 percent of the aggregate of the unprocessed corn and corn derivatives procured in the United States for transfer by grant to such countries under this title."

[Mr. DIRKSEN addressed the House. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN to the amendment offered by Mr. DIRKSEN: After the word "derivatives" as it appears in three places in the amendment, add the words "except intoxicating liquor."

Mr. HOFFMAN. Mr. Chairman, as long as you have all the agricultural products in there except corn, it is all right with me if you want to add corn and the corn-food products. You have tobacco in there. So the folks on relief can smoke and they can chew, and about that I am not complaining. You may need the million to buy tobacco in order to get the votes from the South. But I surely object to paying for any corn that is going to be used to make whisky, or whatever intoxicating liquor they make out of corn.

Now, this money is to be spent in other countries to feed hungry people, so we are told. We send it over there to stop communism. You do not need to get them drunk to stop communism. And some of our own folk do not wish tax money spent for liquor. The more sober they are the sooner they will find out they are wrong in thinking communism, which is a sort of mental drunkenness, is a good thing.

I have great sympathy, of course, for the corn growers—not so much as I had

last year, because we had to pay \$2.70 a bushel for corn not so long ago, when a man who was farming for me did not have enough. Paying that price reduced my love for the corn grower somewhat. Even I try to grow corn. Two dollars and seventy cents a bushel for corn is a pretty high price. So, if we take care of the corn growers and buy their corn to ship abroad, that may be all right. I will go along with that. I will go along with some of "the derivatives" of corn. I do not know just what that means. My friend, the gentleman from Illinois [Mr. DIRKSEN] has a wonderfully fine vocabulary, but I have a sneaking idea that "derivatives" as used in his amendment, means corn liquor. Hence this amendment to his amendment. I do not believe we ought to put that "derivatives" in there without this little qualification. What are the folks going to think about it? They are going to be short of food here at home—short of corn-meal mush, corn pone, corn-cob pipes. Prices are going to be high. They cannot get this, that, or the other item of food in the months to come. They are going to be mad about that. Hot under the collar when prices keep shooting up and up. No matter even if it is good liquor. When the housewife sees hungry children and remembers that she is short on breakfast foods made from corn—that there is no corn-meal mush—she will be asking you: Did you use that corn to make liquor to send to the starving people in Europe? Your answer?

Everything that comes from the gentleman's district is fine, but we should not spend the money of the WCTU ladies to buy corn to make whisky to send abroad under the guise that we are stopping communism and feeding the hungry. That idea is just too much to swallow—even with a slug of liquor back of it.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Michigan to the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN] as amended.

The amendment as amended was agreed to.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to try to obtain some information which I think would be very helpful, with reference to steel and petroleum. Something has been mentioned about steel this afternoon. I would like to ask two or three pertinent questions about this program as it relates to steel and petroleum products.

Mr. Chairman, this program, according to the report, anticipates the expenditure of some three and one-half billions of dollars for petroleum requirements to the participating countries over the period of 4 years. As I understand, the first year there will be something like three-quarters of a billion that will go into the purchase of petroleum prod-

ucts for the participating countries. In the CEEC report it is said that the total estimate of dollar expenditures for petroleum requirements, petroleum equipment, and tanker shipping for over a 4-year period amounts to three and a half billion dollars.

I assume, Mr. Chairman, that that means more than the purchase of crude and petroleum products. I should like to ask the gentleman if it is any intention of using any of this money for the development of oil production in areas where the participating countries operate and are developing such products? Referring specifically to the British development in the Middle East.

Mr. VORYS. I do not know where the gentleman gets the figure that there is going to be \$3,500,000,000 used for building petroleum machinery.

Mr. HARRIS. I get it out of the Commodity Report, European Recovery Program, chapter G, which is petroleum, and filed with the gentleman's committee and which the committee used, no doubt in the consideration of this legislation. On page 5 of that report appears the statement:

The total estimate of dollar expenditures for petroleum requirements, petroleum equipment, and tanker shipping over the 4-year period amounts to \$3,500,000,000.

Does that mean this money is going to be used by the British to develop the British oil fields in the Persian Gulf area? That it will take steel for tubular and other oil-country goods, line pipe and such requirements and equipment for the development of those fields in order to supply the requirements of the participating countries? I know the plan is to increase the refinery capacity in the participating countries to some 800,000 barrels refining capacity per day. I understand that all right, but it seems to me it is all-important in view of the shortages of steel for all types of uses in this country, that this should be clarified. We should give very careful consideration as to how much of the tubular goods, casing, and line pipe, and so forth, is going to be taken from domestic uses and shipped to the Middle East to develop oil fields there in order that the participating countries' requirements be met.

Mind you, the program is that during the first year, 1948, some 76.7 percent of the petroleum requirements will come from the Western Hemisphere and also 17.9 percent from the Middle East, but at the end of this adventure the sources of supply will be that 82.1 percent, according to the estimate, will come from the Middle East, and only a small percentage will come from the Western Hemisphere.

I ask again, Mr. Chairman—

First. Will any of the money be used for the development of the oil fields of the Middle East, Persian Gulf area?

Second. If so, how much will be used to develop the British-controlled fields.

Third. How much steel, if any, will be given for this purpose?

Fourth. How much steel, if any, will be purchased for the British pipe line from the oil field to the Mediterranean with these funds?

Fifth. Will any steel be purchased for the development of the British refineries in the Persian Gulf fields or on the Medi-

terranean coast in Palestine with these funds?

Sixth. And how much steel will be used to develop the refinery capacity in participating countries?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

REIMBURSEMENT TO GOVERNMENT AGENCIES

Sec. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

Mr. HESELTON. Mr. Chairman, I move to strike out the last word.

(Mr. HESELTON asked and was given permission to revise and extend his remarks.)

Mr. HESELTON. Mr. Chairman, I do not want to detain the committee at this late hour but I do feel compelled to ask certain questions of the committee in terms of subsection (b) of section 112, which provides:

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

My object is twofold. First I want to emphasize the soundness of what was stated here a moment ago by the gentleman from Arkansas in terms of any undertaking to build up competitive industry in some of these other countries at the expense of our own domestic industries and to inquire what precautions the committee has in mind that should be unquestionably taken by the Administrator to prevent that result.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I am happy to yield to the gentleman from Arkansas.

Mr. HARRIS. I would like very much for the gentleman who is handling this matter for the committee to answer the question, which apparently he did not wish to answer a moment ago.

Mr. HESELTON. I think it is a very important question and I, too, would like to get an answer.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Ohio.

Mr. VORYS. The Acting Chairman for the moment confesses with great humility his lack of expert knowledge in the field of petroleum when being interrogated by two such experts as both the gentlemen. I do not even have the skill to follow through the rather long involved questions the gentlemen asked me.

If the gentlemen would get their questions to me I will seek to secure categorical answers by tomorrow to the questions that they raise.

I may say that the statement of purpose in section 112 (b), and that language was not changed since it came from the other body, shows the view of the Senate and of the House Foreign Affairs Committee as to the way in which the petroleum-producing machinery should be used. I know that a part of the plan is to secure petroleum-producing equipment and pipe lines from Germany and other places to relieve the drain on our country, both so far as petroleum and steel are concerned. That is an ultimate objective of the plan.

The gentlemen are so expert in the field I would rather have their questions written. If their purpose is to show my lack of knowledge of the entire field of the petroleum problem, I immediately confess my weakness. If their purpose is to secure categorical answers, I will obtain them by morning.

Mr. HESELTON. I assure the gentleman that was not my purpose in any sense of the word. If it is agreeable to the Acting Chairman and if he will read the questions that have been asked by both of us and see that we will have the answers in the RECORD tomorrow in terms of interpretation of this act I think it will be extremely useful.

Secondly, I want to call the acting chairman's attention to a report I am sure has come to the attention of his committee. I refer to the progress report of the Committee on Interstate and Foreign Commerce on the fuel investigation, dated February 27, 1948, in which this very problem of the European recovery program was dealt with extensively. May I ask your consideration of one paragraph in that report which is of vital importance to the people in this

country in terms of shortages we have had and the shortages we undoubtedly will continue to have unless this program is wisely administered.

That is this:

It appears that the largest increase in prospective demand of nearly all the European countries is in gas, Diesel, and fuel oil. This European demand results in part from the greatly increased use of Diesel engines in road and railroad transportation, agriculture, shipping, and industry, but mainly caused by the conversion from coal to oil in industry and shipping between 1945 and 1947.

In the total energy balance of these countries, oil has always played a much less prominent role than it has in the United States. In view of the uncertainties as to supply, it appears that this may not be the time for encouragement of any large-scale conversion in European countries from coal to oil. This would appear true, for example, in France, in the conversion of railway power from coal to oil; in Greece, in the allocations of gas, oil, and fuel oil to industrial use; in Portugal, in the conversion of the fishing fleet to motorboats and oil-burning trawlers; in Holland, in conversion to motorboats and tugs on the inland waterways; in Italy, in expansion of motorships; and in various countries in the expansion of highway transportation.

I wish the Committee would indicate whether they intend that such conversions are not to be included in this program. What base period will be used by the Administrator—1938 or 1947 or what period? What does it mean by an "undesirable expansion of petroleum-consuming equipment"?

Surely some understandable standard can be provided. Are we to underwrite the conversion of railway power from coal to oil, the conversions of fishing fleets, of motorboats and tugs, the expansion of motorships and of highway transportation beyond the 1938 level or the 1947 level? If so, what justifications are offered?

Certainly, this Congress is responsible to the American people. It must weigh the probabilities involved so far as their comfort, their health, and their security are concerned. Is it not obvious that we cannot hope to accomplish what this program seeks to accomplish if we ignore the necessity of answers to these legitimate questions? We must not cripple our own productive capacity, which is the key to the success of this effort.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HESELTON. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

Mr. VORYS. I am constrained to object, Mr. Chairman. If the gentleman will extend his remarks, we will get the answers for him.

(Mr. HESELTON asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

AUTHORIZATION OF APPROPRIATIONS

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such man-

ner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest from appropriations authorized under this title for advances made by it hereunder.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of 1 year following the date of enactment of this act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unexpended portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the

Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provisions of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2202, the Foreign Assistance Act of 1948, had come to no resolution thereon.

FIRST DEFICIENCY APPROPRIATION BILL, 1948

Mr. TABER, from the Committee on Appropriations, reported the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes (Rept. No. 1618), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. GORE reserved all points of order on the bill.

EXTENSION OF REMARKS

Mr. RIZLEY asked and was given permission to revise and extend the remarks he made in Committee and include a letter.

Mr. MUNDT asked and was given permission to revise and extend the remarks he made in Committee and include extraneous material.

Mr. KIRWAN (at the request of Mr. BUCHANAN) was given permission to extend his remarks in the RECORD and to include an article.

Mr. MARCANTONIO asked and was given permission to revise and extend the remarks he made in Committee.

Mr. ROONEY (at the request of Mr. McCORMACK) was given permission to extend his remarks in the RECORD.

Mr. HOLIFIELD asked and was given permission to extend his remarks in the RECORD on five different subjects and include extraneous material.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Mr. HOFFMAN. Mr. Speaker, when the minority report on House Joint Resolution 342 came in it came in so late it was impossible to make any answer to it or to include the views of the majority. I ask unanimous consent that the supplemental report I have written may be filed and printed in a sufficient number to equal the number of the original report.

The SPEAKER. Is there objection to the request of the gentlemen from Michigan?

There was no objection.

SIX-YEAR PROGRAM FOR MISSOURI RIVER BASIN

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a 6-year program for the Missouri River Basin, as prepared by the Missouri Basin Interagency Committee, which will appear hereafter in the Appendix.]

AN AMERICAN PLAN FOR WORLD PEACE—INTERVIEW WITH SENATOR PEPPER

[Mr. HOLLAND asked and obtained leave to have printed in the RECORD a radio interview of Senator PEPPER, by Charles Farmer, on the subject An American Plan for World Peace, which appears in the Appendix.]

MEETING OF SUBCOMMITTEE OF JUDICIARY COMMITTEE

Mr. KNOWLAND asked and obtained consent that the subcommittee of the Judiciary Committee considering Senate bill 826 be permitted to meet during the session of the Senate today.

AID TO CHINA

The Senate resumed the consideration of the bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

The PRESIDENT pro tempore. The question before the Senate is the China relief bill.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Myers
Baldwin	Hayden	O'Connor
Ball	Hickenlooper	O'Daniel
Barkley	Hill	O'Mahoney
Bricker	Hoey	Overton
Brooks	Holland	Pepper
Buck	Ives	Reed
Bushfield	Jenner	Robertson, Va.
Byrd	Johnson, Colo.	Robertson, Wyo.
Cain	Johnston, S. C.	Russell
Capehart	Kem	Saltonstall
Capper	Knowland	Smith
Chavez	Langer	Sparkman
Connally	Lodge	Stennis
Cooper	Lucas	Stewart
Cordon	McCarran	Taft
Donnell	McClellan	Thomas, Okla.
Downey	McFarland	Thomas, Utah
Dworshak	McGrath	Thye
Eastland	McKellar	Tobey
Eaton	McMahon	Umstead
Ellender	Magnuson	Vandenberg
Ferguson	Malone	Watkins
Flanders	Martin	Wherry
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The Senator from Nebraska [Mr. BUTLER] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. McCARTHY] is unavoidably detained.

The Senator from Maine [Mr. WHITE] is absent because of illness.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. HATCH] and the Senator from Idaho [Mr. TAYLOR] are absent on public business.

The Senator from West Virginia [Mr. KILGORE] is absent because of serious illness in his family.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER (Mr. CAIN in the chair). Eighty-four Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, I present S. 2393, a bill to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China. It is recommended by a unanimous vote of the Committee on Foreign Relations. It is supported by every American instinct to sustain independent governments against aggression, and free peoples against conquest. It is sustained by the rich, historic tradition of American friendship for the Chinese people. Its advisability, at this critical moment in the story of human rights and fundamental freedoms, is so unavoidable that I believe it unnecessary to do more than report the basic facts, and then to take the Senate's decision.

If the Senate shall find it possible, Mr. President, to vote promptly, we shall meet the parliamentary situation created by the omnibus relief bill in the other House. We can then anticipate the adoption of a final and total conference report this week end in both Chambers. Congress will have thus demonstrated to an anxious country and a distraught world how democracy can function, when time is of the essence, in behalf of the hopes by which free men live. I am sure that even those of my colleagues who oppose these relief programs will readily agree that if the programs are to be launched at all, they should be launched in time to serve their maximum advantage and enjoy their maximum chance.

Therefore, Mr. President, I come directly to the point.

China was one of the heaviest sufferers from the bludgeon blows of World War II in which she was our ever-faithful ally against the Axis—bearing the cruel brunt of Japanese attack and ruthless occupation, yet always refusing all appeasing opportunities for a separate and expedient peace. The victory against the Axis, however, did not end her grueling jeopardy. The fruits of victory turned to ashes on her lips. She has since been riven by civil war in which her Government has been under constant and powerful attack by armed Chinese Communists—a major victim of that conspiracy of aggression which undermines the peace of this unhappy earth.

The accumulation of these strains—first, 8 years of war; second, long Japanese occupation; third, Communist rebellion—would have long since broken a people less devoted to their ideals, and a chief of state less grimly tenacious than Generalissimo Chiang Kai-shek. I pay my humble but deepest respect to the tremendous patriotic labors and to the seasoned integrity of this great and courageous leader, who has sustained his responsibility for democratic ideals, through thick and thin, against overwhelming odds. Come what may, I give him my hopes and prayers for his suc-

cess in behalf of a liberated China and the progressive freedoms of a liberated Chinese people.

Mr. President, the wonder is not that all these pyramiding burdens and all these accumulated hazards should have driven hard-pressed China to the brink. The wonder is that prior crises have not been able to break her intrepid spirit to carry on. We would be inexcusably less than frank if we did not admit that, as of the moment, the situation is touch and go. But, in my view, we would be inexcusably less than loyal to our own objectives if, at such a moment, we did not do what lies within our power, taking account of our other responsibilities, to help sustain and to encourage the Chinese Government and the Chinese people to reject aggression and to sustain their independence.

The Chinese Nationalist Government has long been recognized by the United States. It has been recognized by every member of the United Nations where China sits as a permanent member of the Security Council. And this is important—it was specifically recognized by Soviet Russia in 1945 when the Kremlin agreed "to render to China moral support and aid in military supplies and other material resources, such support and aid to be given to the National Government as the Central Government of China."

This pledge has been honored only in its breach. Instead, Soviet Russia, for example, has stripped Manchuria of vast industrial equipment estimated at a value as high as \$2,000,000,000. It has rendered none of the moral support or material aid it promised. On the contrary, although its direct connection with the Communist civil war is debated in some quarters, it is difficult for realists to make this discrimination—in the light of known infiltration and known subversion, among other things. While the National Government has taken initial steps toward practical democracy through the promulgation of the constitution and the election of a National Assembly, the Chinese Communist rebels aim at totalitarianism; and the Chinese Communist propaganda has been bitterly anti-American and directly follows the Moscow party line regarding all American policies. Not all rebels are Communists. There is the familiar coalition with other antigovernment reformers. I underscore the word "familiar." But all Communists are rebels; and there can be no doubt as to the overriding character of this civil war. In any event it is aimed at that Government in China which has shed its blood, sweat, and tears against aggression and dictatorship for more than a decade. It is aimed at that Government in China which is recognized by every other power on earth, and which asks our help in its extremity. It is to this Government and this people that the pending bill again proposes to extend American succor in response to prayers for aid.

If and when we respond, Mr. President, to this plea, we are serving more than the humanities—great though these be amid a people with whom we have had long and vast cultural, educational, and religious ties. We are serving more

than our traditional foreign policy which never has failed to speak up for the integrity and the independence of China ever since our first treaty in 1844—particularly remembering Secretary of State Hay in 1900 and Secretary Stimson in 1932. We are also serving, Mr. President, our own unavoidable self-interest in international peace and security in an enormous far-eastern area which peculiarly involves the welfare and the future of the United States. Certainly no bill of particulars is necessary upon that score. Congress itself has been too obviously tender and receptive to this theme in recent months to require any further argument.

This bill is our latest answer to these specifications and these demands. It puts the China program on the same timetable as the European program, taking the relative figure for 12 instead of 15 months, so that all these programs may confront simultaneous review next January. It thus authorizes an appropriation of \$463,000,000. This sum is divided two ways. First, it makes \$363,000,000 available for carefully screened relief and rehabilitation under the applicable provisions of the Economic Cooperation Act of 1948, including the usual bilateral agreement with China, and under the general direction of the Administrator of that act. Second, it makes an additional \$100,000,000 available as a grant on such terms as the President may determine. This can be used at China's option for military purposes and in the purchase of urgently needed military supplies. It is believed that this can greatly facilitate the delivery of our own surplus military supplies, at China's option, in the far-eastern area.

The Committee on Foreign Relations wishes to make it unmistakably clear, in this, as in all other relief bills, that there is no implication that American aid involves any continuity of obligation beyond specific, current commitments which Congress may see fit to make. This understanding is necessary in all foreign-aid legislation, not only in elementary prudence as respects our own resources, but also in justice to those whom we assist. We do not—we cannot—underwrite the future. Events are unpredictable in this tragically fluxing age. It is a duty to underscore this reservation in the case of China because we find here many imponderables as a result of the military, economic, and social pressures which have understandably undermined her stabilities, and prevented or postponed the internal reforms which even her surest friends readily concede to be not only desirable but essential for the Chinese people and for the Nationalist government. But reforms without survival would be a disillusioning mirage.

Gen. Chang Chun, President of the Executive Yuan of the Nationalist government, frankly and courageously spoke of these necessities in a sturdy statement last January, from which I quote:

The Chinese Government fully recognizes that, in order to secure the maximum benefit from external aid, an adequate and practicable program of domestic measures of self-help is needed. This program should at the beginning lay stress on financial and eco-

nomie measures of immediate importance which will be followed or accompanied by certain other reforms in the fields of general administration and military reorganization.

General Chun then listed 10 of these vital necessities, and they are in the report which is on the desks of all Senators. They are more than ordinarily difficult of achievement in a country the size of China, comprising one-fifth of the world's population. By the same token, the greater will be the glory of such efforts. The recognition of these necessities by the Nationalist Government itself is one of the stimulating and hopeful factors in this equation. The best friends of China will urge the relentless pursuit of these healing objectives. It is simple candor for us to take account of these facts as we turn again to China's assistance. But it would be a cruel distortion of paramount facts to subordinate the central purpose of this legislation to an overemphasis upon the difficulties and the handicaps which the Nationalist Government must overcome in these respects. The preservation of China's independence is prerequisite to the preservation or attainment of everything else. Liberty is prerequisite to progress.

Now I return briefly to the bill itself.

We cannot deal with the Chinese economy on an over-all basis, as we have done in the European recovery program. China is too big. The problem is too complicated. But we can serve some key needs with great effectiveness; and, in the unanimous opinion of the Foreign Relations Committee, we should and we do, under this proposed legislation. For example, we propose to help in respect to a probable food deficit of 2,000,000 tons for the coming year, having constantly in mind that China has so drained her foreign exchange that she will be hard pressed to procure essential imports needed for the continuation of her basic civilian economy. The tentative breakdown of relief commodities is also shown in the revised committee report which is on the desks of all Senators. Limited appropriation, perhaps \$60,000,000, is contemplated for key reconstruction projects. All commodities will be distributed, and all projects will proceed under the strict supervision of the Administrator of the Economic Recovery Act, and all applicable requirements of that act will be invoked; although, of course, it is clear that China cannot be tied in with the 16 European nations in this connection.

I turn now to the question of military aid. By way of background, I report the current military status in China. Because of shifting controls in disputed areas, it is impossible to be accurate. These are general estimates. The Chinese Communists control perhaps 25 percent of the total area of China and perhaps 33 percent of the population. The strength of the Communist armed forces is estimated at 1,150,000 regulars and 2,000,000 local militia. The Nationalist government announced 6 months ago that its armed forces numbered 3,800,000 men.

As in the case of Greece and Turkey, your Committee on Foreign Relations recognizes that military aid is necessary

in order to make economic aid effective. It proposes to make military supplies available, at China's option. For this or any other purpose, at China's option, a grant of \$100,000,000 is included in the bill. This implements a heavy program of transfers of military surplus, at nominal prices, already under way, and to be extended. Your committee believes, as a matter of elementary prudence, that this process must be completely clear of any implication that we are underwriting the military campaign of the Nationalist Government. No matter what our heart's desire might be, any such implication would be impossible over so vast an area. Therefore, for the sake of clarity, we prefer to leave the initiative, in respect to these particular funds, in the hands of the Nationalist Government. The current net result is no less effective. We want it to be no less effective. But we also want no mistake about the nature of our obligations. Congress must retain freedom of decision as events may recommend.

Under another law, the United States will continue to furnish military advisers to the Government of China at her request. At the present time this group consists of 572 officers and 921 enlisted men. This includes military police and weather and air transport personnel. None of this personnel commands Chinese troops nor engages in combat. Their capacity is advisory only. Combat units of American troops definitely are not involved. Nothing in the pending bill alters these limitations on these plans in any aspect.

I believe, Mr. President, this covers the essence of this legislation. I conclude, therefore, as I began. For many years the United States has been deeply concerned with the maintenance of the integrity and the independence of China, factors unmistakably essential to peace in the Far East. That integrity and that independence have been threatened for a tragic decade, but never more so than in this apprehensive hour which sees aggressive communism on the march all round the globe. We must providently choose our ground in this over-all contest lest our zeals shall overreach our resources. But we would deny our traditions, our history, and our objectives if we failed this present response to the current needs of China.

I renew the hope, Mr. President, that the Senate will find it wise and profitable to pass this bill with least possible delay so that a final conference report on this entire peace program may light another torch of liberty before this week end wanes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Oregon.

Mr. MORSE. I want to say, before I ask the Senator certain questions, I am happy again to assure him that I find it possible to follow his leadership on foreign policies in the Senate.

Mr. VANDENBERG. I thank the Senator.

Mr. MORSE. I accept as sound the major premises which the Senator has

laid down in his speech. However, I think it of importance that, as we proceed to discuss the bill the Senator is offering the Senate, we seek to find the answers to certain questions which I am sure are perplexing millions of American citizens in regard to our relations with China.

I represent a west coast State. We on the west coast are very much concerned about Pacific problems. We are very close to China, and because of our closeness to China I think we are more aware in certain particulars of some of our Pacific problems than are many people in other sections of the country. I think the American people, certainly those who live in the West, want answers to certain questions which involve great doubt in their minds as to what the factual situation is concerning relief we have already given to China. So, I want to repeat a question I asked the Senator from Michigan some months ago—I think it was during the special session of the Congress last November—whether or not the Foreign Relations Committee of the Senate is at this time fully familiar with the contents of the Wedemeyer report made to the President of the United States.

Mr. VANDENBERG. I do not think the committee has had the full report submitted to it. We have had an analysis of the report submitted to us.

Mr. MORSE. On the basis of the analysis of the Wedemeyer report, would the distinguished Senator from Michigan say at this time that he believes the relief supplied by the United States to China, even since VJ-day, has in large measure gone to the aid of the common people of China?

Mr. VANDENBERG. An answer to the Senator's question requires a bill of particulars in respect to the question. The interest of the common people of China, in the judgment of the Senator from Michigan and, I am sure, in the judgment of the Senator from Oregon, rests first and fundamentally upon the maintenance of China's independence and the right of autonomy and self-determination. To whatever extent the aid furnished since VJ-day has therefore either encouraged or helped sustain the Nationalist Government, I would say the answer is "yes," that it has been to the advantage of the people of China. Insofar as a break-down which would pursue the aid to specific objectives is concerned, I am afraid I cannot answer the Senator's question.

Mr. MORSE. On page 11 of the committee's report, section 15, at the bottom of the page, I read this paragraph:

Ambassador Stuart, on February 19, 1948, stated that the China-aid program "was designed to benefit the common people." The committee repeats that the Administrator is under obligation to see that this actually takes place—in the rural districts as well as in the relatively few urban sections. The end use of American dollars in China is a primary obligation on the Administrator and the Chinese Government.

During the course of the Senator's excellent speech this afternoon he particularly emphasized the obligation resting upon the Administrator or the administration of the aid program, to see

to it that the aid we now propose to give China goes to the common people of China. I think the Senator can put me right if I am wrong, but I assume that not only the paragraph in the report which I have read but the emphasis with which the Senator discussed this particular problem in his speech is probably based upon the fact that he, too, as chairman of the Foreign Relations Committee, has heard testimony, as I have heard representations made to me, that too much of our funds and too many of our supplies which have gone to China in months past have not accrued to the benefit of the common people. Does the Senator think I am wrong in that observation?

Mr. VANDENBERG. I have no doubt in the world of the almost imponderable difficulties involved in the type of relief distribution in China which the Senator from Oregon and I both desire to see exist. Neither have I any doubt that there has been a progressive disintegration, as a result of the accumulated pressures in the last 8 years, in the adequacy of the system under which relief has been distributed. But my belief is that the clear and specific controls which are contemplated under the Economic Cooperation Act and which are contemplated to be extended to the distribution and control of supplies under this bill, will reduce to a minimum whatever hazard of the nature to which the Senator refers may exist.

Mr. MORSE. Were any representations made to the Committee on Foreign Relations by any witnesses as to the effect of black markets, corruption, bribery, pilferage, and tremendous waste which have characterized much of the distribution of relief supplies in China?

Mr. VANDENBERG. We had available to us the entire record taken by the Foreign Affairs Committee of the House of Representatives, and there can be no doubt about the complete, or almost complete, disintegration of the Chinese fiscal system. I think that perhaps as of today the American dollar is measured in the equivalent of 500,000 Chinese dollars. Under such circumstances black markets are inevitable. It would be a unique situation if China were free of black markets, when we know that the entire European area, which is struggling back to its feet, is similarly cursed with black markets. I should think that the black-market curse in China is greater than that in any other place in the world, in view of the fiscal-exchange relationships to which I have referred.

Mr. MORSE. If the Senator will permit me to make a brief comment on which I wish to base my next question, I should like to say that I have yet to interview the first American who has returned from China after extended observations in China who has not told me that in almost every part of China in which he or she traveled he or she found persons actually starving, and yet sometimes within the block, or around the corner, or two or three blocks away, there would be on the street for sale at black-market stands a good cross section of the various supplies we have been sending to China for the aid of the common people. Such reports have been so

consistent and so uniform that I think they have added much to the query which I think is being asked all over America today, namely, what assurance have the taxpayers of America that by spending more and more millions of dollars for food and supplies for relief in China they are doing anything more than again filling the pockets of the group which is today in charge of the Nationalist Government of China?

I may say to the Senator from Michigan that I am not at all fearful of successful contradiction of those reports, because I think the evidence is overwhelming that the distribution of American relief supplies to China in months past has practically broken down, so far as aid to the common people of China is concerned.

On the basis of those reports I am convinced that something must be done this time to make clear to the National Government of China that it must do everything possible to cooperate with us in ending the type of waste, graft, and corruption which these reports uniformly indicate prevail at the present time in China. We must have assurance that there shall be an improvement in the distribution of our supplies. So I ask the Senator from Michigan if I am correct in assuming that his committee's answer to the problem is to be found in the language on page 11 of the report, where it is pointed out, starting with the last word on that page, and then going to the top of page 12—

The committee repeats that the Administrator is under obligation to see that this actually takes place—

Meaning, I assume, that this time we are saying to the National Government of China: "We shall insist that this relief go to the aid of the common people of China."

Am I correct in that assumption?

Mr. VANDENBERG. I think the Senator is totally correct in the very earnest dedication of the committee to that objective. I should like to comment a little further on the Senator's question, if he will permit me. I call his attention to the language of the committee report, on page 5, which frankly indicates that China's economy has deteriorated steadily since the defeat of Japan. Then I call attention particularly to the next sentence:

The destruction of communications has isolated the resources from the centers of consumption and the ports.

I think that our committee was greatly impressed by the fact that among the other major difficulties confronted in achieving the precise result to which the Senator appropriately dedicates his hopes is the very general break-down in communications which makes it difficult to operate the most well-meaning plan that could be devised. It is for that reason, I say to the Senator from Oregon, that among other contemplations in the pending plan is the restoration of one major railroad line of communication which will greatly, it is hoped, reduce this particular handicap.

I think that in speaking of the necessity that this relief shall accrue to the advantage of the common people of China

we cannot, as realists, ignore the utter size of the problem, the almost unbelievable area involved, and, above everything else, the break-down of all the instruments of communication, so that the worthiest purpose in the world confronts high difficulty in achieving these aspirations.

The Senator will find on page 17 of the report the full text of the agreement covering interim aid to China, and I think he will find in the requirements of that agreement, set down in black and white, the answers to many of the things which the Senator wants to see done. I can give him no assurances as to net results, because I can give the Senator no assurance, to begin with, as to what the plans of the Politburo may be for the next 20 minutes.

I can give the Senator no assurances as to net results respecting the vicissitudes of climate, and the like, in respect to native crops. I can give the Senator no assurances that the habits of a thousand years in this area are to be made over as a result of the legislation we are proposing. But I can give the Senator assurance, born of what I consider to be the very brave statement and action of General Chang Chun, president of the Executive Yuan of the Republic of China, which the Senator will find set out in some detail on pages 12 and 13 of the report. I am sure that statement of itself will give the Senator substantial reassurance regarding the attitudes of the beneficiaries of the plan. I can certainly give the Senator every assurance in the world that the administrators of the program will find themselves under an irresistibly compelling obligation to undertake to the maximum degree the objective which the Senator very rightly underscores.

Mr. MORSE. I think it is the last assurance that is of most importance in this discussion.

Mr. VANDENBERG. I think it is, too.

Mr. MORSE. The other assurances about which the Senator spoke I could not expect him to give to me, but in the course of his major remarks this afternoon—and I think this bears on one of the last observations he made—he did make the point, and I paraphrase him, that we have to look, of course, to our own economic resources to see how far we can go in our national relief program for China and other countries.

Mr. VANDENBERG. At all times.

Mr. MORSE. The Senator now points out that when we take into account the vastness of China, both from the standpoint of territory and from the standpoint of population, we cannot hope, of course, to bring to the common people of China all the aid that is going to be needed by them to eliminate the terrible economic and social conditions which exist in China.

Let me make a statement to the Senator, which I make only because I think reemphasis of the point is important in this debate in view of the perplexity which confronts the American people today with regard to the situation in China. After VJ-day we gave many millions of dollars' worth of war supplies, much of it consisting of

food, clothing, and equipment, which could be used to sustain large numbers of the common men and women of China against the vicissitudes of the elements. Such supplies covered many acres of land in the various islands of the Pacific. And what happened? I think the American people should know some of the facts as to what happened in regard to those supplies. Many of them deteriorated and rotted, and were never moved off the islands.

A national corporation of the Chinese National Government was formed, and many of those supplies, particularly heavy machinery and machinery that could be used in logging, road construction, and the like, have been sold back to American taxpayers at prices considerably higher than the prices which were charged for similar machinery by our own Surplus Property Administration. At least I have received such information and representations from several American sources. However I want the facts about this matter, because if that is true, it needs to be looked into.

I wish to say for the record that I have asked the State Department to give me a full report, and what evidence they have, as to the operations of this Chinese corporation in selling back to American taxpayers millions of dollars worth of property which we gave to China after VJ-day. The dollars obtained by the Chinese National Government from those sales of supplies should be taken into account, it seems to me, when we compute and sum up our financial relief to China. I think we have to take into account the administrative policies which have been followed by this Chinese corporation in the disposal of American surplus property. I do not think it is fair or proper that certain political cliques or favored Chinese business groups should be allowed to make profits out of American relief supplies or American gifts to the Chinese people.

I am sure the Senator from Michigan will agree when I say there is great danger that what I say may be looked upon as an unfriendly act on my part toward the National Government of China. No one in this body, including the Senator from Michigan, has greater appreciation of and respect for the fight for freedom which the Chinese National Government waged during the Second World War than I have. However, I cannot condone what I understand have become totalitarian policies of the Chinese National Government in recent months.

In his remarks, the Senator from Michigan suggested that not all the rebels against the National Government are Communists, but that all the Communists are rebels. I agree with that observation in view of the reports I have received from China. I think it is proper to point out at this time that, at least from such reports as I am able to obtain, from people who I am satisfied are reliable, loyal Americans who have been living in China, some of whom have returned to this country, some of whom are still writing from China—there is growing resentment in China, on the part of people who are not Communists,

against the practices of the National Government in China. The result of growing opposition to the National Government on the part of people who are not Communists is that a great many Americans are raising the question today as to whether, from the standpoint of totalitarianism, from the standpoint of governmental regimentation and dictation over and of the rights of the people, there is much difference between the policies of the generalissimo and the policies of other totalitarians.

I do not think we can run away from this rising doubt as to what the governmental policies of the Generalissimo are with respect to the principles of freedom which we are defending the globe around. I think there is a responsibility resting on our Government to make perfectly clear to leaders of governments who seek our aid that there are certain basic principles of freedom which they must support if they hope to have our aid, and there is none greater than the guaranty of freedom of choice to the rank and file of the people of a given country. I would ask the question, not of the Senator from Michigan, but a rhetorical question, How much freedom of choice is there in China today, even under the Chinese National Government?

The principles I have mentioned are precious. I for one say that I think it is incumbent upon the State Department of the United States to make very clear that in this fight for freedom and the dignity of the individual, including all the civil rights that go along with that dignity, we are not going to support Fascist governments or Communist governments.

Mr. PEPPER. Mr. President—

Mr. VANDENBERG. Mr. President, before I yield, I should like to make one comment upon what has been said by the able Senator from Oregon. I do not think we find ourselves in any fundamental disagreement.

Mr. MORSE. I am sure we do not.

Mr. VANDENBERG. The Senator from Oregon supports the pending proposal, I am sure, for substantially the same reasons that actuate me in my support of it.

No member of the Committee on Foreign Relations, I am sure, would undertake to say that the situation in China is comparable, in respect to the terms of democracy as we understand the word, with democracy as it is understood in those areas where it has been a reality for a much longer time.

It seems to me, I suggest to the Senator, that our judgments have to be relative in connection with the question of practical democracy. The Senator chose a phrase, which I particularly liked, to symbolize his entire objective. His phrase was, "the preservation of the freedom of choice."

Mr. President, I think that is an excellent trade-mark for this entire discussion—freedom of choice. I would say to my friend from Oregon that since, in my opinion, the Nationalist Government has created the first constitution in the history of China, since it has created a constitution which is written in terms of

complete democratic aspirations, since this has been done for the first time in the life of a nation that I suppose has lived for five or ten thousand years, here is proof, relatively speaking, that there is a dedication to freedom of choice for the common people of China to a degree, at least which has never heretofore been apparent.

I doubt whether that, freedom of choice could possibly exist, in the terms that we in America would attach to the words, in any of the nations which are just coming into their first realization of the fruits of organized democracy. I agree that every emphasis upon freedom of choice must be made in our dealings with any government which we are undertaking to assist.

But we must—and at this point the Senator from Oregon would not for an instant disagree with me; I know him much too well—look at the other alternative in respect to freedom of choice, and in the opinion of the Senator from Michigan there will be no freedom of choice left to the 400,000,000 people of China if it falls behind the iron curtain of communism.

It seems to me at the moment, since there is a Nationalist Government, doubtful as some of its characteristics may be in terms of western morality—since there is a Nationalist Government which for 20 years has carried on the inspiration of Dr. Sun Yat-sen in seeking to bring the Chinese people to a better day; since there is a Nationalist Government that has written a democratic constitution; since there is a Nationalist Government that has called free elections, and since the alternative at the moment is the total loss of any freedom of choice for any except those Communist autocrats who would control the conquest of China, I respectfully suggest that even on the basis submitted by my able friend from Oregon, those of us who are devoted to freedom of choice, those of us who are devoted to human rights and fundamental freedoms, find ourselves completely justified in supporting this effort for whatever it may be worth to encourage, under appropriate auspices, those who are struggling to preserve and promote freedom of choice for the Chinese people.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I am glad to yield to the Senator from Oregon.

Mr. MORSE. The Senator has been very kind to the Senator from Oregon in yielding so graciously. If the comments just made by the Senator from Michigan were put in the form of a motion the junior Senator from Oregon would be pleased to say, "I second the motion."

Mr. VANDENBERG. I am sure the Senator would.

Mr. MORSE. And it is because of that fact, that I find it possible to vote for the legislation the Senator from Michigan recommends here this afternoon.

Of course, there is no question about the fact that the present paper writing, the present paper constitution of the National Government of China is one of the

benefits that the Chinese have reaped from the great idealism and the great life and service to the Chinese people of Dr. Sun Yat-sen. But the Senator from Michigan, I know, is well aware of the difference between a paper constitution and putting the principles of that constitution into practice. We have yet to learn that coalescent here in America. So we cannot be too critical of the shortcomings of putting some of the ideals of Dr. Sun Yat-sen into practice in China.

The only caution I sought to indicate here today was a caution to my Government—and I think it is a warranted caution—that we must make very clear to the National Government of China that there is much evidence to bear out the allegation that freedom of choice for which we are fighting and for which we are standing in the world today is not being granted to the degree that an ally of ours in a fight for liberty the world around should grant. That is the only major point I am trying to make.

I agree with the Senator from Michigan that once China falls behind the iron curtain of communism there is no liberty at all. But if she becomes a completely Fascist state—and I am satisfied she is more Fascist today than democratic—there will be no personal liberty for the people of China. It will be lost to the same degree under fascism as it would be lost under communism.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Florida.

Mr. PEPPER. In view of the enlightening discussion between the able Senator from Michigan and the able Senator from Oregon, and in order that it may be made clear that we are defending principles to which our people subscribe, I wonder whether the able chairman would accept an amendment to the bill: that its provisions and benefits shall not become available until the Secretary of State shall have found that at least the essential basic elements of democracy shall exist in the Nationalist Chinese Government?

Mr. VANDENBERG. Mr. President, the Senator knows the answer to his question before he asks it. He is laying down a rule of generalities which it would be totally impossible either to identify or to enforce.

Furthermore, the situation which we confront at the moment, in the judgment of the Senator from Michigan, is something of an emergency situation involving the far more fundamental question as to whether or not the masses of the Chinese people shall have a further chance to pursue the things which the Senator wants the Secretary of State to underwrite as having already occurred.

Before I forget it, may I say something personal to the Senator from Florida?

Mr. PEPPER. The Senator will be very glad to have it.

Mr. VANDENBERG. The Senator from Florida and I have fundamentally disagreed upon a good many phases of this problem, and I have been greatly disturbed sometimes in listening to him that his observations would afford per-

haps unintended encouragement to some of the enemies of this country. I want to compliment the Senator from Florida upon the statement which he made last week end, because he made the record immutably clear that he is not an apologist for aggression by Soviet Russia, and that his pleas for approaches to peace, which my heart completely reflects and underscores, are not uttered in terms of any sort of appeasement of Communist aggression. I am grateful to the Senator from Florida for having made that statement.

Mr. PEPPER. Mr. President, the able Senator from Michigan, knowing that there is no one in this Chamber or in this country for whose opinion, especially for whose approval, I am more solicitous and grateful, knows that he has my utmost thanks for the generous words he has just uttered.

Mr. President, I asked the question I asked a moment ago because I think it is very vital that we make it clear that we stand for two things. First, we stand at some Armageddon and say, "Beyond this point we will not retreat." We say that to all aggressors everywhere. I think that might be a statement of one side of our policy, but we must be unmistakably clear and put equal emphasis upon our declaration that we also have certain regard for principles. We must be very sure that we do not identify ourselves with any questionable motive, or any questionable group, or any questionable attitude. So long as we are certain in our consciousness that we are right, and that we are associated with those who desire only to protect and defend the right, then I have no qualms about our course. That is the reason I think it is important that we make it clear, as the Senator from Oregon [Mr. MORSE] did a moment ago, that while we do not stand with Communists, we do not stand with Fascists, either, and that we do not stand with elements which are corrupt, or with those who have denied democracy to their own people. Let us associate ourselves with the democratic element, and say, "Yes; we will stand behind you against any kind of aggression or encroachment." But when we defend people who are not easily defensible, and governments whose defense has brought embarrassment even to this distinguished committee, if the record may be taken into account of what it said in its first report, and the modification of its report in the second instance, would we not a thousand times over strengthen our position if we were to lay down conditions which even our friends must meet if they are to receive our aid?

I distinguish the case of China from other cases. Even in Greece, where I believe the situation has not been altogether up to our standards, before we undertook to render aid we were able to point to an election which had been held, an election which had been examined by American observers as well as the observers of other countries. I have heard the able chairman declare upon this floor that that gave a degree of integrity to the Greek Government, even

if it were monarchical in character, that it would not otherwise have possessed. We could say to the world that there was an election, that the people had an opportunity to vote. Our representatives scrutinized the vote, and they stated that it met moderate standards of adequacy. Consequently, we said, "Until there is a change, we will support this government."

But no sooner had we started our aid program in Greece than—I dare say due to our pressure—there was a so-called liberal government in power. It was a coalition government, but there was a displacement of the reactionary government, and there was the installation of the government of Sophoulis, who was the leader of the so-called liberal party. Today our aid is being given under this allegedly liberal government. I dare say our representatives are there to observe that there is some decent respect, at least, for the basic, fundamental principles of democracy.

We did not have to lay down those conditions in western Europe. The people there have been democratic in character and sentiment for a long time. They have been accustomed to free elections. So we are not embarrassed in aiding governments which have the essential, basic elements of democracy, as the governments in western Europe have. In the so-called Marshall-plan group, we have the satisfaction of knowing that the people of the countries affected have for a long time stood for and observed and loved the basic elements of democracy.

Can we conscientiously say that that same condition exists in China? Is Chiang Kai-shek's government the one to which we wish to attach our flag and say it is ours as well as his? I thought we had been told time after time that if we were giving the money we could impose conditions. If we are to make it impossible for Communists to participate in our aid, as we do, then can we not eliminate those who are on the other side, on the extreme right, the Fascist-like side, especially when before mankind there is so much question as to their integrity, let alone their philosophic acceptability?

So it seems to me that the moral background of our whole aid program would be immeasurably strengthened if we were to lay down the condition that, while we are not going to yield to the aggression of communism, we are not going to embrace as brothers the Fascists or those who have philosophies of government which are not basically and essentially democratic in character.

Therefore I ask the question not to be capricious or captious, but in the utmost seriousness, whether the Senator might think it possible that we could lay down some condition of basic essentials of democracy which had to be met before the Government of China could get the benefit of this aid.

I thank the Senator for his kindness and indulgence.

[Manifestations of applause in the galleries.]

Mr. VANDENBERG. Mr. President, I think I have answered the Senator's question.

The PRESIDING OFFICER. The Chair reminds the occupants of the galleries that demonstrations of any kind are not permitted, for the very obvious reason that they impede and obstruct the seriousness of the debate which is presently taking place on the floor. Cooperation from each of you as individuals will be very much appreciated.

Mr. WHERRY. Mr. President, I should like to submit a question to the distinguished Senator from Michigan.

The bill provides, does it not, for \$100,000,000 which might be used for military assistance to China?

Mr. VANDENBERG. At China's option.

Mr. WHERRY. Has anything happened since Secretary Royall testified before the committee which would further justify the \$100,000,000 appropriation, at the option of the Chinese Government, for the purposes now set forth in the bill?

Mr. VANDENBERG. I do not think I catch the purpose of the Senator's question. What is the relationship of Secretary Royall to this question? If I can understand that, then I can better understand what the Senator is getting at.

Mr. WHERRY. I should like to lay a foundation, if the Senator does not mind.

Mr. VANDENBERG. Certainly.

Mr. WHERRY. We were told time and time again on the floor of the Senate that the passage of the ERP program was the economic approach; that if we passed the European recovery program without in any way reducing the appropriations we had a right to believe, upon the facts which had been presented up to that time, that we could stop communism with dollars, and that it would not be necessary to implement European relief by any other means.

Mr. VANDENBERG. May I interrupt the Senator to say that the Senator from Michigan never said at any time or at any place that we could stop communism with dollars.

Mr. WHERRY. The distinguished Senator from Michigan did say time and time again that he would not guarantee that it could be stopped with dollars; but I submit to the distinguished Senator that the approach which was made in the ERP program was the economic approach, rather than implementation by force, military alliances, and so forth. Is not that correct?

Mr. VANDENBERG. That is correct; and the Senator is also correct in saying that it was repeatedly urged that the economic program, if given a fair chance, might very well avoid the necessity for moving on into the other category to which the Senator refers.

Mr. WHERRY. I did not mean to argue about the foundation or the premise. I am in this position: It was my feeling, at the time the European recovery program was discussed and considered on the floor, that appropriating the money would simply represent a continuation of appropriations in the attempt to stop communism, which plan had failed in prior years. I think the Senator heard me make that statement.

Mr. VANDENBERG. Mr. President, I think I now sense the Senator's question, and I think I can answer it. The Senator asks whether anything has happened since Secretary Royall testified to change the situation.

Mr. WHERRY. First, I should like to know about China. It was my understanding then, and up until the time the ERP program was passed in the Senate, that the economic approach was all that was necessary in the opinion of those who testified up to that time. I am not speaking of what has happened since. The question which I finally wish to get to is this: Has the situation changed? Shortly we shall be called upon, if the reports we receive from the Armed Services Committee hearings and from the press are true, to proceed in other ways. We know that not only shall we proceed by means of the economic approach, but that apparently it is becoming necessary to implement the economic approach with other measures, including rearmament provisions here and possibly the draft and universal military training, and so forth. So I ask the distinguished Senator from Michigan this question: What, if anything, has happened, since the presentation of the European relief program and since the testimony of Secretary Royall, which would justify any approach other than the economic approach, either to China or to any of the participating countries in Europe that are to be the recipients of the European relief program?

Mr. VANDENBERG. I fully understand the Senator's question; and when I answer it, I am sure he will just as fully agree with the facts I submit in response to his question. His question is, Has anything happened to change the situation? Yes, very definitely, very ominously, and in most sinister fashion.

The first thing that has happened, in the interim to which the Senator from Nebraska refers, is the fall of Czechoslovakia.

Mr. WHERRY. Mr. President, will the Senator yield to me for a moment at this point?

Mr. VANDENBERG. No; I ask the Senator from Nebraska to wait for a moment. He has asked me quite a long question, and I should like to have a little time in which to answer it.

Mr. WHERRY. I hope the Senator will permit me to make a brief observation at this point.

Mr. VANDENBERG. Very well.

Mr. WHERRY. At the time when the European relief program legislation was being considered and when we used the economic approach, Czechoslovakia and Finland had already been high-pressured by Russia.

Mr. VANDENBERG. Oh, they had been high-pressured out of the western European coalition.

Mr. WHERRY. That is correct.

Mr. VANDENBERG. But since that has happened, as I am sure the Senator will agree with me without any argument whatever, the subsequent fate of Czechoslovakia is of a totally different and far more significant character.

Mr. WHERRY. Very well; that is what I wish to know.

Mr. VANDENBERG. I am sure the Senator from Nebraska will agree that what has happened is clearly the result of a subversive conspiracy to overthrow the most democratic and most forward-looking of all the central European states. When we consider that overthrow and the fashion in which it was brought about, and the tragic symbol we have in the result—the suicide of Jan Masaryk—I am sure the Senator will agree that what has happened to Czechoslovakia in the interim to which he has referred has put an infinitely greater challenge behind the question which confronts us, along with the other free countries that are left in this world—in short, the question as to what happens next, and where we go.

Mr. WHERRY. Well—

Mr. VANDENBERG. Mr. President, I have not finished yet. In addition to the Czechoslovakian exhibit—and the whole world has been shocked by the Czechoslovakian exhibit; it makes as much difference between the two situations as the difference between day and night—in addition to that, we know very well that the very precious and very brave little country of Finland has been called—we know not what for in detail, but imagination supplies the details—has been called to an accounting which may put it in chains in respect to our ideas of independence and autonomy. We know that for the first time the Scandinavian countries of Norway, Sweden, and Denmark are in the grip of a tragic anxiety as to what their future is to be, as a result of this conspiracy of aggression which seems to be on the march at a tempo infinitely greater than it was at the time to which the Senator originally referred.

So my answer to the Senator from Nebraska is that I know he will be among the first to agree that the situation which we confront today is infinitely more challenging than it ever has been before.

Mr. WHERRY. Mr. President, I hope the Senator from Michigan will bear with me, because I have a feeling that the American people want to know what has happened since the passage of the European recovery program legislation which now would warrant the implementation of other methods, to the extent that is being requested by those who appear before the Armed Services Committees and by others, to stop the threat of communism. I think the American people are entitled to know, and I think the Members of the Senate are entitled to know.

Mr. VANDENBERG. Well—

Mr. WHERRY. I ask the Senator from Michigan to wait for a moment, please.

Mr. VANDENBERG. Yes; but I do not think the Senator should ask me to engage in a debate with respect to selective service or universal military training in connection with this matter.

Mr. WHERRY. I certainly do not. All I am asking the Senator is this: Has something happened since the debate on the European recovery program legislation?

Mr. VANDENBERG. Yes; and I just told the Senator from Nebraska what it was.

Mr. WHERRY. Is that all that has happened?

Mr. VANDENBERG. That is enough.

Mr. WHERRY. Very well.

Mr. VANDENBERG. I mean it is enough for me, and I think it is enough for the Senator from Nebraska, too.

Mr. WHERRY. Very well. I was one of those who voted against the European recovery program measure because at the time I felt, and I think the Senator from Michigan will recall, and I am sure the distinguished Senator from Massachusetts will recall—

Mr. VANDENBERG. Mr. President, I shall never forget the Senator from Nebraska in that connection.

Mr. WHERRY. Very well. I thank the Senator.

So something has happened. In voting on the request made by the administration, I wish to justify my vote on the basis of what is going to happen. I am pleading today with the distinguished chairman of the Foreign Relations Committee to tell the Senate everything he knows about why this change has come about and what the change is; and I am asking the President of the United States to tell the people. All we have heard from him, at the joint session, is that the situation is critical. Well, Mr. President, just what has happened?

I do not wish to go back. I agree with the distinguished Senator from Michigan that the situation has been changed hourly, apparently. Yet we have to justify the proposed rearmament program. I shall be one of the first to see to it that we prepare from the standpoint of national security. But we have to justify it. There must be a need. There must be something that has happened. That is why I asked the question of the distinguished Senator.

What has happened in China? Is the situation very different from what it was when the other legislation was proposed? Is the situation today in Europe different from what it was when the Congress passed the European recovery program legislation? All I have to do is remind the distinguished Senator from Michigan of the testimony of Secretary Royall and of the colloquy the distinguished Senator from Michigan had with him—

Mr. VANDENBERG. There is no doubt about that.

Mr. WHERRY. To make it unmistakably clear that at that time it was the economic approach, and that was all, and at that time we were given to understand that if we could provide the appropriations for the economic approach, we would not have to have the draft or we would not have to implement the program by taking steps along military lines.

Let us consider one or two of the colloquies. Let us consider first the colloquy appearing on page 469 of the hearings:

The CHAIRMAN. I want to make one other point in your testimony inescapably clear. You said in your opening statement yesterday, and I quote:

"I firmly believe that enlightened cooperative economic endeavor as visualized in the European recovery program can go a long way toward reducing the necessity for large-scale national armaments, and that without some such effort the Army and its budget should be immediately and measurably increased."

As I understand you, what you were saying is that if it were not for the prospect of organized economic stabilization as a source of security you envision an alternative situation which would require immediate and measurable appropriations for larger-scale national armaments than have been thus far requested?

Secretary ROYALL. That is correct, sir.

Then the distinguished Senator from Michigan put the matter still more bluntly; and, Mr. President, the word "bluntly" sounds very familiar to me:

The CHAIRMAN. Put still more bluntly, is it fair to say that your judgment offers us the choice, in part, between appropriations for economic cooperation on the one hand, or greater appropriations for military purposes in the interests of our ultimate national security?

Secretary ROYALL. That is my judgment.

I shall not read the remainder of the colloquy; but I should like to have inserted in the RECORD at this point two of the last paragraphs on page 470, where Secretary Royall said the following:

The CHAIRMAN. I want to add that it is obvious that the Secretary has not engaged in a militaristic proposal in his testimony because his testimony is all in favor of following the course which will minimize the necessity of militarism.

Secretary ROYALL. That is my firm conviction as to the best course.

Again, on page 472, the chairman wanted to be absolutely clear about this, and he asked:

You are not saying to us that we have to take this bill or else—

That is, the ERP, or else—

You are saying to us that there are two routes which we can follow in the pursuit of national security, one route is economic and the other is military, and that if we abandon the one we have no alternative except to recur to the other one.

With that I am in total agreement. There are other colloquies and statements which could also be cited, to the effect that there was this approach, the economic approach.

That was in January. In the discussions on ERP it was again stated repeatedly on the floor that the entire approach apparently would be the one course that, if followed, would prevent large rearmament, and that a national program of rearmament would be the alternative. And so we went into the debate. I took the position that to continue to appropriate in making the economic approach would be a waste of money, and that if it were desired to stop communism, it would have to be done by something other than dollars.

Within 48 hours after the passage of ERP, we had notice of a joint session of the Congress of the United States. The next day the President came before the joint session, advocating all the things that had been previously discussed here relative to the military approach.

I believe the people of the country are in a state of confusion. At one moment we are told the economic approach will suffice, and within 4 days thereafter we are told it must be supplemented, and that if communism is to be stopped there must be the implementation suggested by the President of the United States. That would go so far, I think, as to put this country on a wartime economy.

If that be the only alternative, I am asking the distinguished Senator from Michigan, following the passage of ERP by the Senate, after discussions of the situation of Czechoslovakia, which situation was expounded at great length, and at which time Finland and the pressure that was being brought upon it was definitely stated and accepted and debated upon the floor, what has happened? It seems to me that something more has happened. Has the same pressure been placed on Sweden, on Norway, on Denmark, or any of the other countries? Has it been definitely exerted against any one of them? It has been rumored that it has, but is there anything in the testimony on which we may put our finger showing that that is true? If it be true that aggression is to extend across Europe it would make it so much easier for some of us, I think, to vote for appropriations to implement the United Nations Organization as we thought it ought to have been in the first place.

I think the American people are entitled to know. I think that if we are going to get into a war the people of the United States should be told the truth. I am not saying that the distinguished Senator or anyone else has been untruthful. I am simply saying that to me it is necessary in order to justify the ends that are sought to know what has actually happened.

So, in all sincerity, with a feeling that it possibly will take, as I said before, more than the economic approach, I again ask the distinguished Senator from Michigan if he can give us any further light than what he has already given about the emergency that confronts us at this moment.

Mr. VANDENBERG. Mr. President, if the Senator has finished his question, I shall be glad to rise again.

Mr. WHERRY. It is a long question, certainly; but a change—

Mr. VANDENBERG. I thought the Senator was ready to have me answer it.

Mr. WHERRY. A change has come over the foreign policy hourly; I agree that it has, and I think the facts should be told to the American people. I think if told to the people, there will be no question at all about the rearmament program or about any of the aid that is being asked. That is my feeling, but I have no evidence that is different from what is in the committee's report, except what the President said in his message to the joint session of Congress, that things were at a critical stage. They have been critical since the war ended. The distinguished Senator has stated that the situation has changed greatly in Czechoslovakia—and I think it has—but does it justify the means we are asking by way of implementation not only of ERP, but does it justify the means which are being asked in connection with aid to China?

If I properly interpret what it is proposed to do, we are appropriating \$100,000,000 which we know will probably be used by the Chinese Government for military purposes.

I trust the Senator from Michigan has had a rest and will answer the question.

Mr. VANDENBERG. Mr. President, it is now a quarter of two. I think I answered the Senator's question about a quarter after one, and I think I answered it at that time completely.

Mr. WHERRY. The Senator said he was satisfied.

Mr. VANDENBERG. I gave the Senator the facts of life that have occurred in the interim since the time about which he originally spoke. Now, if those are not impressive to the Senator—

Mr. WHERRY. They are.

Mr. VANDENBERG. No, just a moment. I have the greatest respect for the Senator's opinion in connection with all these questions, despite what seems to be a fundamental disagreement between us.

Mr. WHERRY. I do not believe that we disagree fundamentally.

Mr. VANDENBERG. I do not know what the Senator calls a fundamental agreement. I cannot recall when we have seemed to strike a note of harmony in connection with any phase of the matter. But that is beside the point.

The Senator, in the first place, is now seeking to inject into the debate a subject which I think is unrelated to the China relief bill, unless it be in a purely incidental fashion and is involved in the far more fundamental question of military preparation in our own country, through the selective service or universal military training. I do not propose to undertake to discuss that question today. I have no secret information regarding the situations abroad. From my point of view I need no further information than I can read on the front page of every afternoon newspaper, to know that the situation is constantly worsening in respect to the aggressive forward march of communism which apparently intends to be utterly ruthless in seeking to overcome the independent governments of Europe. I think the United States has a tremendous interest at that point and I am prepared at all times to undertake to serve what I consider to be America's self-interest.

So far as the China-aid bill is concerned, it is the same bill which was before Congress at the original time of which the Senator speaks. If there is added military emphasis in this bill it is very largely the result of the demands of Members of the other House—

Mr. WHERRY. That is correct.

Mr. VANDENBERG. And of the Senate.

Mr. WHERRY. That is correct.

Mr. VANDENBERG. It certainly has not been at the demand of the State Department; and that ought to be a part of the record, so there can be no misunderstanding about it.

We have undertaken to write this new provision into the law in a fashion which least commits us to any military cooperation on our own responsibility. We have wanted to preserve such a situation that Congress would be completely free to make its own decisions in respect to any military commitments. I see nothing that has happened in the record which for an instant dilutes the necessity for the passage of the pending bill as it was originally presented. On the contrary,

I think that the other things which have happened and which I have outlined in detail to the Senator, in central Europe and in Scandinavia, simply further underscore the fact that we must take deep account of stock in respect to our own self-interest and our national security. In the opinion of the Senator from Michigan, it is still highly advisable to pursue to the maximum the possibility of emancipation through economic means.

I would not withdraw any economic program simply because it might require a supplement of a different character. The situation changes from day to day. The necessity for the emphasis in our answer changes from day to day. But I think the record stands clear that it is highly desirable in the present instance, narrowing the issue to the particular issue now pending before the Senate, that this bill should pass for the sake of its contribution not only to the physical resources of our great Chinese friends, but also to their psychology in connection with a global challenge to the hopes by which freemen live and the dedications for which we have fought.

Mr. WHERRY. Mr. President, will the Senator be patient enough for me to ask one more question?

Mr. VANDENBERG. I am glad to yield to the Senator.

Mr. WHERRY. I think that the China loan is related to ERP if, for no other reason, that in the parliamentary situation which will come about through the passage of these bills in the Senate, which are included in the omnibus bill which will come from the House.

Mr. VANDENBERG. I am sorry, but I did everything I could to prevent that situation.

Mr. WHERRY. I understand that. For that reason, when it is considered by the conferees, I think it will be found that it is not an unrelated matter. That is one of the reasons I think the question is a proper one, not only with regard to China, but with regard to ERP.

Mr. VANDENBERG. Any question which the Senator asks is a proper question, so far as I am concerned.

Mr. WHERRY. I thank the Senator. Would the Senator consider that he has made up his mind that the alternative course of supplemental aid, besides economic aid, is now warranted? Does the Senator see what I mean?

Mr. VANDENBERG. No; I do not see what the Senator means. Does the Senator mean, do I favor selective service and universal military training? Is that the question?

Mr. WHERRY. The distinguished Senator used the words "an alternative which requires supplemental aid in addition to economic aid," whatever that may be, in the China aid bill.

Mr. VANDENBERG. The Senator is quite correct. That refers to the \$100,000,000 which at the option of China can be used by her to purchase military supplies.

Mr. WHERRY. Has the Senator come into possession of any facts, or have witnesses testified before his committee as to any serious facts, which justify the distinguished Senator's feeling that not only the economic approach, but the

alternative approach should be used in handling the situation in Europe?

Mr. VANDENBERG. In China.

Mr. WHERRY. The Senator has already explained the situation with respect to China. I am asking with reference to Europe.

Mr. VANDENBERG. I shall not undertake this afternoon to pass judgment on the question of our supplemental obligations in Europe in our own self-interest. It is beyond the wit of man to anticipate what the situation may ultimately require. I do not know the answer. It is in the lap of the gods and is dependent upon events. I shall cross that bridge when I come to it.

Mr. WHERRY. It will have to be crossed, will it not, in the conference committee? In the omnibus bill is there not aid other than economic aid?

Mr. VANDENBERG. Only in the case of Greece and Turkey, which is a continuation of the original program.

Mr. WHERRY. I wish to thank the Senator for the information he has given. I am still groping for more evidence to justify the demands of the administration relative to the end results which are to be obtained.

Mr. VANDENBERG. I am sure that is entirely the fault of the Senator from Michigan, it being unable to meet the desire of the Senator for information, but in self-defense the Senator from Michigan will say that he never before collided with quite such an appetite.

Mr. KEM. Mr. President, approximately a year ago, on April 22, 1947, to be exact, the Senate passed the bill authorizing a \$400,000,000 "loan" to Greece and Turkey. This marked the initial phase of the so-called Truman doctrine to quarantine communism. The measure was opposed in this body by a number of its Members. The opposition was based generally on four grounds:

First. The plan bypassed the United Nations.

Second. The plan was in its essence a military program, although presented on a humanitarian basis.

Third. It is impossible to buy the good will of peoples with dollars.

Fourth. Our first concern should be to build a strong economy at home.

So far as the junior Senator from Missouri is concerned, each of these points is as valid today as when originally made. Nothing has occurred in the interval to cause him to think otherwise. These reasoned arguments apply equally to the second installment of \$275,000,000 of the Greek-Turkish program approved by the Senate last week, and also to the gift to China now under consideration.

THE CHINA PLAN WOULD BYPASS THE UNITED NATIONS

The President, in appealing to Congress on March 12, 1947, for the first Greek-Turkish installment, casually bypassed the United Nations, which the United States had taken the lead in establishing.

His address to Congress was delivered at the very time an 11-nation commission from the United Nations Council was in Greece trying to get the facts of the situation. The failure of the President to consult the United Nations was

a fatal error, which was not corrected by an amendment, an afterthought of the proponents of the plan, providing that if the United Nations should ask us to cease and desist, we should do so. The meaning of this is plain and cannot be camouflaged. In the very infancy of the United Nations this country establishes a precedent of policing another country without consultation with the United Nations and in utter disregard of provisions of the United Nations Charter. President Truman, in taking this action, either forgot or decided to ignore the advice of his late predecessor who in his report of March 1, 1945, on the Yalta Conference stated "Vaguely defined spheres of influence are incompatible with the basic principle of international collaboration."

The United States was not the only Nation that would have been and will be affected by the confusion and disorder which might result from Greece going communistic. This Nation, however, took the bull by the horns. Instead of submitting the problem to the United Nations, which had just been created for this purpose, the United States not only laid itself open to a misinterpretation of its own motives and aims, but to irreparable harm to the authority of the United Nations, to which it had at San Francisco pledged its support. Without the assistance and support of the United States the United Nations would never have been brought into existence.

Last Tuesday the Senate gave its approval to the second installment of the Greek-Turkish program, again making it known to the world in no uncertain terms that this country feels that the United Nations is still powerless to carry out the responsibilities for which it was created.

The United States continues to adhere to the position that we are the sole hope of peace in this troubled world. The other members of the United Nations are in effect told that they shall have no voice in establishing peace in the Mediterranean. We shall carry on alone.

Mr. President, we are asked to direct our go-it-alone peacemaking efforts to another area in this troubled world; to vast, turbulent China, struggling in the throes of civil war. In his message to Congress on February 19, 1948, the President stated:

The United States has long recognized the importance of a stable Chinese nation to lasting peace in the Pacific and the entire world. The primary objective of the United States is to bring about throughout the world the conditions of a just and lasting peace.

Mr. President, if that be the situation, and if that be our purpose, is it not a situation in which it is logical to utilize the facilities of the United Nations in an effort to secure a solution? If the peace of the world is threatened by the China problem, as the words of the President indicate, why should we not appeal to the United Nations before attempting to effect a solution of our own? The United States, in proceeding in this fashion in an effort to solve all the problems of the world, is steadily destroying the original and fundamental concept of the United Nations, upon which the hopes

and aspirations of millions of our fellow citizens are centered.

Insofar as I am aware, there has been no action on our part to utilize the policing function of the United Nations in seeking a solution of the China problem. Did we not accept the United Nations as a means of world peace and security? Why, then, should the United States take unto itself the full responsibility of deciding how world peace should be maintained, when the problem had been and has been specifically assigned to the United Nations from the outset?

If the United Nations is not sufficiently strong for the task, then let us use our resources and our energy to make it strong. If the fundamental Charter of the United Nations is inadequate or ineffective, let us direct our attention to the amendment of that Charter.

The senior Senator from Michigan [Mr. VANDENBERG], in a speech on February 5, 1945, delivered before the Varsity Club of Detroit, stated:

The nearer we come to vanquishing our enemies the more we become inevitably conscious of differences among the victors. How do these differences disclose themselves? Usually by unilateral decisions in which one or another among the United Nations makes its own announcement, pronounces its own interpretation upon its own rights regardless of the fact that their rights, for all of us, flow from common effort. I assert that all vital decisions should also flow from the same sort of common effort.

Mr. President, we have been told about these chain reactions in foreign affairs. Should not a decision which, by a familiar chain reaction, may lead to establishing an American frontier in upper Mongolia, "flow from the same sort of common effort," or should we proceed to admit further that our hopes and aspirations in creating the United Nations have been in vain? Are we willing to relegate the United Nations to the status of a mere debating society?

In the second place, Mr. President, I think it has been fully developed by the very frank and candid admissions of the senior Senator from Michigan, and by his colloquy with the able Senator from Nebraska that the China plan is in its essence a military program, although presented, as before, as a humanitarian effort.

Some of those pressing at the last session of the Congress for the enactment of the \$400,000,000 Greek-Turkish so-called loan, made efforts to camouflage its definite military character by presenting it primarily as a measure for economic assistance to those countries. They rang the changes on the humanitarian argument.

President Truman, in his address before a joint session of the Congress on May 12, 1947, urging passage of the measure, stated:

Greece is today without funds to finance the importation of those goods which are essential to bare subsistence.

The President said further:

Greece is in desperate need of financial and economic assistance to enable it to resume purchases of food, clothing, fuel, and seeds. These are indispensable for the subsistence of its people.

Great emphasis was laid on the lack of the necessities of life in Greece, although little was said about those circumstances in Italy. Last April 8 the senior Senator from Michigan, referring to the plans for Greece, stated on the floor of the Senate:

Lest there be an overemphasis in the wrong place, I hasten to add that our contemplated military mission involves only 10 to 40 officers and no combat troops.

However, in the report of the Committee on Foreign Relations on the bill, which was quoted by the senior Senator from Michigan on the floor of the Senate, it was stated that—

There are at present 242 United States military and 41 United States naval personnel, or a total of 283 attached to the military sections of the American Mission for Aid to Greece.

That, Mr. President, referred to the American mission to Greece. In other words, Congress was asked to authorize a military mission to Greece of 10 to 40 persons. We find that, under the bill that was passed, there are 283 officers and men now present in that country.

The original purpose of assistance to Greece and Turkey called for the expenditure of \$300,000,000 to Greece, \$150,000,000 to be for military purposes, \$150,000,000 to be for economic purposes. We now find that \$14,000,000 has been diverted from the economic to the military program, making a total of \$172,000,000, instead of the originally planned \$150,000,000. Of course that mere \$14,000,000 in these days of grants of billions of dollars is of no significance, but the principle involved, the fact that the administration would, without apology, transfer from one purpose authorized by Congress to another, is significant. We are tempted to ask, "After all, was this original break-down merely given us for the purpose of making the measure appetizing to the Congress and to the American people, or is it being made palatable by being fed to us in small doses?"

Now we are asked to provide aid to China, in the amount of \$463,000,000. The committee bill states:

It is the purpose of this act to provide immediate aid to China to relieve human suffering—

The same language again, Mr. President—

to assist in retarding economic deterioration, and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuilding the bases for more stable economic conditions.

So far as I have been able to determine the bill does not mention military aid. However, the bill provides for an additional \$100,000,000 to be authorized to China through grants on such terms as the President may determine, and the report states that it may be assumed, and I think the Senator from Michigan has said that it may be assumed, that this \$100,000,000 will be used for military purposes.

Mr. President, there is a maxim in the law: "Facit per alium facit per se"—He that acts through another acts himself.

I do not think we need delude ourselves or continue in any false paradise

to believe that when we grant money to a country those against whom our money is used will not consider us their military enemies. So we are asked to quarantine communism again—this time in China.

The initial phase of the program is presented to us on a humanitarian basis, but, Mr. President, I suppose none of us will be gullible again. Indeed, in the President's recent message on aid to China we find this significant remark:

The financing of these essential commodity imports by the United States would permit the Chinese Government to devote its limited dollar resources to the most urgent of its other needs.

Of course it need not be pointed out that the most urgent of its other needs is of a military character. In other words, Mr. President, this project is war, and it is not conceived for purposes in anywise pacific.

We find the well-worn humanitarian appeal is resorted to once again in urging us, or enticing us, to commit ourselves to a new area in the world. Just as the original Greek and Turkish loan was mere window dressing for the expansion of our military frontier on the Dardanelles, so this proposed gift to China is mere camouflage for the establishment of a military beachhead somewhere in the vast reaches of China, to be held by the blood of American young men, if necessary. As Theodore Roosevelt once said, "You cannot shake your fist and then shake your finger." Once we are committed, it is only a question of time till the American soldier will be called upon to follow the American dollar. We shall hear again, as we heard last week from the distinguished senior Senator from Texas [Mr. CONNALLY], "We cannot turn back. We have got to see it through. The prestige of the American Nation is involved."

Mr. HAWKES. Mr. President—

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Does the Senator from Missouri yield to the Senator from New Jersey?

Mr. KEM. I yield to the Senator from New Jersey.

Mr. HAWKES. The Senator realizes, does he not, that no Senator and no Member of the other House, representing the people in the Congress, can possibly predict that we cannot turn back? The people are going to decide whether we are going to turn back, and sooner or later they are going to decide whether we should have been doing the things we are doing.

Mr. KEM. I think the Senator from New Jersey is quite correct. He usually is. I submit to the Senator from New Jersey that we are laying ourselves open to one of those chain reactions which are so eloquently referred to by the senior Senator from Michigan.

Mr. HAWKES. Mr. President, will the Senator yield further for a moment?

Mr. KEM. I am glad to yield.

Mr. HAWKES. Does the Senator know of any nation in the United Nations today, outside the United States of America, which is in that organization for the purpose of doing what it ought to be doing for others to bring about peace, or is it in that organization for what it can get out of it?

Mr. KEM. Mr. President, so far as I have been able to follow the proceedings of the United Nations the spirit of altruism has not characterized them.

Mr. HAWKES. Now for the sake of argument, let us admit that many of the nations, or most of them, are unable to do what they ought to do by way of contribution to the United Nations. Does not the Senator think that instead of our circumventing the United Nations in everything we are doing today, even though we are the contributors of everything that is being contributed, the contribution ought to be made through the United Nations, and not by circumvention of the United Nations?

Mr. KEM. I agree with the Senator from New Jersey, and I thank him for his contribution.

Mr. President, my point is that the locale may differ but the pattern is the same. In the case of Greece the proposal at first was primarily for economic aid presented on a humanitarian basis. Now we see in Greece it is more for military aid, and increasing numbers of military personnel. In western Europe economic aid was asked through ERP, but, judging from the President's recent message a request for military aid may soon be forthcoming. And now it is economic aid for China. Aid to Greece, aid to Turkey, aid to China have this in common. They are toll houses on the road to war.

Mr. President, in order to keep the record straight, let us look at some recent American history. In a speech at Boston, Mass., on October 30, 1940, President Roosevelt, in his campaign for reelection had this to say:

And while I am talking to you mothers and fathers, I give you one more assurance. I have said this before, but I say it again and again and again: your boys are not going to be sent into any foreign wars.

At the same time the Right Honorable Winston Churchill, Prime Minister of Great Britain, was talking in the same vein. In a speech to the House of Commons at the opening of a new session on November 21, 1940, the Prime Minister said:

I look to a time when the arsenals and training grounds and science of the New World and of the British Empire will give us that added material superiority which, added to the loyalty of constant hearts, will bring victory and deliverance to mankind.

So, Mr. President, in 1940, neither the President of the United States nor the Prime Minister of England apparently had the slightest contemplation that any American boys would be called upon to give up their lives on the battlefields of Europe.

Again, in his message to the Congress on January 6, 1941, President Roosevelt stated:

Our most useful and immediate role is to act as an arsenal for them—

Referring to the embattled allies in Europe—

Our most useful and immediate role is to act as an arsenal for them as well as for ourselves. They do not need manpower. They need billions of dollars worth of weapons of defense.

We are told now that in China, as well as in Greece and Turkey, they do not

need manpower; what they need are weapons of defense.

In 1941, at the same time President Roosevelt was addressing the American people in that vein, Mr. Churchill, still Prime Minister of Great Britain, was talking in the same vein to the people of his own country. On January 17, 1941, in an impromptu speech at Glasgow, Mr. Churchill said:

We do not require in 1941 large armies from overseas. What we do require are weapons, ships, and airplanes.

Again, in a memorable address on February 9, 1941, Mr. Churchill said:

We shall not fail or falter. We shall not weaken or tire. Neither the sudden shock of battle nor the long-drawn trials of vigilance and exertion will wear us down. Give us the tools and we will finish the job.

Mr. President, I think it is interesting to see the great similarity between the course of events then and the course of events now. I think that before passing this bill we may well call to mind the eloquent words of a former Senator from Missouri who, although he sat on the other side of the aisle, will always be honored in my State. I refer to the late fiery, eloquent, gifted, and talented James A. Reed. Mr. Reed, on an occasion not unlike this, used this language:

It is one thing for a man to volunteer his own service and imperil his own life voluntarily. It is quite another for a legislature to vote a contract that may compel the death of millions of people who have nothing to say about making the contract.

For my part, Mr. President, I have utterly lost faith in war as an instrument of peace.

The third proposition to which I wish to invite the attention of the Senate is that it is impossible to buy the good will of people with dollars. We have learned that in other parts of the world. We have learned that vast sums of lend-lease and UNRRA aid extended to the Soviet Union, to Yugoslavia, and to Czechoslovakia have created something less than cordial relations between those countries and the United States. So far as I have been able to find out, we have never been able to convert any Communists to democratic concepts by the use of dollars.

We were told by the senior Senator from Michigan when he was presenting the bill for the second installment of the Greek gift that in Greece there were only 14,000 guerrillas in the field in May 1947. But despite our liberal aid, granted in the amounts requested, that number has now been increased to 26,000—nearly double the number of guerrillas a year ago. It has been said in this body that we have been supplying the sinews of war to both sides of the battle line in Greece. But wherever they have come from, the guerrilla forces seem to have waxed and grown stronger day by day.

In Czechoslovakia \$300,000,000 of post-war American aid did not prevent the Communists from adding that brave little country to their fold.

One of the most important factors operating to nullify our efforts to buy good will and converts to democracy is the earnest desire of each country to preserve its sovereignty. We have learned

from bitter experience that intergovernmental loans only create friction and an ill will on the part of both the borrower and the lender. The United States has learned the hard way that no matter how high-minded our intentions may be in our efforts to aid other nations, it is almost impossible to dispel doubts as to our underlying motives. We still have not convinced many Europeans that Uncle Sam is not going on a wild spree of dollar imperialism with the Truman-Marshall plan.

We are told that in ancient China the concept of national sovereignty reigns supreme. Not only have we found that nearly \$3,000,000,000 in aid which the United States has disbursed since the end of the war has failed to create any improvement in a desperate economic situation, but there has been engendered a feeling of actual hostility toward the people of the United States for interfering in Chinese internal affairs. If additional economic grants to China are to serve any useful purpose whatever, the United States should be able to prescribe conditions as to how the money is to be spent.

On March 12, 1948, Dr. Sun Fo, Vice President of China, expressed the apprehension of members of the Chinese Central Government over the extent of outside control that might be associated with the China-aid program. "China," said Dr. Sun Fo, "was eager to preserve her national sovereignty and self respect, and would insist upon the right to reject advice if it is not acceptable." I continue to quote from Dr. Sun Fo:

Among our people there is apprehension about too much interference in running the country.

A number of foreign observers have conceived that lifting the ban on foreign inland shipping would help solve the transportation shortage, but Dr. Sun Fo said:

We would object if we were asked to open our inland transportation system to foreign shipping.

Thus this sovereignty consciousness, creating a complication in terms of Nanking's dependence on foreign assistance, in the opinion of competent observers is sure to prove a barrier in the way of an American effort to assist China out of its economic morass. In passing it may be said that it is almost certain to furnish a similar stumbling block in 16 countries of western Europe to which we have just voted aid.

The United States has poured out billions upon billions of dollars and sent them down the European rat hole without appreciable results. But in our efforts to assist China we have been confronted, and are now confronted, by no mere rat hole. It is rather a bottomless pit, or an abysmal morass. In spite of all the money the United States has poured out, conditions in China have grown more and more desperate. The inflation of the currency is completely out of hand. Perhaps Senators noticed that one of the witnesses before the House committee testified that a \$100 bill which he held in his hand was not actually worth the cost of the paper upon

which it was printed. Anarchy threatens to engulf the land. First-hand observers return with stories of corruption, waste, and incompetence from the top to the bottom of the Nationalist government. The military situation there is equally deplorable. It has been stated that for every Communist killed by the Central Government, four more are created by the unfair tax policies of the Central Government, its cruel police-state methods, and its failure to check inflation.

Our support of a regime that has grown more and more unpopular in the last year or so will reap for the United States only a lasting harvest of hatred.

Secretary Marshall in his testimony before the House committee on February 24, 1948, stated:

For the main part, the solution of China's problems is largely one for the Chinese themselves. Local governments are often so corrupt that they are undependable for assistance in the administration of relief methods. The political control by long-entrenched groups is a great difficulty to be overcome in the restoration of China to economic stability.

Mr. President, if I correctly interpret the address of the President of the United States on this subject and the testimony of his Secretary of State in regard to it, the only thing expected from this measure is a breathing spell to help retard the present rapid rate of deterioration. No effective results are even hoped for. Yet, as in Greece and Turkey, once we have shaken our fist at the Communists in China, we shall find that we cannot then shake our finger, for economic aid admittedly will serve no useful purpose.

General Chennault has testified that substantial portions of the military equipment we have furnished to China have already fallen into the hands of the Communists. It is only a question of time when we shall receive requests to send American boys to do the job that our economic and military aid has not succeeded in doing. Shall we then be told by able and distinguished members of the Foreign Relations Committee that we cannot turn back, but that we have placed our hand at the plowshare and our prestige is at stake?

American military missions, Mr. President, already are accompanying American dollars into the far reaches of the earth. They are asked to accompany them in this connection. Are we ready to follow those missions with the cream of American manhood to defend putative frontiers on the Yangtze, the Dardanelles, the Oder, and the Hellespont?

Mr. President, let us turn again before we are told once more that our prestige has been involved and that we are committed.

Mr. HAWKES. Mr. President, will the Senator yield to me?

Mr. KEM. I yield.

Mr. HAWKES. I am very much interested in what the Senator has said about defending those frontiers. They were established by certain rulers in agreement with one another. We thought we fought a war for a given purpose, but when we got all through with it we discovered we had not fought it for that purpose at all, did we not?

Mr. KEM. Exactly.

Mr. HAWKES. Is there any reason to assume that if we sacrifice a large part of our manhood in defending almost all the rest of the world and in undertaking more than we can possibly live up to, after we establish those frontiers, they will be the frontiers we want, and they will remain intact?

Mr. KEM. Mr. President, I see none. We fought the First World War to destroy the Kaiser. We were told then that we were fighting that war to make the world safe for democracy. Subsequently we raised up Hitler. Then we destroyed Hitler, and we were told that we were doing that to preserve the "four freedoms." Then we raised up Stalin.

In the First World War we were told that the American frontiers had gone to the Rhine. Now we are being told, in effect, that the American frontiers have gone to the Oder, the Dardanelles, the Hellespont, and the upper reaches of Upper Mongolia.

Mr. HAWKES. Mr. President, will the Senator further yield?

Mr. KEM. I yield.

Mr. HAWKES. I wonder how many Americans realize that when the war in Europe was ended the United States had 3,400,000 of the finest-trained, finest-equipped soldiers that ever were put into an Army on the Continent of Europe. It is estimated that it cost from \$150,000,000,000 to \$200,000,000,000 to get them there.

The British Government had there from 750,000 to 780,000 of the best equipped and best trained British soldiers they ever had. So there we sat, in a wonderful position. We at home thought we had fought that war for a certain objective. That objective could have been definitely defined at that time. Yet the rulers of Great Britain and the chiefs of this country failed to take advantage of that wonderful opportunity and that situation—a psychological situation, if you please—and have Mr. Stalin sit down and agree that we had fought that war for a certain objective, and then define it. Instead of doing that, we brought back to our own country most of those 3,400,000 soldiers, and the British Government took most of their soldiers out of continental Europe.

So, after we had gotten into that wonderful position, which impressed the whole world, we began to talk about what we fought the war for and what we wished to agree upon. Of course we have reached no agreement, because Mr. Stalin is not worried about our ever getting 3,000,000 soldiers back into continental Europe. The only thing he fears in all this world is air power. If this Nation does not make itself supreme in the air, then I say God help the intelligence of the American people.

Mr. KEM. Mr. President, I thank the Senator from New Jersey, and I expect to say something on that point before I conclude.

Mr. HAWKES. I thank the Senator very much for yielding to me.

Mr. KEM. I have been glad to yield.

Mr. President, I think what the Senator from New Jersey has said amounts perhaps to this: That the statesman who sent our doughboys to fight those two wars were able to state their objectives

in very eloquent terms; but after those wars were over, they found greater difficulty in specifically stating their accomplishments. Is that what the Senator from New Jersey has in mind?

Mr. HAWKES. Yes; that is what I meant. I also meant that the statesmen, if they may be called such, or the diplomats or the executives of these great governments failed to take advantage of a situation which, if properly taken advantage of, might have led to the peace of the world. But, instead, they lost their powerful position before they began to talk about what we fought the war for and whether we were in agreement along lines which lead to peace.

Mr. KEM. Mr. President, I should like to ask the Senator from New Jersey whether he is in accord with me in the view that I have lately expressed; namely, that I have utterly lost confidence in war as an instrument of peace.

Mr. HAWKES. Mr. President, I cannot be more in agreement with the Senator on anything else in all the world. I say to him now what I have said publicly for several years, namely, that unless we help rebuild the world, morally and spiritually, all these difficult problems will continue to arise, just as they have for thousands and thousands of years in the past.

Mr. KEM. It seems to me that we have added to the cycle a rather interesting refinement, namely, the idea that it is the duty of the victors to rebuild the country of the vanquished. So far as I know, that concept has never before appeared in the history of mankind. So, Mr. President, if we go to war with Russia and destroy Stalin, I suppose in a few years we shall have presented to us a program for Russian recovery.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield to the Senator from New Jersey.

Mr. HAWKES. I think the Senator is quite right, but that concept of the duty of the victor, the one we are following, has never been even dreamed of in the history of the world, and in my opinion when we are through with that concept and with following it out the way we are attempting to do, and overreaching ourselves, in the words of Mark Twain, "Once upon a time, there was a man who tried to do too much, and he did it"—I think the world will say, "Once upon a time, there was a nation which tried to do too much, and it did it." I do not believe any people of intelligence, or even with slight intelligence, will ever attempt again to do what we are trying to do today, namely, take on and try to reform most of the world almost single-handed. Let us reform ourselves first.

Mr. KEM. The Senator agrees with me that if that is the purpose of the leaders of American public opinion, they are asking John Q. Public to bite off more than he can chew.

Mr. HAWKES. Mr. President, will the Senator yield again?

Mr. KEM. I am glad to yield further to the Senator from New Jersey.

Mr. HAWKES. I may be wrong, but I said to the Senator from Missouri a few moments ago that in the last analysis I think the people of the United States are

going to decide, and before too long, whether they approve of this useless giving away of the United States. My contacts with people—and I am not talking about contacts with rich people, I am not talking about contacts with big business men; I am talking about contacts with the down-to-earth American citizen—lead me to believe that when the situation is explained to them, and the vastness of this project is understood in the slightest degree, three or four out of every five are opposed to the course their representatives are following.

Mr. KEM. I thank the Senator.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Indiana.

Mr. JENNER. I should like to ask the Senator from Missouri whether it has not always been the policy of our Government to help China in an hour of need?

Mr. KEM. So far as I know we have never aided and abetted the Chinese Government in any military project, in the entire history of the United States.

Mr. JENNER. Then does the Senator mean to say that this is a bill to provide military aid coupled with relief?

Mr. KEM. I mean to say it is to provide military aid to a large extent, and that the essential conception is military.

Mr. JENNER. What percentage of the appropriation for China would be applied to relief?

Mr. KEM. I think there is approximately \$350,000,000 for relief, and \$100,000,000 for military purposes. But it is stated in the report, perhaps very naively, that the economic aid given to the Government will enable it to turn to its more pressing necessities. So in effect, since the Chinese Government is at war, all her aid is of a military character.

Mr. JENNER. Assuming that the \$450,000,000 were truly applied directly to relieve the suffering and famishing Chinese, does the Senator have any statistical or other basis of fact that would enable him to inform the Senate what the appropriation would represent by way of aid per person in China?

Mr. KEM. I think, roughly, it would be \$1 a person.

Mr. JENNER. One dollar a person a year?

Mr. KEM. Yes, on this grant; and of course this is merely a start. They will be back. The Greek-Turkish program lasted a little less than a year. There is no reason, I suppose, to expect this will last longer than that.

Mr. JENNER. Then would the Senator say that the granting of \$100,000,000 for military aid is committing us to a military program in China that in substance means that we must finance the present Chinese Government until either it is successful or drives communism from its borders?

Mr. KEM. Mr. President, I can only say to the Senator from Indiana, I think we may be guided by the lamp of experience. When we sent lend-lease aid to the embattled Allies of Europe we were told that it in no sense involved us in war. Yet, within only a few months, American boys were found fighting all over the world. I do not happen to re-

call a case of any power that aided and abetted another with money that did not sooner or later become involved with the wars of that power. It would seem to me to be an essential "chain reaction," to use the striking phrase of the Senator from Michigan.

Mr. JENNER. I thank the Senator.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from California.

Mr. KNOWLAND. Perhaps the Senator is going to touch on it later in his remarks, but I was wondering if he does not recognize what the significance might be if 450,000,000 Chinese came under the complete domination of the Communists, either Russia herself or a Communist satellite establishment of Russia in China, and if that 450,000,000 of manpower was made available to the two-hundred-and-some-odd million within the boundaries of the Soviet Union itself, plus the additional millions that have been forcibly taken behind the iron curtain. I am wondering if the Senator does not realize that that would have tremendous significance upon the ultimate security of the United States, and that while it might not present a problem for this generation in the next year or two, for our children it might present a problem that would be far greater than the problem of the civilized world at the time of Genghis Khan.

Mr. KEM. I agree entirely with the Senator from California. I doubt, Mr. President, if there is a Member of this body who has not given that very possibility hours, and I may say nights, of sleepless thought and consideration. I doubt if there is a Member of this body—and I say it reverently—who has not approached it with prayerful consideration. Yet, Mr. President, I have no reason to believe from anything I have ever been able to read in recorded history that the puny efforts now proposed will prevent that result taking place if it is in the womb of time.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from New Jersey.

Mr. HAWKES. The Senator referred to the puny efforts. That was only speaking relatively, because I know the Senator does not think of \$21,000,000,000 plus \$24,000,000,000 that has been given and loaned on unsound loans since the end of the war.

Mr. KEM. I was referring to the present sum of \$1 per person provided in the bill.

Mr. HAWKES. I realize what the Senator was referring to, but what I wanted to emphasize was that that need which to the world may seem puny from our national standpoint may be very enormous to us as an individual nation. Does the Senator realize that?

Mr. KEM. Yes.

Mr. HAWKES. Then I want to say to my very dear friend, the Senator from California, that I am just as deeply interested in the future of the youth of America as is any other Member of the Senate, or I should not be standing here

today, and I am not standing here for myself. We can do the youth of America, and I believe the youth of the world, incalculable harm, if we destroy this, the greatest Nation on the face of the earth, which is the only place where the lamp of liberty is burning, and the only place, in my opinion, where there is at present real hope for the development of true individual freedom and Christianity. If this great Nation should go down because of the foolish use of the national wealth and the destruction of its economic and industrial body, then I can only say to the Senator, catastrophe and ruin will face the youth of America. That is what I am interested in avoiding.

The Senator from Missouri knows that no one understands and can prove that he is right in his viewpoint on this great question. I do not impeach the integrity or the honesty of purpose of anyone else. All I can do, under my God, is to use the intelligence and the experience I have had in life in dealing with humanity and the knowledge which I have gained of the people of different nations, because I have been throughout the world and have seen them.

Mr. KEM. I take it that the Senator from New Jersey is guided by the lamp of experience, to use Patrick Henry's striking phrase.

Mr. HAWKES. I have never given up believing that is the best lamp to guide us in the present and in our hope for the future.

Mr. KEM. It is that lamp which I am imploring the Senate to use at the present juncture in its consideration of the bill.

Mr. President, time will not permit any extensive discussion of the vacillating policies we have already pursued in China. Our inept, vacillating policy toward the Central Government in China has succeeded in completely confusing both the Chinese and the American people, together with their representatives in Congress.

At one time, in the period after Pearl Harbor, the United States extended aid to both the Chinese Communists and the Chinese Nationalists in their fight against the Japanese. In October 1944, with the recall of Gen. "Vinegar Joe" Stilwell at Gen. Chiang Kai-shek's request, United States support was thrown behind the Nationalist Government. At approximately the same time Mr. Patrick Hurley was appointed Ambassador to China, but a year later, on November 2, 1945, he resigned his post with fiery blasts at the State Department for sabotaging his efforts to prevent the collapse of the Nationalist Government.

In a State Department bulletin issued on November 18, 1945, we find this statement:

It is neither our purpose nor desire to become involved in the internal affairs of China.

By this time full-scale civil war had begun between the Nationalists and Communists. President Truman then sent General Marshall as a special envoy to China with the personal rank of am-

bassador. His task was to bring about peace and unity—

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Connecticut.

Mr. McMAHON. I notice that the Senator did not spend much time discussing General Hurley's mission.

Mr. KEM. I referred to it only as showing the utter confusion, the vacillation, and the ineptitude of the American policy through the years in question.

Mr. McMAHON. I agree with the Senator. I would give that "the once over lightly." I would not pay much attention to that, because General Hurley came home and attended a session of the Foreign Relations Committee. As I recollect, there was a good deal of publicity which evaporated into thin air. So the less we say regarding the General's expedition the better it will be.

Mr. KEM. The Senator will perhaps agree with me that the less we say regarding the American policy in China in the past 4 years, the better.

Mr. McMAHON. I do not think that follows at all.

Mr. KEM. If the Senator will permit me—

Mr. McMAHON. I might find myself in agreement with the Senator on one phase, but certainly not on all phases. I cannot refrain from pointing out, however, that the Senator did not dwell too long on General Hurley's ambassadorial career.

Mr. KEM. I think perhaps the comment is in order, and I am glad to have that contribution.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LANGER. I cannot sit here and listen to what the distinguished Senator has said regarding General Hurley without making the comment that, in my judgment, the man is honest and fearless. He was one man who gave up a job and defied the President rather than be a miserable tool. Is it not significant, Mr. President, that approximately 10 days ago we asked to see the agreements made by the late President Roosevelt during the past 10 years and by the present President, and the request was refused? Is it not significant that the distinguished Senator from Indiana [Mr. CAPEHART], with 22 other Senators, requested of the Committee on Foreign Relations, of which the distinguished Senator from California [Mr. KNOWLAND] is a member, that they be allowed to see the same agreements which the distinguished chairman of that committee [Mr. VANDENBERG] said he had not seen in toto?

Mr. KNOWLAND. Mr. President, will the Senator yield in order that I may correct the RECORD.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. ECTON in the chair). The Senator will state it.

Mr. LUCAS. Who has the floor?

The PRESIDING OFFICER. The Senator from Missouri has the floor.

Mr. KNOWLAND. Mr. President, will the Senator from Missouri yield in order that I may correct the RECORD?

Mr. KEM. I yield to the Senator from California.

Mr. KNOWLAND. In order to correct the RECORD, let me say that the junior Senator from California is not a member of the Senate Foreign Relations Committee to which the able Senator has referred.

Mr. LANGER. The distinguished Senator from California is on so many important committees and on many subcommittees, and he takes such a prominent part in the Republican leadership, that I naturally assumed he was on the Foreign Relations Committee. I wish he were on that committee, because if he were a member of it I would be satisfied that the Senate would have the benefit of his magnificent experience in the last war, and my judgment is that he could throw much light on what took place at that time.

I want to thank the distinguished Senator from Missouri for yielding to me. I simply wanted to make it plain that I think, of all the men who occupied responsible positions in the last war, among the leaders was Gen. Patrick Hurley. I do not propose to sit in the Senate and hear anyone say, even by innuendo, that he was not one of the best, without making answer.

Mr. KEM. I appreciate the contribution of the Senator from North Dakota.

Mr. President, I was quoting from a statement issued by the State Department on November 18, 1945, in which we find this language:

It is neither our purpose nor desire to become involved in the internal affairs of China.

By this time full-scale civil war had begun between the Nationalists and the Communists. President Truman then sent General Marshall as a special envoy to China, with the personal rank of ambassador. His task was to bring about peace and unity by broadening the Central Government to include the representatives of the large and well-organized group who were then without any voice in the Government of China.

President Truman, on December 16, 1945, stated:

The United States is cognizant that the present National Government in China is a one-party government.

He went on to say in general that peace, unity, and democratic reform in China would be furthered if the basis of the Government were broadened to include other political elements in the country. He further stated:

In line with its often-expressed views regarding self-determination, the United States Government considers that the detailed steps necessary to the achievement of political unity in China must be worked out by the Chinese themselves and that intervention by any foreign government in these matters would be inappropriate.

Special Envoy Marshall, however, was unsuccessful in effecting a reconciliation between the ruling party and the Communists, and on January 6, 1947, he returned to Washington to stay, being highly critical of the political and military reactionaries in the ruling party and

also of the dyed-in-the-wool Communists. President Truman, in a policy statement on December 16, 1946, had acknowledged the failure of American efforts to secure peace in China.

After what has been described as General Marshall's first failure, the tempo of American withdrawal from China was accelerated. Perhaps one of the factors that may have hastened the United States decision to quit China was the obvious and unabated hostility of the Chinese people to the American forces then in China. Thus our vacillating policy at the beginning of 1947 reflected a hands-off attitude toward the Chinese situation, and the administration directed our attention to the Greek-Turkish problem, leaving the Chinese primarily to look after themselves.

Then, in July 1947, the President sent General Wedemeyer to China as his personal representative to survey the situation. The general completed his mission in September, and returned to this country. He submitted a confidential report of his findings to the President and the Secretary of State. That report has never been released to the public or to the Congress. It has been described as too hot to handle from the State Department point of view. At any rate, it was suppressed.

It would seem, Mr. President, that before the Congress embarks on such a dangerous program as is called for by the China plan, the least we can do is to place ourselves in possession of all the available facts. We ought to have all the available facts before we reach a decision. Clearly our judgment can be no better than our information.

Mr. President, the fourth and last point to which I wish to address myself is a point that was ably presented on the floor of the Senate by the senior Senator from Colorado [Mr. JOHNSON], whom I see now sitting across the aisle, at the time of the debate on the Greek and Turkish problem. Perhaps I cannot state the point as well as the senior Senator from Colorado stated it, but in my language it is this: Our first concern should be to build a strong economy at home.

While the sum of \$463,000,000 is of course a relatively small sum compared with other gifts and grants we have made all over the earth, we must remember that it is in addition to nearly \$25,000,000,000 of American taxpayers' money we have invested in gifts to governments overseas since VJ-day. We are not permitted to forget that there are further vast and extensive contributions to foreign governments already in the offing.

Our economy has already been strained to the breaking point by our unprecedented generosity abroad. We hear on every hand complaints about high prices and high taxes. We have come to face the stark fact that the cost of these gifts to foreign governments must be paid for by the head of every American family in taxes and by every American housewife in high prices. The principal reason for high prices is the fact that goods and commodities have been purchased in such large quantities by our Government and sent abroad. Undoubtedly foreign trade is fast draw-

ing upon and dwindling our natural resources. Our traditional free-enterprise system is threatened by the lack of savings available for the accumulation of capital.

As has been frequently said, our country is only strong in comparison with the weakness of the rest of the world. The greatest contribution the United States can make to the world is to rebuild her own strength so that she can remain, as she is today, the bulwark of free government.

We have more pressing matters at home than many of the problems abroad. It is perhaps proper for the Members of this body to concern themselves with conditions of fertility in the valley of the Yangtse, but for my part I am more concerned about the loss of fertility in the valleys of the Mississippi and the Missouri. It is perhaps proper for Members of this body to concern themselves with underprivileged children in Shanghai, Hong Kong, and Canton, but for my part, Mr. President, I am more concerned with underprivileged children in St. Louis and Kansas City, in New York and Chicago. It would be far better for us first to look after our own people, develop our own resources, and stabilize our own economy, instead of bankrupting the Nation, impoverishing our people, and inviting disaster.

Of course, this is not the last foreign aid bill; this is only one of a long series which have preceded it and will succeed it, unless the American people, through their representatives in Congress, call a halt.

Since the beginning of this session Congress has been subjected to such a variety and number of requests for foreign aid similar to the gift to China that there is danger that we shall become inured to such injustices to the American taxpayer as to give our approval without careful consideration of the consequences of our action. There is danger that, having passed so many of these bills, we will not give any of them further and careful consideration. It seems to me I already sense a lack of the same careful, exhaustive, painstaking consideration of the China-aid bill that was given to the Greek-Turkish bill. There was certainly far less consideration given to the second installment of the Greek-Turkish bill than there was to the original grant for military and economic purposes in those countries.

I think it is safe to say that there are far too many fertile brains on the pay roll of the Department of State for there to be any let up in these save-the-world fantasies. If further proof is needed of that statement, I need only invite attention to a report—it may be merely a rumor—that the United States is now planning an aid-to-Japan program calling for the expenditure of some \$580,000,000 the first of the year. Under Secretary of the Army William Draper, head of an economic mission to Japan, told a press conference on March 26 that such a plan had been formulated by the Army and State Departments. The program was again characterized as purely economic, and not designed to influence the Japanese in their political attitude. The Members of Congress may take

solace in the fact that the first year's appropriation, we are told, would be the largest, the succeeding grants gradually to taper off.

Mr. President, I now enter upon a subject which perhaps should not be talked about. I know that many Americans are inclined to look askance at the opinions of the Father of His Country in matters of neutrality and national defense. I sometimes think that his memory and teachings are fading from the minds of modern statesmen. When his opinions are quoted or cited in a matter of this kind we are told that he was merely a simple country gentleman; that he never went to Europe; that the only language he was ever able to speak was the native English of his family and his Virginia neighbors. We are told that although he was undoubtedly a remarkable man, judged by the standards of his time, he can hardly be compared with the master minds now available in the State Department. Finally, to clinch the argument, as a sort of *reductio ad absurdum* we are told that Washington never saw an airplane, a telephone, or a radio set, and from this conclusion we are led to believe that there is no harm in the pious gesture of reading annually in this body Washington's Farewell Address once a year, so long as its teachings are wholly disregarded.

I suppose the proposition amounts to this, that in this particular field there is nothing to be learned from the past; that in the field of foreign relations this is a new day; that we should disregard entirely what has gone before.

Mr. President, I do not think even a casual examination of the facts of history will serve to bear out that proposition. For example, American scientists take great pride in their knowledge of the inner workings of the atom, but long ago Lucretius in his great poem advanced the atomic theory which he derived from the Greeks of a much earlier period. Of course, scientists working in the mysteries of nuclear energy make full use of the accumulated knowledge of all the generations that have gone before. If this is the situation in the physical sciences, is it not even more true in sciences dealing with government and society where the chief element to be reckoned with is human nature itself?

I take it it is our duty here always to be receptive to ideas which would regenerate the world, but it is also our duty carefully to examine an idea to see if in the light of experience it is sound and good. Particularly should we exercise close scrutiny to discover if the idea is not new at all, or if in fact there is a record of a history of failure behind it. We are on notice that this is likely to be the case when the idea involves human nature and the capacity of human beings for self-control and self-government. Here indeed there is little new under the sun. Where such questions as these are involved we may well expect to be able to gain valuable knowledge by studying the experiences and the testimony of great men of the past who bore the responsibility for making decisions in their day and their generation.

Mr. President, does the fact that Washington never witnessed a jet plane

in flight reduce to a minimum the value of his judgment in international relations? Does the fact that Jefferson never saw the marvels of radar justify us consigning all his writings to the ashcan so far as our problems of international relations are concerned? In their role as the leaders of this infant Government it fell to them to determine what policies should be followed at the start of its career. For my part I reckon Washington as the greatest man ever born on this continent. I say that, Mr. President, with full knowledge of the present geniuses now in the Department of State.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LUCAS. The Senator from Missouri seems to take particular delight in castigating those in the State Department.

Mr. KEM. I merely refer to their record, I will say to the Senator from Illinois. If he considers that to be castigation, then the word will stand.

Mr. LUCAS. Will the Senator permit me to finish my question?

Mr. KEM. Yes.

Mr. LUCAS. I thank the Senator. The Senator from Missouri seems to take particular delight in castigating those in the State Department. I lay that premise to ask the Senator a question. Do I understand correctly that it is the opinion of the Senator from Missouri that the State Department is responsible for the passage of the European recovery program measure, and will possibly be responsible for the passage of the measure now pending before the Senate?

Mr. KEM. I think the State Department had a large measure to do with its origin. I think the State Department acted as midwife at its birth.

Mr. LUCAS. The Senator evades the question completely.

Mr. KEM. What is the question? I shall be glad to answer it.

Mr. LUCAS. The Senator from Missouri has been constantly discussing the employees in the State Department and telling what bad fellows there are in that Department. What I am asking the Senator is whether or not he believes that the State Department is responsible for the passage of the European recovery program measure in the United States Senate?

Mr. KEM. I just said to the Senator from Illinois that members of the State Department, in my judgment, officiated at the birth of the whole idea; that they are largely responsible for its origin and its conclusion.

Mr. LUCAS. I regret to find my able friend from Missouri casting that kind of reflection upon the intelligence and the judgment of Members of the United States Senate, because, so far as the Senator from Illinois is concerned, he would much prefer to follow the able Senator from Michigan [Mr. VANDENBERG], who championed the European recovery program through the United States Senate, than the able Senator from Missouri; and I am not following anybody in the State Department when I make that statement.

Mr. KEM. Mr. President, in my short stay in the Senate I have been able to observe in action both the able Senator from Michigan and the able Senator from Illinois. I, too, would prefer to follow the able Senator from Michigan rather than the Senator from Illinois.

Mr. LUCAS. But in this case the Senator is not following either one of us. It so happens that the Senator from Michigan and the Senator from Illinois are on the same side so far as the European recovery program is concerned. The Senator from Missouri is not following either. The only thing I have found the Senator doing in his discussion so far is castigating those in the State Department.

May I ask the Senator one other question while I am on my feet?

Mr. KEM. I am glad to yield to the Senator from Illinois. It is always a pleasure to answer the Senator from Illinois.

Mr. LUCAS. I thank the Senator. As I understand, the Senator is against the measure now pending before the Senate?

Mr. KEM. The perspicacity of the Senator from Illinois is quite remarkable.

Mr. LUCAS. Of course, I did not think the Senator from Missouri would go into the question of the perspicacity of the Senator from Illinois, but if he wants to debate that subject, we will go into it later.

Mr. KEM. I shall be glad to discuss it with the Senator later.

Mr. LUCAS. Yes; we can do that.

Assuming to be true what the Senator from Missouri has said about our foreign policy in China, what does the Senator suggest we do, if anything, with respect to China?

Mr. KEM. If the Senator from Illinois will bear with me, I shall reach that point in the remarks I have to make, and I think the Senator, with the perspicacity he has demonstrated, will have no difficulty in determining exactly what I think we ought to do.

Mr. LUCAS. The only reason I propound the inquiry now is that I am afraid perhaps the Senator will not finish this afternoon. I am not going to be here tomorrow, and I wanted to find out exactly what the Senator had in mind with respect to what we ought to do, if anything, in regard to China. It is a perfectly proper question, and I am really interested, because I agree, to a certain extent, with some of the things the Senator has said. I know that our policy in China has not been a total success; but I should like to find out from the brilliant Senator from Missouri exactly what we can do, if anything, with respect to China. That is the point.

Mr. KEM. In case my remarks carry over until tomorrow, and in case the able and brilliant Senator from Illinois is not present in the Chamber, I shall obtain his address from the Secretary to the minority and send him a copy of the CONGRESSIONAL RECORD by air mail.

Mr. LUCAS. That is exactly the way many Senators do when they are asked a real question which gets to the meat of the situation, and when they are asked what they would do. They tell us that they will send us a copy of the speech the

following day. Now is the time for the Senator from Missouri to tell the country what he would do with respect to our foreign policy in China, and not wait until tomorrow.

Mr. KEM. Mr. President, I prefer to develop my argument in my own way. I am unable to accept the well-meant suggestions of the able Senator from Illinois.

Mr. LUCAS. It is always easy, Mr. President, to tear down a house. Many men who can tear down a house cannot build one. I should like to have the Senator tell us about a policy for China.

Mr. KEM. I have already told the Senator that I expect to suggest a policy which will be so definite and clear-cut that even the Senator from Illinois will have no difficulty in understanding it.

Mr. LUCAS. I doubt it.

Mr. KEM. I think I was saying that we may well expect to gain some knowledge by studying the experiences and the testimony of the great men of the past who have borne the brunt of making decisions in their day and generation. Therefore, simply because Washington never saw a jet plane and Jefferson never saw radar, I do not think we ought to discard to the limbo of uncertainty their testimony and their experience.

Let me reiterate, when we are called upon to deal with questions with respect to which the underlying conditions are in their essence constant, such as those in the field of international relations, we shall not go far wrong if we consider their advice today.

I am surprised, Mr. President, that I have not already been interrupted by some Senator saying, "Of course, you overlook the fact that with modern means of transportation we have one world, and that with technological advances in means of transportation and communication, as well as the development of powerful new weapons of destruction, the peoples of the world are constantly being drawn closer together in social, economic, and political relationships." We are told that because of this situation it is no longer possible for one nation long to remain aloof from the swirl of events in an ever-narrowing world. As I understand, advocates of the One World concept maintain that it is to the ultimate advantage of the United States to take the initiative in the field of power politics and mold world opinion to conform to our democratic concepts; that if necessary we should establish well-defined spheres of influence, to be held at all costs; that we should do this initially by dollar gifts, and then if our gold wall crumbles, I suppose it follows as a necessary corollary that American troops should be thrown into the breach.

Mr. President, a necessary corollary on the One World concept is this: It involves the deployment of American troops to all corners of the globe to protect our declared interests and dollar investments. We have already seen how the process works. We send out the money; then we send out the military mission; then we are told, "We cannot turn back; our prestige is involved; American interests are concerned."

At the present time we find ourselves committed in Greece and Turkey. We have, in effect, established a frontier on the Dardanelles and on the Hellespont. Increasing numbers of American troops—in an advisory capacity, to be sure—are being sent out to back up American dollars. Already we have hints that the blood and the advice of these and many others will be needed if we are to retain our foothold in that part of the world.

The One World concept, when carried to its logical conclusion, involves the presence and participation of our soldiers, not in one isolated sector of the globe, but in all potentially troublesome areas. Thus, today we find ourselves practically committed to defend the whole of western Europe, and are now asked to take the first step leading to a commitment to defend the frontiers of China.

It is my opinion, Mr. President—and I defer to the opinion of men in this body many years my senior in experience and service here—that the American people are not now, and in the near future will not be, willing to have their sons slaughtered in the implementation of this foolish concept. It is my opinion that it is a concept alien to the feelings and sensibilities of every honest American.

Mr. President, I have had something to say about the policies of the founding fathers. I know that they are familiar to every Senator, but I want to refer to them briefly for the RECORD. What were the policies of Washington which seem to have particular reference to these times? In the first place, he repeatedly warned us to steer clear of entangling alliances with any portion of the foreign world, and not to interfere in the internal affairs of other countries. Even before he was chosen President, Washington wrote to Sir Edward Newenham as follows:

I hope the United States will be able to keep disengaged from the labyrinth of European politics and wars.

Later he said:

I have always given it as my decided opinion that no nation had a right to intermeddle in the internal concerns of another; that everyone had a right to forward and adopt whatever government they liked best to live under themselves; and that if this country could, consistently with its engagements, maintain a strict neutrality and thereby preserve peace, it was bound to do so by motives of policy, interest, and every other consideration that ought to actuate a people so situated as we are—

Mr. President, attend these words—already deeply in debt, and in a convalescent state from the struggle we have engaged in ourselves.

Mr. President, I wish that those phrases could be written on the heart of every Member of this body.

In July 1791 Washington stated:

I trust we shall never so far lose sight of our own interest and happiness as to become unnecessarily a party to their political disputes.

Again, in 1793, Washington said:

All our late accounts from Europe hold up the expectation of a general war in that

quarter. For the sake of humanity I hope such an event will not take place. But if it should, I trust that we shall have too just a sense of our own interest to reject any cause that may involve us in it.

In a letter to Patrick Henry on October 9, 1795, Washington said:

My ardent desire is, and my aim has been—as far as depended upon the Executive department—to comply strictly with all our engagements, foreign, and domestic, but to keep the United States free from political connections with every other country, to seem independent of all, and under the influence of none. In a word, I want an American character, that the powers of Europe may be convinced that we act for ourselves and not for others. This, in my judgment, is the only way to be respected abroad and happy at home.

That was Washington speaking.

The other great policy of Washington which seems to have most immediate connection with our own times, was set forth at the very beginning of his administration, and was by him regarded as essential to the safety, the success, and the future of the United States. In his address to the Congress on the 8th of January 1790, he said:

Among the many interesting subjects which will engage your attention, that of providing for the common defense will merit particular regard. To be prepared for war is one of the most effectual means of preserving peace.

Again, on December 3, 1793, he said to the Congress:

If we desire to avoid insult, we must be able to repel it; if we desire to secure peace, one of the powerful instruments of our rising prosperity, it must be known that we are at all times ready for war.

I seem to sense that some of the Members of this body are somewhat amused at quotations from Washington. They seem to consider him a simple country gentleman. But, Mr. President, his accomplishments speak for themselves.

One other important point to be remembered is that when Washington announced a particular policy, he did it with a full realization of its dangers and difficulties, and with a complete intention of carrying it out. He was emphatically a man of action; and he never came to a momentous decision, either in peace or war, without being prepared to act as the circumstances demanded.

What a contrast we find today. So confused, inept, and bungled is our foreign policy, so crowded with reversals and contradictions, that it seems evident that the present occupant of the White House not only is unaware of the dangers and difficulties involved when he announces a particular policy; but, once having reached a decision, he is not prepared in any sense to carry it out.

Perhaps some Senators will say that the Senator from Missouri does not appreciate the significance of this One World in which we live. Perhaps it will be said that the Senator from Missouri is lacking in appreciation of the atomic age. Perhaps I shall be reminded by Senators that modern means of communication have brought Europe and America and the rest of the world close together. But it seems to me that the new American policy, developed and im-

plemented and put into action in the light of these developments in the world of the physical sciences, has had a rather thorough test. We have fought two world wars. We have spilled a tremendous amount of American blood. As a minor matter, we have spilled a great deal of money and natural resources. We destroyed the Kaiser, only to raise up Hitler. We destroyed Hitler, only to raise up Stalin.

Mr. President, war has been the business of Europe ever since the dawn of recorded history. There is absolutely nothing in the present picture to indicate that it will not continue to be the business of Europe beyond the day of any man now living.

The China-aid plan now under consideration is diametrically and utterly opposed to the teachings of the Father of His Country. I hope we shall not lightly disregard those teachings. I hope we shall apply them without fear or favor.

Now I come to the plan which I have to suggest. There is nothing new or novel about it. The fact of the matter is that I have previously presented it on the floor of the Senate. I regret greatly that the able and distinguished Senator from Illinois, who pressed me for my plan just a few moments ago, is not now present, but I hope he will read in the CONGRESSIONAL RECORD what I have to say at this time, and I hope he will consider it for what it may be worth.

I have three proposals, and I urge them again for the careful consideration of the Senate and our fellow Americans:

First, let us stop meddling in the internal, governmental affairs of Europe, Asia, and Africa.

Second, let us drive the Communists and fellow travelers from employment under the Government of the United States and make it as difficult as possible for them to return.

Third, while we still have strong resources, let us spend as much as may be needed to build a national defense so strong that neither Russia nor any other aggressor nation will dare attack us.

Mr. President, for those reasons I shall vote against the pending bill.

Mr. LANGER. Mr. President, I am very much interested in Senate bill 2393, which has been under consideration today and has been presented to us by the Foreign Relations Committee. A reading of the bill informs us that the purpose is—

To promote the general welfare, national interest, and foreign policy of the United States by providing aid to China.

I wonder when the Senate will get around to providing aid to the people of these United States. Yesterday I was in New York City. I was there with other Members of the Senate in connection with an investigation of a pneumatic-tube installation which has been in use there ever since 1905. Mr. President, what pay do you suppose those laboring men who for years and years and years have worked for our Government, are receiving from the Government of the United States which is so much interested in heading off communism. One would expect that they would

receive at least as much as the United States Department of Labor has said it takes to enable a father and mother and one child to live decently. Our Department of Labor sent its experts to New York City, and for 7 months they labored there long and hard. They discovered that a governmental worker should not have a new hat every year, and that a man having two union suits should make them last 2 or 3 years. The testimony before our committee showed that some of those people have not had butter for months. Wives testified that their little children get meat once a week—a kind of goulash. Good hamburger, Mr. President, sticks together. They get hamburger, but it is so poorly made that, no matter how much it is fried or boiled it simply does not stick but makes a soggy mass.

We discovered yesterday in New York that of the people who have worked for our Government, some of them for more than 20 years, one of them for 32 years, a part of them receive the great sum of \$2,500. The majority of the Government workers in New York get \$2,000 a year. But we are so busy heading off communism, and so busy in foreign lands, that I doubt that very few Senators know that a GI who has returned home, with a wife and child, and who has obtained a job as a mail handler for the United States Government, gets the munificent sum of \$1,900 a year. That, Mr. President, is what he fought for—the right to come home and to starve at the hands of his Government.

When I was in Philadelphia a short time ago more than 98 GI's telephoned me. They were men without influence, who had tried to enter the taxicab business. The 98 GI's had organized a corporation. The corporation was refused a license. The 98 men decided to apply for individual licenses which would permit them merely to drive a taxicab in the United States of America and to charge a fare for doing it. Licenses were refused.

In all the city of Philadelphia there are only 1,500 taxicabs. With a population of almost 2,000,000, and with an area of 135 square miles, there were but 1,500 taxicabs. In the city of Washington there are more than 10,000 taxicabs. Testimony was introduced showing overwhelmingly that on a rainy day a man or a woman has to wait 2 hours to get a taxicab.

The 98 veterans of World War II who applied for taxicab licenses, which were refused, finally decided that certainly, under the great Constitution, the United States Government would protect them in earning a living, so they decided to haul people for nothing and to take their chances on tips. What happened? The regular taxicab companies sued out an injunction which kept the 98 GI's, a majority of whom were married, from making a decent living. Those GI's have been in court now week after week, month after month, in an effort to obtain the opportunity of earning an honest living in the city of Philadelphia. To date they have been unsuccessful.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the Senator from Washington.

Mr. MAGNUSON. I was interested in what the Senator had to say regarding the pay of Government workers. I was wondering if the Senator, as chairman of the Committee on Post Office and Civil Service, could inform the Senate as to when the committee might report a bill on the cost-of-living raise for postal employees, and what the plans of the committee are.

Mr. LANGER. I may say to my distinguished friend, the Senator from Washington, that owing to the fact that the distinguished Senator from Montana and myself were in New York on the pneumatic-tube investigation, the meeting scheduled for this morning was not held, but it has been reset for tomorrow morning, at which time it is expected the pay-raise bill, not only for postal workers but for other Government employees will be reported. It has not yet been determined whether all employees will be included within one bill, or whether the postal workers will be placed in a separate bill. In either event, the committee will, tomorrow, we hope, report one bill or both bills simultaneously.

Mr. MAGNUSON. I thank the Senator.

Mr. LANGER. I may add that the subcommittee, consisting of the Senator from Vermont [Mr. FLANDERS], the Senator from New York [Mr. CHAVEZ], and myself, submitted its report about 5 weeks ago. After the bill had been reported unanimously, the Senator from Vermont decided to take additional testimony, and he has been conducting hearings for the last 5 weeks. That testimony is being taken, I may add, because the President of the United States instructed the Committee on Post Office and Civil Service to see if we could not revamp the entire classification system.

Mr. President, I have in my hand the testimony of the representative of the Labor Department, Mrs. Hoover, who is in charge of an investigation in New York and other places, stating exactly what it costs in the various places to support a family. The cost in the cities of Washington, New York, and Los Angeles is roughly \$3,300 a year. It varies, but it averages about \$3,300. In New Orleans and one or two other places it is slightly less, but in any event it is approximately \$3,300. As I said, the GI's are getting \$1,900 as mail handlers. If they work hard they receive a promotion at the end of a year, with an increase in pay of \$100, making \$2,000. Then if they work harder for another year, they get another \$100 raise, making \$2,100. If they work still harder, they get another \$100 raise at the end of the year, making \$2,200, and at the end of another year, \$2,300. If they work real hard, they get another raise of \$100, making \$2,400, and if they work extremely hard, they get another \$100 raise, until finally, at the end of 7 years, they receive \$2,500. After that, no matter how hard they work, they are through—\$2,500 a year is all that this great Government of ours, that wants to give \$463,000,000 to China, will pay the

GI mail handlers—\$2,500, and not one thin dime more.

We investigated to see how these people could live on \$1,900 a year. In some cases the wife works. In other instances, after the GI has worked good and hard all day, he gets a job at night. He works until 1, 2, or 3 o'clock in the morning. We can imagine how that affects his health.

Some of these GI's go to school and live in trailer camps. It was suddenly found that money was needed so badly at some of the little trailer camps that the rent was raised from \$20 to \$25. They still did not have enough money, so it was raised to \$30 and, in some instances, to \$35. So the GI who came back, after fighting for his country, is paying, in some instances, on the campuses of some of our schools, \$35 a month rent.

A letter regarding the subject was placed in the RECORD, and I have more letters from home, but there was no particular interest manifested on the part of anyone. No one was willing to give them \$463,000,000. That sum was going to the Chinese.

In my State we have many farms, and, under the law, up to the time of the war, a farmer had 160 acres. A board told him how much of that acreage he could seed. One poor, unfortunate farmer in my State, living near Ashley, N. Dak., seeded a piece of land which followed a creek. It is located in one of the few counties of my State in which stone is found. In following the creek the farmer could not figure out exactly the acreage. He overseeded approximately a half acre, and this great Government of ours would not pay him his soil-conservation money. He lost it entirely because, in following the creek, he had overseeded a half acre of land.

I noticed the other day a news item to the effect that a farmer had taken a similar case to the Supreme Court of the United States. The Chicago Tribune contained a very fine editorial on the subject, showing how this Federal bureaucracy operates. The farmer could not get anywhere in the Supreme Court of the United States.

We have crop insurance. Up to 4 or 5 years ago, if a farmer wanted to insure his crop, he would go to a private company; but now there is Government crop insurance. He figured that if anything happened to his crop he would be paid. Ninety-nine farmers out of a hundred believed that. They believed they were insured against everything but insects. Last year in my State a couple of farmers stored their grain, one of them in a galvanized tank and the other in a wooden granary. A flood occurred which spoiled many bushels of grain. Did the Government pay the farmers for their loss? I should say not. They were not insured against water, although they thought they were. The Government, under its insurance program, has to save every single penny, because the Nation has a debt of \$259,000,000,000, and every tiny bit of money possible must be saved. So, of course, the Government could not pay those farmers insurance, and their grain lies there, spoiled by water. I looked at it myself. Three or four in-

surance representatives have been there to look it over, but they could not pay the farmers.

I have not time to go into details, but I am sure Senators are familiar with what happened to the farmers of North Dakota, South Dakota, Montana, and other States on April 19, 3 years ago. The farmers in that area had a crop after nine long years of drought. The price of wheat was approximately \$1.50 a bushel. Before they could receive any money the farmers at threshing time wrote to their great Government in Washington. I mention this great Government, and I shall mention it further, because the President of the United States, on Saturday night, said that if Mr. Wallace did not like this country he could get out and go to the country he does like. I submit, Mr. President, that such a statement by any President of the United States is unwarranted. I submit that Mr. Wallace has a right, as has Harry Truman, to stay in this country as long as he pleases.

I want to make this further statement, that Mr. Wallace presided over this body for four long years, and whether we agree or disagree with his political beliefs, in my judgment, at least, Mr. Henry Wallace is as patriotic, as honest, and as good a citizen as is Harry Truman, the President of the United States. I am proud to have had the friendship of Mr. Wallace, whom I have not seen for approximately a year. He used to sit on the dais. I am proud of the fact that I was in the Senate and heard and saw him preside over this body.

Certainly, Mr. President, it does not do the unity of this country any good, and does not help to make our people united, for the President of the United States to give that kind of a talk regarding a man who has held the office of Vice President of the United States of America. The President knows, when he invites Mr. Wallace to go to some other country, that he is not hurting Mr. Wallace. Rather he is hurting himself and is lowering the dignity of the great office of the Presidency of this country.

Mr. President, I come back again to the farmers in the Northwest, and I return to the date of April 19, 3 years ago. It will be remembered that out of a clear sky the farmers who had received loans from the Government were advised that such loans were not due until April 1, 1945. The loans had been made in the fall of 1944. They were secured by the grain in the granaries of the farmers all over America. In the month of January 1945, they received letters saying, "Bring in your wheat. We are calling the loans. We are asking you to pay your notes now." The notes were not due until the following April. The Department of Agriculture knew that the farmers could not pay their notes unless they sold their grain. That was another instance of helping out the hungry in Europe. The farmers who were patriotic and who wanted to help Europe brought in their wheat.

On April 19, Mr. President, with a committee headed by the late Mayor LaGuardia, of New York, I went to the Secretary of Agriculture, Mr. Anderson,

and it was decided to go to Climax, Minn., and to Fargo, N. Dak., and pay a premium of 30 cents a bushel to those farmers who had been unpatriotic or, for some reason, had not brought in their wheat. They were told, "If you bring in your wheat we will pay you a premium of 30 cents a bushel." Yet, when we introduced a bill to pay the farmers a premium we were unable to have the bill passed. We were unable to get the Secretary of the Treasury to endorse it. For that matter, we could not get the President or any member of the Cabinet to endorse it. They said the Nation could not afford to pay the extra 30 cents to the farmers, that it did not have the money. It had \$463,000,000 for the farmers of China, but no money for the farmers of the United States.

I remember one day when we were debating a tax bill, a year ago, the distinguished senior Senator from Florida [Mr. PEPPER] rose to offer a minor amendment. He said, substantially, that when a banker or a businessman goes to a convention he can deduct the expenses of his trip from his gross income. He said, "The president of the National Education Association appeared before us and said to our committee that school teachers in most of the States have to go to summer school, and it costs \$200 to go to summer school."

Mr. President, sitting beside me here is the Senator from Nebraska [Mr. WHERRY], the acting majority leader. I always like to visit with him, he is so kind and courteous. I assure him I am not going to talk all afternoon. He can go to his office, if he cares to do so, and work for a while, and return, and I shall be delighted to see his face when he comes in.

Mr. WHERRY. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I yield.

Mr. WHERRY. I thank the Senator very much for his kind words. It is always a pleasure to work with him. I assure him that I shall not be gone very long, because I want to hear what he has to say. But I did wish to know how long he would address the Senate, in order to prepare the program for the remainder of the afternoon.

Mr. LANGER. I say to my distinguished friend, the Senator from Nebraska, that I will do anything in the world to cooperate with him. I will take a long time, or take a short time, as he may wish.

Mr. WHERRY. I thank the Senator.

Mr. LANGER. As I was saying, Mr. President, the distinguished senior Senator from Florida offered an amendment providing that school teachers should be allowed to deduct the \$200 it cost them to go to summer school; and, mind you, they have to go in some States or they lose their certificates. The Senator did not ask in his amendment that the whole \$200 be deducted from the tax. He said, "We will take the expense off the gross income. It will amount to only \$5 or \$6 to the average school teacher." But this great body, giving \$463,000,000 to China, would not give the school teachers of the United States five or six dollars in the way of deduction from their income tax.

That is a fact, Mr. President. That is the record.

I may say to the present Presiding Officer that although he was not a Member of the Senate at the time, if he will read the record of the debate when the pay of the Members of this very body was increased, he will find that some of us offered an amendment. We said the aged of America were getting only \$40 in the way of assistance—at that time the Government matched \$20 with the States—and we wanted to raise that. My amendment provided for \$100 a month for aged persons. After a great deal of argument and debate, it was finally decided to appoint a committee to investigate how much the old people needed. In the meantime, to help them along, they were given the great sum of \$5 a month additional—\$5 a month. The investigation started 2 years ago, and the committee is still investigating. There has been no report from that committee, and the old people are still dying. We have not \$463,000,000 for those old people—we have \$5 a month.

That is not all, Mr. President. If one of those aged people has a little home, in the vast majority of the States, a little, tiny home, or an insurance policy, or a horse, or a cow, he has to sign it over to the welfare board of the State, and the welfare board sells it and gives the Government of the United States 50 percent of the proceeds. The Government is so hard up for money that it treats an old pioneer or his widow as one woman was treated in my State. In a little town in North Dakota I knew a woman who had a small, gold wedding ring. The welfare board sold that ring, and the United States Government got one-half the proceeds. That is how hard up the Government is. But it has \$463,000,000 for China. Last week it had \$375,000,000 additional, if I remember correctly, for the people of Turkey and Greece. A few days before that the Government had \$4,600,000,000 for the Marshall plan.

Mr. President, what is proposed to be given by the bill now pending is not the only money China will have received. I have here the record. Communism has been fought in China very hard, if the amount of money China has been given is any criterion. I have the information from two sources. First is the World Almanac, and I have it again in the official document, "European recovery program," which states the amounts of money which have been given to various countries, not including the money to be given China under the pending bill.

How much would any Senator suppose has been given to the Chinese—not to our veterans, not to our farmers, not to our teachers, not to our aged, but to the Chinese in China? Aside from the amount they will receive under the bill now being considered, under United States postwar foreign assistance there has been given since the war \$1,099,000,000, not counting what is proposed to be given to China today.

Mr. President, how much is \$1,000,000,000? I live in a State which is one of the largest in area in the United States. If we were to include every single acre of land, every single village, and

town lot, every building on the farms and in the towns, all the bank deposits, all the horses, sheep, cows, goats, and, I will also throw in the dogs in order to make the picture full and complete, what would the total assessment be? When I was Governor of North Dakota the total assessment of the State was \$931,000,000; not even \$1,000,000,000.

Several days ago the Senate adopted the Marshall plan. I did not vote for it. It provided for \$4,600,000,000. The distinguished Senator from Missouri [Mr. KEM] in his address made in connection with that plan said—although I did not verify the figures myself—that the amount involved equaled the assessed valuation of the 17 smallest States in the Union.

As I stated the other day, the elephant ought no longer to be used as a political emblem nor should the donkey be used as a political emblem by those engaged in such a bipartisan policy. The emblem used by them should be the scoop shovel. Such an emblem should be worn on their lapels. A scoop shovel as an emblem is something which the average farmer would understand when he saw it.

Mr. President, the other day I picked up a newspaper and read an article which said that Maj. Gen. Philip Fleming, the head of the Federal Works Administration wanted \$75,000,000,000 for his 15-year program for roads and new buildings which he has outlined and filed with the President. Where is that money coming from?

When one of the first postwar loans was made I asked that the committee proposing the loan have a survey made to find out how much we in America needed, and then if we had anything left we could give some of it away. Such a survey has not yet been made. But Mr. Fleming says he needs \$75,000,000,000 for his 15-year program.

In the House there is a Committee on Health, headed by a very distinguished Representative named KEEFE from Wisconsin. The other day he made a report in which he said that \$8,000,000,000 was needed for the next 5 years for health purposes alone; \$75,000,000,000 and \$8,000,000,000 are \$83,000,000,000. I do not know how much more our veterans are going to need as the years go by, but the amount will certainly constantly increase. Every time we give away some more money we must pay interest on it, because we do not have the money; we must borrow it. So in a short time we will be paying \$6,000,000,000 a year in interest.

Then, of course, we still have our Indians who are starving to death. No one is worrying about the poor Indians. Oh, the President sent Congress a message one day and said we should give the Navajo Indians \$2,000,000, but, after all, he said, most of it could be used for buildings and education. Those Indians have been starving. I placed in the Record a few days ago a statement showing that some of them do not eat for a period of 2 or 3 days at a time. Last summer I visited the Torres-Martinez Tribe in California. Hunger, want, and suffering were evident on every side. The

tribe is composed of only 300 members. No money is provided for them.

Let us consider another angle. I would gladly follow the Foreign Relations Committee and I would gladly follow the State Department, but the trouble is that they are wrong practically all the time. One event following another event proves them to be wrong. Only yesterday the head of the Flying Tigers, General Chennault, said that the entire Chinese situation could have been cleaned up several years ago.

Let us now consider Germany. A great deal has been said about Germany. Yesterday the New York Times carried an article, from which I wish to read, which completely refutes statements which have been made by those who say we were treating Germany all right. I went to the law authorities one day and asked when in heaven's name they were going to stop denazification. I was told, "That does not amount to anything over there any more. There are only some 30,000 or 35,000 persons involved." On the front page of yesterday's New York Times appeared an article relating to that matter. I read as follows:

The facilities of the United States military government denazification branches will be made available to the German agencies to help complete the denazification job.

It is now 2½ years after the war, Mr. President, and there has been denazification and more denazification and still more denazification. American lawyers from almost every State in the Union have been engaged in such work, and so have many judges taken from our American benches.

The article continues:

As of March 1, there were about 450,000 persons awaiting trial, mostly in the "follower" category. It is expected under the new semiamnesty virtually all will be released quickly with a small penalty or none.

Since the law became effective—

And at last we have the figures, and it is just as difficult for me to get those figures now as it has ever been. We have never succeeded in obtaining the figures. We did not secure the figures in the Subcommittee on Displaced Persons of the Committee on the Judiciary. It was as impossible for us to obtain the figures as it would be for any Senator to obtain the agreements entered into during the last 10 years by the heads of the various governments.

This is what the Americans did in Germany:

Since the law became effective 12,278,000 were registered, 3,243,000 were found chargeable, and 2,000,000 received direct amnesty.

So, Mr. President, there were found chargeable 3,243,000 men and women who are professors, doctors, scientists, individuals, who could work.

A year ago I read an editorial from Collier's magazine which showed how badly denazification had worked. After individuals had once been denazified it did not mean anything, because if they were charged again with being Nazis they would have to be denazified a second time. Then, if someone charged them again, they were denazified the third time. So all this time those men and

women who wanted to work could not work.

Now we come along with another great law, a law which is going to take care of 50,000 displaced persons, or 100,000 over a 2-year period. How do we treat the Germans in that connection, Mr. President? There are only 1,323,000 displaced persons in Europe. When the Russians came down, the Sudetenland went into the American and British occupied zones. That area had a population of between 14,000,000 and 15,000,000. We took such good care of them that between 4,000,000 and 5,000,000 of them died. No one knows what became of them. There are 10,000,000 left.

A while ago we drew up the charter of the International Refugee Organization. The United States was a party to that organization. In the United Nations Charter, the very first paragraph in section 3 states that the purpose is to wipe out all social and cultural distinctions based upon race, color, creed, language, or sex. What do we find? The same people who were going to reform the world, and bring about a condition under which the white man would march down the street with his arm around the black man, all over the world, through the International Refugee Organization barred any person of German ethnic origin, even though he was against Hitler, even though he was the greatest scientist in Germany, even though he entered the United States Army and fought. Unless he was admitted under the provisions of some other legislation, he could not get in under the International Refugee Organization.

Mr. President, I am opposed to any discrimination based upon race, color, or creed. I think my votes upon the floor of the Senate have shown that. The United States Senate ratified the charter of the International Refugee Organization, which barred any person of German ethnic origin. The other day in the Judiciary Committee when I tried to have that provision amended the amendment was defeated 5 to 4.

Mr. President, the man who votes that way does not realize that the dome of this very Capitol was designed and built by a man of German ethnic origin. The Library of Congress was designed and built by a man of German ethnic origin. The Post Office, within sight of the Senate Office Building, was designed and built by a man of German ethnic origin. The famous painting of Washington Crossing the Delaware was painted by a man of German ethnic origin. The painting entitled "Westward the Course of Empire Takes Its Way," was painted by a man of German ethnic origin. The father of the civil service, Carl Schurz, who was once a Member of this very body, was also a man of German ethnic origin. Not so many years ago a majority of the members of the Cabinet were men of German ethnic origin.

In this country we have nearly 30,000,000 people of German ethnic origin. They are scattered all over the country. And yet we ratified the International Refugee Organization charter, which bars the relatives of any of those 30,000,000 people, whether they live in California,

in Minnesota, in Missouri, or any other State. The father, mother, sister, or brother of a citizen of this country cannot be brought to the United States if he is of German ethnic origin.

Mr. President, I shall do everything possible to defeat the so-called displaced-persons bill. How significant it is that those who are trying to have that bill passed have upon their pay roll—and I placed the figures in the RECORD the other day—registered lobbyists drawing \$152,000 a year. Some of them receive as much as \$15,000 a year. I am sure that if American citizens of German ethnic origin, some of them 300, 400, or 500 years removed, could understand that situation, they would be here with petitions asking that these people be not discriminated against. We have people of German ethnic origin in Indiana, Illinois, Wisconsin, and many other States.

Mr. President, that has been a part of the foreign policy of our Government. I was interested when the distinguished senior Senator from Illinois [Mr. LUCAS] asked the distinguished Senator from Missouri [Mr. KEM] this afternoon who formulated the foreign policy, whether it was the Department of State or this body. I was interested in the reply, because I have always been convinced, and I am now convinced, that the policy is formulated by the Secretary of State and by the State Department. The department submits its recommendations to various committees. Not many changes are made as between what is recommended and what is reported by the committee.

I wish to make clear to the American people how much foreign aid we have handed out. First of all, I wish to refer to previous aid to China. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks that section of the committee's report beginning on page 6, headed "Previous aid to China."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PREVIOUS AID TO CHINA

The Department of State has submitted to the committee the following estimates of previous American aid to China:

United States Government economic, financial, and military aid to China since 1937

[In millions of United States dollars]

Pre-VJ-day:	
Export-Import Bank credits....	120.0
1942 congressional credit.....	500.0
Lend-lease	849.4
Subtotal.....	1,469.4
Post-VJ-day:	
Lend-lease:	
Military	728.0
Civilian pipe-line credit....	49.6
Naval aid.....	17.7
Surplus and excess property credits:	
Office of Foreign Liquidation Commissioner dockyard credit.....	4.0
West China credit.....	20.0
Maritime Commission credit authorization	16.5
	40.5

Post-VJ-day—Continued

Export-Import Bank credits....	82.8
UNRRA:	
United States 72-percent contribution applied to China program (FAS plus 25 percent for shipping and insurance)....	465.8
Contribution to Board of Trustees for UNRRA equipment and funds....	4.7
United States foreign relief program	45.7
United Nations International Children's Emergency Fund....	2.1
Subtotal	1,436.9
Total	2,905.8

Since figures for certain surplus-property sales were not included in the above total, the State Department subsequently furnished the committee with the following supplemental figures in a letter to the chairman, dated Mar. 19:

Type of surplus	Procurement cost	Sales price or value realized
Civilian-type surplus property in China, India, and 17 Pacific islands.....	\$824,000,000	\$175,000,000
Rifle ammunition.....	6,566,589	656,658
TNT.....	275,000	99,000
Air Force equipment.....	9,449,850	935,312
Naval vessels.....	70,589,298	(gift)
Transport aircraft.....	34,800,000	750,000
Ammunition.....	4,441,337	44,413
Air Force equipment.....	25,292,365	4,426,163
Total.....	975,414,439	181,911,546

The State Department emphasizes that it is impossible to draw up a total for the surplus-property transactions since in some cases the surplus stocks are still in the process of being transferred and the full value of the property will not be known until the transfers have been completed. The above figures, therefore, are only estimates in some cases.

The committee agreed that the extent of such aid underscores once more the fundamental and traditional interest of the United States in the welfare of China.

Mr. LANGER. The total shows that to date we have given to China \$2,905,800,000, or five times the assessed value of every acre of land and every piece of property in five States the size of North Dakota. I make the prediction that a year from now they will be back asking for a billion dollars more.

How much have we given to other countries, Mr. President? Referring again to the United States postwar foreign assistance, as listed in the World Almanac, we find that between July 1, 1945, and June 30, 1947, we gave to the 16 countries that participated in the tariff conference, \$1,943,000,000. We gave to Austria \$184,000,000; to Belgium and Luxembourg, \$61,000,000; to France, \$21,000,000—that was just during those 2 years; to Greece, \$624,000,000; and to Italy, \$595,000,000. We helped the Netherlands, Norway, Sweden, Switzerland, Turkey, and the United Kingdom. During that time the United Kingdom received from us \$334,000,000. We also helped Czechoslovakia. By the way, Mr. President, I understand that Joe Stalin now has something to say about running that country. During the period I have mentioned, we turned over to Czechoslovakia \$174,000,000. I wonder how much of that money Joe Stalin has his fingers on now. We gave to Ko-

rea, to the Philippines, and to all the other countries listed in the statement.

I have before me at this time the Twenty-fifth Report to Congress on Lend-Lease Operations, as prepared for the Department of State by John W. Snyder, Secretary of the Treasury, on November 12, 1947. I ask unanimous consent to have placed in the RECORD at this point statement No. 1, covering pages 2 and 3; and statement No. 2, covering pages 5 to 9.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT I

DEFENSE AID PROVIDED

Total defense aid provided includes goods and services (1) covered by expenditures and (2) covered by accounts payable which represent goods and services received by the procuring agencies, but not yet covered by expenditures.

SOURCE OF DEFENSE AID PROVIDED

Appropriations are made to the President for the procurement of defense articles and services, and appropriations to the War and Navy Departments, the Maritime Commission, and Coast Guard contain the authority to finance transfers made under the terms of the Lend-Lease Act. Funds are also received in advance from foreign governments for the procurement of defense articles and services not eligible for transfer as straight lend-lease. The Munitions Assignment Board, established in January 1942, assigns military equipment on the basis of production and the needs of the foreign government concerned regardless of the funds used in procuring the articles. This resulted in the pooling of all finished munitions and the War and Navy Departments could no longer determine whether a particular defense article transferred to a foreign government was procured from funds appropriated to the President for lend-lease purposes or from their own appropriations. (For a more complete discussion see pp. 57, 61, and 62, of the March 11, 1944, Report of the Interdepartmental Committee to Study Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad.)

The DDA Reports of lend-lease obligations and expenditures made to the Lend-Lease

Fiscal Operations, Treasury Department, by other Federal agencies cover only funds appropriated to the President and foreign government funds. These DDA Reports, however, do show the total defense aid provided regardless of funds. The amounts shown as the source of funds used for "Defense Aid Provided" by other agencies are computed from the certified DDA Reports received quarterly from these agencies. While it is not possible to relate individual articles or services rendered with the appropriations from which financed, it is, however, evident that on an over-all basis by deducting the expenditures and accounts payable reported as applicable to Lend-Lease Administration

funds and foreign government's funds from the total defense aid reported, the difference (other than the exceptions noted in the next paragraph) had to be financed from appropriations made directly to these agencies.

Defense articles returned by foreign governments and those transferred from other Federal agencies to the War and Navy Departments are commingled in the common inventory of the respective departments and the identity of these articles as to source is lost. It may be that some of these articles have subsequently been transferred to a foreign government. This analysis of the method of financing total defense aid provided does not reflect any such transfers.

Statement of operations under the Lend-Lease Act, cumulative through June 30, 1947

Type of defense aid	Charged to foreign governments	Not distributed by foreign governments	Total
Transfers to foreign governments.....	\$44,228,324,404.90		\$44,228,324,404.90
Services and other expenses.....	3,534,903,377.63		3,534,903,377.63
Consignments to commanding generals.....	632,007,595.95		632,007,595.95
Transfers to Federal agencies.....		\$725,589,141.95	725,589,141.95
Losses on inventories and facilities.....		31,072,272.57	31,072,272.57
Production facilities.....		720,641,686.66	720,641,686.66
Miscellaneous charges.....		332,200,098.31	332,200,098.31
Administrative expenses.....		39,257,580.77	39,257,580.77
Total defense aid provided.....	48,395,235,378.53	1,848,760,780.26	50,243,996,158.79

Source of funds

From funds appropriated to—	
Lend-Lease Administration.....	\$25,231,776,585.66
War Department.....	19,488,377,685.32
Navy Department.....	4,745,554,742.96
Maritime War Shipping Administration.....	620,647,410.38
Coast Guard (Treasury).....	12,965,897.56
From foreign government funds.....	143,631,442.20
From reissues of returned lend-lease articles.....	1,042,394.71
Total.....	50,243,996,158.79

¹In addition, the foreign governments have paid approximately \$900,000,000 to the United States for lend-lease items purchased out of U. S. Government funds. This money has or will be reappropriated or deposited to the general fund of the Treasury.

STATEMENT II

This statement summarizes by appropriation title (category) and country total defense aid provided from funds appropriated by the Congress to the President for lend-lease purposes, authorization by the Congress to the War and Navy Departments, the Maritime Commission, and the Coast Guard to use their own appropriations for lend-lease aid and funds deposited by foreign governments for the procurement of articles and services on a cash reimbursement basis.

The statement is prepared in two divisions, (1) lend-lease aid charged to foreign governments and (2) lend-lease aid not distributed by foreign governments. The column headings (appropriation title) are in accordance with the subdivisions of the Lend-Lease Appropriation Act.

The statistical data necessary for the preparation of this statement are taken from the quarterly reports submitted by the agencies participating in the defense aid program.

Statement of defense aid provided by country and by appropriation category, cumulative through June 30, 1947

	Total	Ordnance and ordnance stores	Aircraft and aeronautical matériel	Tanks and other vehicles	Vessels and other watercraft
Charged to foreign governments:					
American Republics:					
Bolivia.....	\$5,523,113.77	\$144,489.07	\$4,325,346.20	\$78,376.66	\$17.19
Brazil.....	372,018,982.63	41,331,636.61	87,716,852.89	55,011,224.00	82,374,153.10
Chile.....	21,603,647.88	6,731,093.89	9,930,123.98	2,575,359.84	1,505,363.41
Colombia.....	8,264,954.63	594,045.08	4,041,170.72	817,732.43	632,928.31
Costa Rica.....	156,330.15	34,422.34		51,540.84	
Cuba.....	6,550,610.38	376,834.22	1,998,579.67	522,722.89	2,057,391.57
Dominican Republic.....	1,617,315.60	138,958.46	400,742.53	150,951.63	531,126.91
Ecuador.....	7,794,178.09	416,815.02	1,936,263.27	2,263,822.68	889,762.73
Guatemala.....	2,598,045.84	635,495.50	1,400,030.99	372,894.72	
Haiti.....	1,423,658.75	70,991.16	350,634.97	146,346.97	174,999.05
Honduras.....	368,364.24	46,784.72	257,371.39	24,626.26	
Mexico.....	39,238,971.45	7,991,507.83	16,071,044.18	3,033,711.17	3,270,743.26
Nicaragua.....	887,199.28	90,622.49	469,528.91	133,038.89	13,846.75
Panama.....	667.33				
Paraguay.....	1,956,128.55	130,758.36	947,455.84	209,892.67	486,307.85
Peru.....	18,925,731.36	2,615,328.20	6,822,095.06	1,656,016.26	4,156,747.70
Salvador.....	878,275.90	146,114.69	423,369.02	259,495.04	
Uruguay.....	7,129,488.01	1,180,297.44	1,715,315.87	1,940,606.15	1,549,861.06
Venezuela.....	4,523,680.08	668,855.74	1,564,210.67	777,341.82	785,051.70
Total, American Republics.....	501,459,343.92	63,345,050.82	139,370,136.16	70,025,700.92	98,428,300.59
Other Governments:					
Belgium.....	159,464,430.26	564,683.22	765,815.99	15,796,818.06	18,407,339.95
British Empire.....	31,384,810,121.25	3,066,937,679.75	6,423,295,641.98	3,804,625,353.97	5,278,557,374.13
China.....	1,626,998,524.86	271,086,933.84	230,894,424.13	190,188,218.05	85,815,272.52
Czechoslovakia.....	641,839.17			289.68	
Egypt.....	2,319,691.15	5,447.50		1,480,977.78	
Ethiopia.....	5,251,480.09	354,204.68	121,299.73	265,180.60	
France and possessions.....	3,223,891,229.32	284,754,508.06	292,702,527.14	429,495,949.06	302,362,126.56
Greece.....	81,521,726.17	4,427,926.25		435,721.33	57,558,338.88

Statement of defense aid provided by country and by appropriation category, cumulative through June 30, 1947—Continued

	Total	Ordnance and ordnance stores	Aircraft and aeronautical matériel	Tanks and other vehicles	Vessels and other watercraft
Charged to foreign governments—Continued					
Other governments—Continued					
Iceland.....	\$4,371,496.03		\$184,111.95	\$296,968.89	\$19,723.66
Iran.....	5,303,624.18	\$42,786.42		2,362,117.89	
Iraq.....	891,469.57				
Liberia.....	11,554,901.20	153,711.90		7,557.46	
Netherlands and possessions.....	251,137,540.95	15,959,402.97	78,743,380.32	15,863,605.65	20,269,296.86
Norway.....	47,000,522.22	1,457,689.99	4,149,626.99	200,695.42	10,849,138.00
Poland.....	12,475,376.00	117,326.79	40,921.25	64,963.84	1,098,430.58
U. S. S. R.....	10,982,068,888.95	782,768,434.44	1,539,180,009.89	1,767,377,292.62	1,173,691,948.28
Saudi Arabia.....	18,984,227.45	710,867.95		953,438.62	
Turkey.....	42,876,877.88	24,127,531.43	1,041,870.02	12,834,031.58	4,251.10
Yugoslavia.....	32,192,067.91	1,690,534.41	1,103,184.45	3,174,310.67	5,324,449.25
Total, other governments.....	47,893,776,034.61	4,455,159,669.60	8,572,222,213.84	6,245,423,491.17	6,933,957,689.77
Total, charged to foreign governments.....	48,395,235,378.53	4,518,504,720.42	8,711,592,950.00	6,315,449,192.09	7,032,385,990.36
Not distributed by foreign governments:					
Transfers to Federal agencies.....	725,589,141.95		29,556.46	1,437,620.30	421,671,410.69
Losses on inventories and facilities.....	31,072,272.57				
Production facilities.....	720,641,686.66				
Miscellaneous charges.....	332,200,098.31	9,054,847.39	346,734.26	7,488,720.39	74,168,292.30
Administrative expenses.....	39,257,580.77				
Total, not distributed by foreign governments.....	1,848,760,780.26	9,054,847.39	376,290.72	8,926,340.69	495,839,702.99
Grand total.....	50,243,996,158.79	4,527,559,567.81	8,711,969,240.72	6,324,375,532.78	7,528,225,693.35

	Miscellaneous military equipment	Facilities and equipment	Agricultural, industrial, and other commodities	Testing, reconditioning, etc., of defense articles	Services and expenses	Administrative expenses
Charged to foreign governments:						
American Republics:						
Bolivia.....	\$620,373.57	\$262,498.18	\$70,986.37		\$21,026.53	
Brazil.....	38,757,196.69	7,729,947.84	28,429,126.59	\$3,604,873.28	27,063,971.63	
Chile.....	553,641.79	886,388.46	339,017.45		82,659.06	
Colombia.....	666,712.74		38,478.56	985,935.55	487,951.24	
Costa Rica.....	68,117.00		571.55		1,678.42	
Cuba.....	649,504.69	5,235.88	25,093.03	887,555.03	27,693.40	
Dominican Republic.....	382,632.59		7,064.40	969.36	4,869.72	
Ecuador.....	1,982,055.91		10,721.62	250,380.59	44,356.27	
Guatemala.....	148,068.04				41,556.59	
Haiti.....	664,669.86	3,281.50	10,724.54		2,010.70	
Honduras.....	35,328.29			2,325.37	1,928.21	
Mexico.....	2,613,842.32	555,039.36	1,456,541.67	2,674,500.60	1,572,041.06	
Nicaragua.....	45,699.07			122,939.84	11,523.33	
Panama.....		500.32			167.01	
Paraguay.....	158,481.32				23,232.51	
Peru.....	1,708,060.51	1,326,369.22	460,602.22	82,141.57	98,370.62	
Salvador.....	19,928.18	18,969.62	1,851.90		8,547.45	
Uruguay.....	689,666.77	10,456.55	6,945.36	15,894.20	20,444.61	
Venezuela.....	517,293.04		861.15	183,114.47	26,951.49	
Total, American Republics.....	50,281,272.38	10,798,686.93	30,858,586.41	8,810,629.86	29,540,979.85	
Other governments:						
Belgium.....	17,871,419.77	18,315.36	105,626,409.94	43.82	413,584.15	
British Empire.....	2,164,200,898.41	367,837,055.13	9,428,075,123.74	426,475,910.61	424,805,083.53	
China.....	146,888,424.60	9,965,002.07	84,558,364.38	206,732.51	607,395,152.76	
Czechoslovakia.....	131,149.13		492,957.74		17,442.62	
Egypt.....	24,086.56		619,756.80		189,422.51	
Ethiopia.....	69,303.94		4,336,316.45		105,174.69	
France and possessions.....	644,995,385.23	2,348,159.75	1,109,189,649.23	61,061,053.76	96,981,870.53	
Greece.....	38,557.43		38,654,389.72	143,242.17	263,550.39	
Iceland.....	248,416.55	26,775.28	3,529,510.06	57,555.89	8,433.75	
Iran.....	2,357,686.01	13,197.07	408,335.57		119,501.22	
Iraq.....			887,264.43		4,205.14	
Liberia.....	83,182.90		2,476.45		11,307,972.49	
Netherlands and possessions.....	11,701,942.97		100,609,051.34	5,173,831.60	2,817,029.24	
Norway.....	2,021,904.45		5,140,296.47	23,055,507.93	125,662.97	
Poland.....	1,666,831.39		8,878,291.93	418,952.42	189,657.80	
U. S. S. R.....	794,587,585.44	543,462,475.51	3,186,365,171.54	115,069,268.28	79,586,702.95	
Saudi Arabia.....	690,109.64		16,628,119.34		1,691.90	
Turkey.....	776,553.15	30,171.03	3,753,991.95		308,477.62	
Yugoslavia.....	5,998,044.58		14,543,189.11		358,355.44	
Total, other governments.....	3,794,351,482.15	923,701,151.20	15,112,298,666.19	631,662,098.99	1,224,998,971.70	
Total, charged to foreign governments.....	3,844,632,754.53	934,499,838.13	15,143,157,252.60	640,472,728.85	1,254,539,951.55	
Not distributed by foreign governments:						
Transfers to Federal agencies.....	7,280,226.65		294,307,444.63		862,883.22	
Losses on inventories and facilities.....			31,072,272.57			
Production facilities.....		713,560,054.95			7,081,631.71	
Miscellaneous charges.....	779,283.79	5,251,877.27	145,130,398.70	28,196,505.47	61,783,438.74	
Administrative expenses.....						\$39,257,580.77
Total, not distributed by foreign governments.....	8,059,510.44	718,811,932.22	470,510,115.90	28,196,505.47	69,727,953.67	39,257,580.77
Grand total.....	3,852,692,264.97	1,653,311,770.35	15,613,667,368.50	668,669,234.32	1,324,267,905.22	39,257,580.77

Mr. LANGER. Mr. President, I should like to mention how much Russia received in that connection. That is shown on page 8 of the report on lend-

lease operations. Is it any wonder that I cannot follow the Foreign Relations Committee and the Department of State when, under lend-lease, Russia received

from this country, up until June 30, 1947, \$10,982,088,888.95—11 times the assessed valuation of everything in the State of North Dakota, including every acre of

land, every house, every horse and cow, all machinery, and everything else within the borders of my State.

I also ask unanimous consent to have printed at this point in the RECORD statement II-A, which was prepared in ex-

actly the same manner as the foregoing statements. It appears on pages 12 to 15 of the report on lend-lease operations.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT II-A

This statement has been prepared in exactly the same manner as the foregoing statement II. However, this statement shows only that portion of aid rendered subsequent to VJ-day and all figures reflected here are also included in statement II.

Statement of defense aid provided by country and by appropriation category, period Sept. 2, 1945, through June 30, 1947

	Total	Ordnance and ordnance stores	Aircraft and aeronautical material	Tanks and other vehicles	Vessels and other watercraft	Miscellaneous military equipment	Facilities and equipment	Agricultural, industrial, and other commodities	Testing, reconditioning, etc., of defense articles	Services and expenses
CHARGED TO FOREIGN GOVERNMENTS										
American Republics:										
Bolivia	\$441,849.41		\$441,680.41							\$169.00
Brazil	6,809,485.63	\$891,594.06	742,175.27	\$81,158.35	\$3,485,042.15	\$147,559.91	\$6,800.00	\$1,227,746.66		227,409.23
Chile	410,504.26	90,750.00	29,804.74	181,581.29	70,713.72	18,699.92	5,299.80	13,463.29		191.50
Colombia	7,382.00			7,255.00						127.00
Cuba	19,451.29	204.34	6,308.00		2,799.50	14.45		10,100.00		25.00
Dominican Republic	27,135.56		10,224.15		10,322.41	6,589.00				
Ecuador	561,747.03	13,446.51		510,553.41	3,763.24	33,294.48		34.39		655.00
Guatemala	859,423.84		858,748.22			62				675.00
Haiti	5,960.38		3,547.58			2,412.80				
Mexico	599,520.82	1,492.19	73,435.79	541.46	55,377.80	13,430.95		436,407.12		18,835.51
Nicaragua	144.00									144.00
Paraguay	2,370.00									2,370.00
Peru	235,276.24	4,905.91	36,238.59	30,059.72	124,877.65	2,618.87	18,482.39	15,624.98		2,468.13
Salvador	30.00									30.00
Uruguay	11,061.06		3,394.90			5,896.16		1,661.00		109.00
Venezuela	11,569.76				2,806.45	8,624.31				139.00
Total, American Republics	10,002,911.28	1,002,393.01	2,205,557.65	811,142.23	3,755,702.92	239,141.47	30,582.19	1,705,037.44		253,347.37
Other governments:										
Belgium	80,944,394.38			2,799,841.08	12,917,692.12	8,184,279.68		57,036,451.52		6,129.98
British Empire	441,604,712.70	806,150.66	5,053,564.19	4,625,871.49	76,522,319.80	18,666,342.25	11,723.74	326,395,833.31	\$190,143.61	9,332,763.65
China	777,638,292.55	117,831,842.34	42,934,330.77	\$5,986,129.38	46,454,008.40	99,920,749.30	36,198.74	36,735,399.57	2,338.88	337,737,295.17
Czechoslovakia	208,332.10			263.66		80,324.52		126,611.73		1,132.19
Egypt	60,226.95					2,900.70		82.67		57,243.58
France and possessions	412,243,246.24	937,950.75	3,705,372.02	13,833,467.76	61,037,637.88	21,958,099.62	1,290.42	310,507,002.28		262,425.51
Greece	5,968,001.78				5,879,170.00	127.60		81,025.59		7,678.59
Iceland	27,521.76							27,521.76		
Iran	279.50									279.50
Liberia	7,970,866.04									7,970,866.04
Netherlands and possessions	75,332,937.88	4,730,943.45	351,927.06	7,127,570.24	13,192,735.68	3,688,816.59		45,843,370.33	49,875.00	347,698.63
Norway	6,514,385.53	261.14	231,368.56		70,481.76	28,091.64		5,946,831.08	231,210.00	6,141.35
Poland	157,219.06			18.13				145,138.43		12,062.50
U. S. S. R.	254,091,893.09	250,612.25	15,781.62	2,807,961.92	20,853,974.62	8,948,140.39	7,480,257.48	206,873,404.10		6,861,760.71
Saudi Arabia	2,542,285.23							2,542,202.43		82.80
Turkey	73,544.60			18.52			9,442.96	48,570.05		15,513.07
Yugoslavia	78,829.59			139.93				76,188.46		2,501.20
Total, other governments	2,065,456,968.98	124,557,760.59	52,292,345.12	127,181,282.11	236,928,020.26	161,477,872.29	7,538,913.34	992,385,633.31	473,567.49	362,621,574.47
Total, charged to foreign governments	2,075,459,880.26	125,560,153.60	54,497,902.77	127,992,431.34	240,683,723.18	161,717,013.76	7,569,495.53	994,090,670.75	473,567.49	362,874,921.84
NOT DISTRIBUTED BY FOREIGN GOVERNMENTS										
Transfers to Federal agencies	204,216,495.10			49,208.58	109,201,928.11	1,330,569.11		93,488,388.99		146,400.40
Losses on inventories and facilities	21,852,598.50							21,852,598.50		
Miscellaneous charges	3,786,575.03	315.50		200,627.80		18,002.63		3,549,940.94		17,688.16
Total, not distributed by foreign governments	229,855,668.72	315.50		249,836.38	109,201,928.11	1,348,571.74		118,890,928.43		164,088.56
Grand total	2,305,315,548.98	125,560,469.10	54,497,902.77	128,242,267.72	349,885,651.29	163,065,585.50	7,569,495.53	1,112,981,599.18	473,567.49	363,039,010.40

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. KNOWLAND. Some time ago, I believe, the Senator from North Dakota, in the course of his remarks, stated that he had not yet been able to obtain information regarding certain agreements which have been entered into by this country.

Mr. LANGER. Yes.

Mr. KNOWLAND. Did the Senator from North Dakota have reference to the Potsdam agreement or the Yalta agreement?

Mr. LANGER. No. I got hold of the Potsdam agreement. But the Senator from California will remember that I submitted a resolution asking that the Foreign Relations Committee be given

all the agreements made during the past 10 years between all other countries and our Government. I sent a letter to that effect to Secretary Forrestal, who in turn advised me that he did not have them, but said he would refer the letter to the President of the United States, and he thought that in due time perhaps the President would send them to the Foreign Relations Committee.

Mr. KNOWLAND. Perhaps I misunderstood the Senator from North Dakota. I was going to say that I have on my desk at this time a copy of the Potsdam agreement and a copy of the Yalta agreement.

Mr. LANGER. Let me tell the distinguished Senator from California that I myself put into the CONGRESSIONAL RECORD some 3 weeks ago the Potsdam

agreement. I obtained a copy of it, and had it printed in the CONGRESSIONAL RECORD at that time.

Mr. KEM. Mr. President, will the Senator from North Dakota yield to me, to permit me to address an inquiry to the Senator from California?

Mr. LANGER. I yield.

Mr. KEM. Let me ask the Senator from California whether he has reason to believe that the printed copy which he has of the so-called Yalta agreement is the complete agreement containing all the understandings between Mr. Roosevelt and Marshal Stalin?

Mr. KNOWLAND. I may say to the able Senator from Missouri that I would not wish to underwrite that the copy I have contains everything that might have been understood. I have what pur-

ports to be the protocol of the agreement at the Crimean Conference at Yalta, and I also have what purports to be the Potsdam agreement.

Mr. KEM. The Senator understands, does he not, that in that connection there are no commitments, moral or otherwise, which are binding on the American people, except those incorporated in that document?

Mr. KNOWLAND. I would certainly think the American people would not be bound by any purely personal understandings which might have been entered into and were not reduced to writing at any particular one of those conferences.

Mr. KEM. I should like to ask one more question: The President of the United States in his last address to a joint session of Congress referred to certain violations of contract of which the Russian people had been guilty. Do the Senator's examination of these documents and his knowledge of the facts enable him to tell what violations have occurred?

Mr. KNOWLAND. Offhand, I should say that in the Potsdam agreement, as an example, it was understood that Germany would be treated as an economic unit. I do not know whether the able Senator from Missouri had a chance to go to Germany; but any of us who have been there know that Germany is not being treated as an economic unit, and I think the able Senator from Missouri knows from general information that that is true. Certainly that is a violation.

Moreover, I think we know that the agreements were entered into with the understanding that the Polish Government then existing would be reorganized, and that there would be free and unfettered elections in that country. But I believe it is common knowledge that the elections which took place in Poland were not free and unfettered.

So I think we could cite any number of cases where there have been very direct violations of the understandings which were entered into in those various agreements.

Mr. KEM. Does the Senator from California feel that those violations have

been of such a nature or of such a character as to relieve us from any responsibility on our part in connection with those contracts?

Mr. KNOWLAND. I can only say, if the Senator from North Dakota will yield further, so as to permit me to answer the question—

Mr. LANGER. Yes; I am glad to yield.

Mr. KNOWLAND. I would say it is the personal opinion of the junior Senator from California, for whatever it may be worth, that when two or more parties to a contract enter into an agreement, under which presumably there is a give-and-take arrangement that certain things will be agreed to, provided certain other things are agreed to, in such case the Russians have no right to expect that they may violate with impunity the sections of the agreement that they do not care to abide by, and still expect the other powers or parties to the agreement to abide to the letter to all the rest of the sections of the agreement.

In other words, it is the viewpoint of the junior Senator from California that at the very first instance of a violation of those agreements, our Government should have served notice upon the Kremlin and the Politburo in Moscow that a violation of any section of the agreement throws out the whole agreement.

Mr. KEM. I thank the Senator from California, and I thank the Senator from North Dakota for his courtesy.

Mr. LANGER. Finally, Mr. President, I ask unanimous consent to have printed as a part of my remarks, from the report on the European-recovery program by the Committee on Foreign Relations, section 7, entitled "United States Assistance to Europe Since the War," on pages 8 and 9, together with the tables on pages 10, 11, and 12 of the report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

7. UNITED STATES ASSISTANCE TO EUROPE SINCE THE WAR

Since the end of the Second World War, the United States has extended assistance to Europe in the form of (1) repayable loans

and credits, and (2) relief supplies and grants not requiring specific repayment. Most American assistance belongs to the first category:

Credits and loans: Interest-bearing credits and loans include (1) the loan to the United Kingdom of \$3,750,000,000, authorized by Congress in July 1946; (2) two Export-Import Bank reconstruction loans to France, one of \$550,000,000 in September 1945, the second of \$650,000,000 in June 1946; (3) sale of United States surplus property abroad and surplus merchant vessels on long-term credit, to France at a credit of \$300,000,000, and to Italy at a credit of \$160,000,000 for purchase of surplus property in Europe, and \$42,000,000 to each for the purchase of merchant vessels; (4) lend-lease settlements and pipe-line credits. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized repayable loans and credits to the Paris Conference countries of \$7,353,000,000 in all.

Grants and relief: Grants and relief include (1) UNRRA, toward which the United States contributed \$2,700,000,000; (2) United States foreign-relief program, including an authorization of \$332,000,000 in July 1947, and a donation of \$15,000,000 to the International Children's Emergency Fund; (3) interim aid to Austria, France, and Italy, in the amount of \$522,000,000, enacted in December 1947; (4) Greek-Turkish aid, to the amount of \$400,000,000; (5) relief of occupied areas; (6) lend-lease aid not repayable. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized assistance under the programs listed above of some \$1,943,000,000, allocable to certain of the Paris Conference countries. A further \$767,000,000 allocable to German relief, and \$481,000,000 not allocable to specific countries in Europe but intended almost entirely for the Paris Conference countries, were authorized, making a total of \$3,191,000,000, to which interim aid should be added, making the total as of December 31, 1947, \$3,783,000,000.

Thus loans, credits, grants, and relief to the Paris Conference countries and Germany authorized in the period July 1, 1945, to December 31, 1947, totaled a little over \$11,000,000,000.

These figures do not take into account remittances from private individuals and voluntary agencies in the United States, which in the year 1946 ran slightly more than half a billion dollars, a sum which it is estimated was equaled in 1947.

A break-down of United States loans, credits, grants, and relief contributions for the two fiscal years July 1, 1945, to June 30, 1947, is as follows:

TABLE A.—U. S. Government loans, property credits, and grants—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief
Total.....	16,302	9,128	7,174	12,575	7,309	5,266	3,727	1,819	1,908
Europe.....	12,160	7,977	4,183	9,902	6,752	3,150	2,258	1,225	1,033
Paris Conference countries.....	9,331	7,388	1,943	7,828	6,414	1,414	1,503	974	529
Austria.....	195	11	184	140	1	139	54	9	45
Belgium and Luxemburg.....	210	149	61	210	149	61	—	—	—
Denmark.....	30	30	—	15	15	—	15	15	—
France.....	1,928	1,907	21	1,719	1,698	21	209	209	—
Greece.....	745	121	624	329	55	274	417	67	350
Italy.....	926	331	595	784	223	561	142	108	34
Netherlands.....	303	283	20	276	256	20	27	27	—
Norway.....	81	80	1	11	10	1	70	70	—
Sweden.....	1	—	1	1	—	1	—	—	—
Switzerland.....	2	—	2	2	—	2	—	—	—
Turkey.....	141	41	100	6	6	—	134	34	100
United Kingdom.....	4,769	4,435	334	4,334	4,000	334	435	435	—

TABLE A.—U. S. Government loans, property credits, and grants—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country—Continued

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief
Europe—Continued									
Countries not at Paris Conference	2,305	546	1,759	1,866	337	1,529	439	209	230
Czechoslovakia	247	73	174	204	30	174	42	42	
Finland	106	106		71	71		35	35	
Germany	767		767	537		537	230		230
Hungary	37	37		10	10		27	27	
Poland	439	60	349	379	30	349	60	60	
U. S. S. R.	410	242	168	334	166	168	45	45	
Yugoslavia	301		301	301		301			
Europe unallocable	522	41	481	207		207	315	41	274
Canada	—6	—6		—12	—12		6	6	
Latin-American countries	495	473	22	206	184	22	289	289	
China	1,328	229	1,099	1,282	163	1,099	66	66	
Japan	606	15	591	398	7	391	208	8	200
Korea	170	25	145	48	3	45	122	22	100
Philippines	769	76	693	194	76	118	575		575
All other countries	367	332	35	169	134	35	198	198	
Unallocable	411	6	405	405		405	6	6	

TABLE B.—United States Government loans and property credits—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Export-Import Bank and other loans	Property credits	Total	Export-Import Bank and other loans	Property credits	Total	Export-Import Bank and other loans	Property credits
Total	9,128	6,426	2,703	7,309	5,052	2,258	1,819	1,374	445
Europe	7,977	5,734	2,242	6,752	4,776	1,976	1,225	958	267
Paris Conference countries	7,388	5,544	1,845	6,414	4,689	1,725	974	855	120
Austria	11	1	10	1		1	9	1	9
Belgium and Luxemburg	149	100	49	149	100	49			
Denmark	30	20	10	15	15		15	5	10
France	1,907	1,200	707	1,698	998	700	209	202	7
Greece	121	25	96	55	5	50	67	20	46
Italy	331	130	202	223	24	199	108	106	2
Netherlands	283	205	78	256	197	59	27	8	19
Norway	80	50	30	10		10	70	50	20
Turkey	41	28	13	6		6	34	28	6
United Kingdom	4,435	3,785	650	4,000	3,350	650	435	435	
Countries not at Paris Conference	546	149	397	337	87	250	209	62	147
Czechoslovakia	73	23	50	30	22	8	42		42
Finland	106	81	26	71	58	13	35	23	13
Hungary	37	7	30	10		10	27	7	20
Poland	90	40	50	30	7	23	60	33	27
U. S. S. R.	242		242	196		196	45		45
Europe, unallocable	41	41					41	41	
Canada	—6	—6		—12	—12		6	6	
Latin-American countries	473	394	79	184	149	35	289	245	44
China	229	98	131	163	60	103	66	38	28
Japan	15		15	7		7	8		8
Korea	25		25	3		3	22		22
Philippines	76	70	6	76	70	6			
All other countries	332	123	206	134	7	127	198	121	78
Unallocable	6	6					6	6	

TABLE C.—U. S. Government grants under other relief—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country
[Millions of dollars]

Country	Amount available, July 1, 1945-June 30, 1947					Amount utilized, July 1, 1945-June 30, 1947					Unutilized balance, as of June 30, 1947			
	Total	UNRRA and post-UNRRA	Occupation program	Lend-lease	Other	Total	UNRRA and post-UNRRA	Occupation program	Lend-lease	Other	Total	UNRRA and post-UNRRA	Occupation program	Other
Total.....	7,174	2,642	2,014	1,151	1,365	5,266	2,310	1,484	1,151	319	1,908	332	530	1,046
Europe.....	4,183	1,973	1,219	420	570	3,150	1,641	989	420	99	1,033	332	230	471
Paris Conference countries.....	1,943	802	285	420	436	1,414	673	285	420	35	529	129		400
Austria.....	184	104	79			139	59	79			45	45		
Belgium and Luxemburg.....	61	1		60		61	1		60					
France.....	21	3		16	2	21	3		16	2				
Greece.....	624	321			303	274	271			3	350	50		300
Italy.....	595	359	206		30	561	325	206		30	34	34		
Netherlands.....	20	1		19		20	1		19					
Norway.....	1	1				1	1							
Sweden.....	1	1				1	1							
Switzerland.....	2	2				2	2							
Turkey.....	100				100						100			100
United Kingdom.....	334	9		325		334	9		325					
Countries not at Paris Conference.....	1,759	969	771		61	1,529	945	524		61	230		230	
Czechoslovakia.....	174	168			6	174	168			6				
Germany.....	767	13	754			537	13	524			230		230	
Poland.....	349	304			45	349	304			45				
U. S. S. R.....	168	166			2	168	166			2				
Yugoslavia.....	301	293			8	301	293			8				
Europe unallocable.....	481	227	180		74	207	24	180		3	274	203		71
Latin-American countries.....	22			5	17	22			5	17				
China.....	1,099	334		644	121	1,099	334		644	121				
Japan.....	591		591			391		391			200		200	
Korea.....	145	1	144			45	1	44			100		100	
Philippines.....	693	10	28		655	118	10	28		80	575			575
All other countries.....	35	1	34	2		35	1	34	2					
Unallocable.....	405	324		79	2	405	324		79	2				

Mr. LANGER. Mr. President, no survey has been made of conditions within our own country to determine the needs of our own citizens. Veterans, farmers, school teachers, Indians, and the underprivileged of various classes have been suffering for a long time from the want of necessary food and clothing. There are in this country literally millions of people who today are not obtaining sufficient wages to keep body and soul together. Nothing has been done about the request of Gen. Philip Fleming for \$75,000,000, either to allow it in whole or in part, or to disallow it entirely. Our people are in need of public clinics and health centers. In view of all these things, and further, in view of the fact that in my judgment our first duty is to provide for our own people, I announce that I shall vote against the pending bill.

Mr. MAGNUSON. Mr. President, I shall be very brief. I am going to support the bill. I may say, so long as we are embarking on a program of international aid, I think that aid to China has been long overdue. I had originally intended to offer one or two amendments to the bill, as I did to the bill for European economic recovery, dealing with certain phases of the administration of this aid. However, after some discussion of the matter, and because, though it is sometimes unwise legislatively to issue directives to an administrator, it is often wise to let the administrator know how some of us feel about what he may do, if and when the bill is passed, I have refrained from offering an amendment; but I should like briefly to put into the RECORD some of the ideas on administration that I have in regard to one phase of this bill for

aid to China, which will seriously affect a very vital interest in my State and in the Pacific Northwest, if the administrative program is not carried out in the manner I am about to suggest.

In the committee report on Senate bill 2393 there appears on page 8 a probable list of commodities which will be shipped to China under this program. A somewhat similar list appears on page 31 of the committee print, published by the Foreign Affairs Committee of the House, giving background information on economic assistance to China. Both indicate that approximately 225,000 tons of wheat equivalent will be made available to China under the program we are now discussing, and which the House has discussed.

In the House document there appears on page 31 a footnote which refers to the 225,000 tons of wheat equivalent. This footnote states:

Provisionally about 40 percent from the United States, 40 percent from Australia, and 20 percent from Canada, and to be about three-quarters flour.

About three-fourths of the whole amount is to be flour rather than wheat. This is the item that particularly interests me and a number of people in my section, because of a great historical economic reliance on the export of flour and other milled products which go to the Orient, particularly China. If the administration of this program is not carried out properly it could very well injure financially and economically the milling and feed industry in the Pacific Northwest, extending down to California, and jeopardize its existence.

I am particularly interested in this item because shipments of wheat equivalent from the United States have a

definite bearing on the welfare of the milling and feed industry in the Pacific Northwest. I am informed that approximately 65 percent of the wheat now being shipped from the Pacific Northwest to Japan and other relief and claimant countries is shipped in the form of wheat, not flour. This has the effect of making mill feed, the byproduct of wheat produced in grinding flour, scarce and high in price. This in turn has the effect of increasing the cost of feed and curtailing the production of poultry and dairy products.

It has resulted in the flour mills in the Pacific Northwest operating on a very short schedule. Fisher Flouring Mills for example, during some weeks in March, have operated only 3 days. It has been estimated that 60 percent of the milling capacity of the Pacific Northwest is not operating. Under these circumstances, labor employed in those mills suffers as well as management which operates them and those industries which utilize the byproducts of the mills. During the last 2 weeks I have had numerous letters and telegrams from flour mills in the State of Washington, urging that there be a provision in the China aid bill requiring that a minimum of 75 percent of the wheat allotted for shipment to China be in the form of flour. That is the historical reliance these mill have had on the export of mill products to the Orient.

Obviously, it would be unwise to tie the Administrator's hands by stipulating that 75 percent of the 225,000 tons of wheat equivalent provided under this program be shipped in the form of flour. Circumstances beyond the Administrator's control might dictate that only 70, 72, or 73 percent would be practical. I

am informed that during the 8 months preceding February 15, 25,000 tons of wheat were shipped to China and 57,000 tons of flour. The ratio of wheat to flour during the last 8 months approximates a 30-70 ratio. Even this ratio, however, of shipments of wheat equivalent emanating from the United States was not sufficiently high to prevent serious hardship to the milling industry in the Northwest. Proof of this fact is contained in the statement I made earlier, namely, that only about 65 percent of the wheat being shipped from the Northwest at the present time is moving in the form of flour.

I sincerely hope the Administrator of this bill will give serious attention to the plight of the milling industry in the Northwest and will make every effort consistent with China's own need to insure that approximately 75 percent of shipments of wheat equivalent from the United States move in the form of flour. At this point, Mr. President, I should like to have inserted in the RECORD following my remarks, a number of communications I have received from Northwest industry in regard to this problem.

There being no objection, the communications were ordered to be printed in the RECORD.

(See exhibit A.)

Mr. MAGNUSON. Mr. President, I hope, in view of the fact that I have refrained from attempting to offer an amendment to the bill on a matter vital to my section, that when the bill becomes a law I shall have support from those who have sponsored it in the Senate to the end that the Administrator may keep in mind this historical reliance that means so much to a great industry on the Pacific Northwest.

EXHIBIT A

SEATTLE, WASH., March 12, 1948.

Hon. WARREN G. MAGNUSON,
United States Senate,

Washington, D. C.:

Proposed economic assistance program for China covers quantity of wheat and/or flour 40 percent of which is to be furnished from United States and provides about three-fourths to be in form of flour. We strongly urge in considering this matter language be made affirmative that minimum quantity flour must be 75 percent of total wheat equivalent from this country. Flour mills this district badly in need of milling and every effort should be made to keep these mills running and labor employed.

CENTENNIAL FLOUR MILLS Co.

SEATTLE, WASH., March 18, 1948.

Hon. WARREN G. MAGNUSON,
Senate Office Building,

Washington, D. C.:

We urge you use influence to insure in proposed China economic assistance program that minimum of 75 percent of wheat allotted be shipped in form of flour; essential Pacific coast mills have this business to maintain normal operations and to assure byproducts for feed which in short supply.

NOVELTY MILL Co.

WALLA WALLA, WASH., March 11, 1948

Hon. WARREN G. MAGNUSON,
Senate Office Building:

Reference economic assistance program China. In commodity program justification we note flour requirements about 75 percent. We respectfully urge this be made specific at no less than 75 percent. Flour mills in

Oregon and Washington are seeing large quantities grain going offshore with mills running at 40 percent capacity, placing labor in dire need of work, causing severe millfeed shortage in dairy and poultry industry. If this aid to China is needed we feel that Pacific coast flour to extent available should be forwarded in preference to that of Australia and Canada.

PRESTON SHAFFER MILLING Co.

WAITSBURG, WASH., March 13, 1948.

Hon. WARREN G. MAGNUSON,
Senate Office Building,

Washington, D. C.

DEAR SIR: I wish to bring to your attention a very serious condition in our State and the Pacific Northwest.

In our small town is a plant of the Preston Shaffer Milling Co., which has operated a flour mill here since 1865 continuously, even through the last depression. Yet, in what are supposed to be good times, we have been shut down now for 2 months, and nothing in prospect at present. This is indeed a blow to the company and to the employees, of whom I am one.

Perhaps you would think that this in no way concerns you in our Government, but it really does, as there are several actions of the Government which have helped to bring about this situation.

The Pacific Northwest has been drained of wheat for export, mostly in the form of wheat, which has resulted in our getting no export flour business, and also in raising the price of our wheat so high in comparison with the East and Midwest that we are also crowded out of that domestic market. Surely, something should be done to get the United States Department of Agriculture to ship more of this grain in form of flour so that our mills and men would have employment and also have millfeed here for our stock.

Also, there is a market for more flour in the Philippine Islands and Cuba if certain controls were lifted to give freedom of export. One other thing that has hurt us a great deal is the continued percentage freight increases that have resulted in our being almost completely priced out of our eastern markets by the Midwest and East, who have had lower raises, as they had lower rates in the beginning.

Our mill is not large, but this affects many others, as well, and the total is quite large. You may rest assured that anything you can do to help this situation will certainly be appreciated and will be a great service to the State of Washington.

Thank you very much.

Very truly yours,

J. M. GRAHAM.

Mr. CONNALLY. Mr. President, as a member of the Committee on Foreign Relations I heartily support the pending bill. The able chairman of the committee has already fully explained to the Senate its terms and provisions. The debate has been rather full. I do not regard it as at all necessary to enter into a detailed discussion of the measure, except to say that, of course, its purpose is to extend aid to China in the hour of her need.

Conditions in China have been, as is well known, greatly disturbed. For 8 years she was at war with Japan, invaded and subjugated, and she is now involved in an internecine civil war which has brought great suffering to her people and has placed upon the central Government of China great burdens and difficulties which it is hardly able to bear.

The sum which is involved is not, I grant, sufficient to solve all the problems of China. It will be only an incentive,

a rather substantial one, in a way, and an encouragement to China to know that the great Republic across the seas is her friend and wants to see her rehabilitated and reinstated in her ancient power.

Mr. President, China is a peculiar country. Reaching back for thousands of years into antiquity, she has traditions and historic connections which are perhaps different from those of any other nation on the face of the earth. She has for centuries withstood invasions, and, in a way, has always survived them, though nominally subjugated. Even Genghis Khan, when he made his world sweep of invasion, did not succeed very well in China. He invaded her and conquered a portion of her territory, but finally he had to withdraw, and such remnants of his armies as remained in China were absorbed, taken into the Chinese economy, and completely obliterated, so far as exerting any substantial influence upon China was concerned.

Most of the sum of money to be authorized is for the actual necessities of life for the teeming millions of China. There is an item of \$100,000,000 which is not earmarked, for good and substantial reasons. We cannot, in a program of this nature, anticipate every need or necessity which may arise. We cannot tie the hands of the Administrator by requiring that he must furnish this, that, and the other, and nothing else. It is in the nature of an outright grant to China for her use, under her own responsibility, for whatever great and critical need may arise.

There is not a word in the bill regarding military supplies or military aid. It is, of course, entirely probable that the \$100,000,000 grant may, if the exigency should arise, be utilized by the Central Government in China for the purchase of munitions, equipment, and arms. It is as important to protect China against invasion and subjugation as it is to protect the bodies of her people by providing the food which is to be sent to her under other provisions of the bill.

The committee unanimously reported the bill. There is wide sentiment throughout the country in favor of furnishing aid to China. This measure is the best plan or device we could bring about in the committee to extend aid to China, without making hard and fast commitments which we did not feel it was wise to make.

I am sure we all read in the newspapers recently that Chiang Kai-shek issued a public statement appealing for the aid of the peoples of the world, stating that China was at the very door of destruction, on the brink of disaster. We have heard his appeal and are responding to it. We are extending aid, not in the proportions that many persons would desire, but aid of a very substantial character which, in an hour of crisis, of danger, and of need may be of great assistance to China, because in every issue there is always a point at which an inconsiderable force is sufficient to balance the scale in favor of one side or the other.

So, Mr. President, I hope the Senate will, by a resounding vote, support this measure and give Government sanction

to trying to aid a great people of a great nation which has been our traditional friend, and to which we have extended generous aid in the past. We hope this aid will be of substantial assistance in furthering the ambitions of China for democracy and free government, and in rehabilitating her economy, so that she may be put in such a position that she may, through her own resources and by her own devices, regain the place in the economy and the civilization of the world to which her history entitles her.

Mr. PEPPER. Mr. President, I have only a few observations to make regarding the measure. It presents rather a dilemma to many of us to know how to vote with respect to it. As I said this morning, some of us are extremely solicitous that our purpose in aiding other people be not misunderstood and that it be not in such manner or form as to make ourselves vulnerable to the propaganda that we have anything other than honest aid in mind. I have felt that the China case presented a rather illuminating situation in which it would be possible to discriminate in such a way in the furnishing of aid that our motive could not possibly be under attack or legitimately misunderstood. I know that the people of this country have no other purpose in mind than the honorable service of democracy among men and honest aid to those seeking to preserve their own security and independence.

What has troubled me regarding this particular case more than has any other thing is the matter of those with whom we are required to be associated in the assistance we give, and whether the very fact that the people we are expected to assist are themselves vulnerable subjects us to a criticism which we do not and should not deserve. I feel with all my heart that the only solution of the problems of China ultimately is an effective working democracy in that country.

I feel that the effective answer to communism is an effective democracy, and I know of no place in the world where that is more true than in China.

I am not going to dispute the allegation that, in some parts of the world there appears to be, by the overwhelming weight of the evidence, an element of force behind the persuasion of communism. Wherever force appears there can be no question, of course, about the necessity of interposing a counterforce of equal power to prevent aggression, and "to preserve the freedom of choice," words used this morning in the debate, for the people under assault.

I think we must in fairness say that the evidence has not been such with respect to China as it has been with respect to Greece. There has been a constant assertion that in Greece aid was given across the border by a neighboring country. That fact has been supported by the testimony of a duly accredited mission of the United Nations. So far as I know, there has been no similar United Nations commission which has made a study of the situation in north China and made a comparable report. I do not know of a United Nations recommendation which today demands the

kind of support which we are asked to give to the Nationalist Government in China.

If the aid from across the border, which we are told exists in Greece, is not being given today in China, I would not of course wish to interpose military force, and I am glad that the committee has made it clear that we are not, legislatively, at least, adding military to the economic aid we provide in the measure before us.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the Senator from Texas.

Mr. CONNALLY. Anything which supports human beings in the way of food and the like in a measure is military aid, if the people are in the field fighting.

Mr. PEPPER. I was distinguishing military from economic assistance.

Mr. CONNALLY. Very well.

Mr. PEPPER. What I want to say is that I have noted particularly in the pending measure the authority provided for American administrators to see to it that the aid given is properly distributed. I was very much gratified to observe that, in fact, I notice in the recommendation of the committee that the Administrator, who has the same authority with respect to the other Marshall plan countries, shall have the power, and I presume the final say-so, as to the distribution of the aid. I feel very much better about it after observing that recommendation of the committee, and the interpretation of the bill, that it will finally be up to an American Administrator to see to it that what we give by way of aid is properly distributed to the Chinese people, and is not subject to exploitation by those who would even be willing to accentuate the grief of their fellow countrymen to assuage their own appetites for greed and avarice. I am concerned about our going further than that.

I have here the report of the China-United States Agricultural Mission, and that mission has made definite recommendations as to improving the lot of the Chinese people. Here they are:

1. That increased emphasis be placed on the construction of chemical-fertilizer plants; on the development of irrigation; on the improvement of plants and animals and their protection from insects and diseases; on forestry to provide timber for construction and fuel; and on the production of fruits, vegetables, and livestock to improve diets and nutrition;

2. That action be taken to adjust the currency-exchange rate, to lower costs of transportation and credit, or to take other steps which will encourage the production and export of important agricultural commodities, such as tung oil, silk, tea, and carpet wool, and which will revive the present depressed domestic industries related to them.

3. That means be found to provide adequate farm credit at low cost; to assist farmers in marketing their products; to improve the conditions of tenancy where serious tenancy problems exist; to advance as rapidly as possible land surveys, registration, and appraisal; and to enforce the provisions of the land law of 1946 with respect to the taxation of land.

4. That provision be made for standardization, grading, inspection, quarantine, and market regulations for agricultural products

moving in foreign trade and in trade within the country.

5. That programs relating to general education, public health, sanitation, transportation, river conservancy, and flood control be advanced as rapidly as possible.

6. That an integrated system of regional agricultural colleges and experiment stations be developed by the Ministry of Education and the Ministry of Agriculture and Forestry, working together; and that the present Agricultural Extension Commission be reorganized into a National Agricultural Extension Administration under the Ministry of Agriculture and Forestry, with appropriate regional, provincial, and hsien offices.

7. That nine strong centers of agricultural instruction, research, and extension be established at points from which they can serve all sections of the country, at which there should be a regional college of agriculture, a regional agricultural experiment station, a regional agricultural extension office, and a regional agricultural library. The centers proposed are Nanking, Peiping, Changchun, Lanchow, Wukung, Chengtu, Wuchang, Canton, and Paipoh.

8. That there be established in the Ministry of Agriculture and Forestry a National Agricultural Regulatory Administration with 16 regional offices.

9. That there be established a single Government-sponsored bank to serve agricultural needs, to be known as the Agricultural Bank, by bringing into a single organization the present Farmers' Bank of China and the Central Cooperative Bank.

10. That the Ministry of Social Affairs consider action which might suitably be taken by the Government to guard against a rapid increase in the growth of population.

Mr. President, those were the 10 recommendations of the China-United States Agricultural Mission.

Now, just three other paragraphs from this report.

The great importance of a well-balanced and progressive agricultural program to the well-being of the Nation is evident. The people of China depend on agriculture for materials from which come, in whole or in part, the nation's food, clothing, fuel, and shelter. Whatever affects directly the welfare of agriculture and the 75 percent of China's population engaged therein, affects the welfare of every citizen of the country. The mission believes that a sound and comprehensive program in agriculture, which will bring substantial improvement in the living conditions of rural people, will contribute materially to a fundamental solution of present internal problems.

And last:

The development of industry is contingent upon a simultaneous development of agriculture. In fact, both must progress together. The greatest potential market for China's manufactured goods is its own large rural population, which can buy these goods only after it possesses a larger purchasing power. An industrial development also will require the acquisition of machines and tools from abroad, which must be purchased with foreign exchange. Around 70 percent of the value of China's total exports before the war came from agricultural commodities. Therefore, agriculture is the most important source for obtaining the necessary foreign exchange to develop China's industry. Anything which can be done to promote the production, processing, and marketing of agricultural products for export will aid in the further development of industry and serve the general public welfare.

This mission is agreed that much can be done to accomplish these things. From observation made during its travels in the 14 Provinces, it is fully convinced that agricultural production in China can be greatly

increased by the application of modern scientific knowledge to the improvement of soils, crops, livestock, and farm equipment. It also believes that the income of farmers can be greatly enhanced and the present poverty of many rural communities reduced by improvements in land tenancy, farm credit, and agricultural marketing.

Mr. President, I ask unanimous consent to incorporate at this point in my remarks A Note on Aspects of Reconstruction in China, in connection with the report of an Economic Commission for Asia and the Far East, and a Survey of Reconstruction Problems and Needs, made by an economic commission of the United Nations Organization.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

I. A NOTE ON ASPECTS OF RECONSTRUCTION

This report is concerned with immediate reconstruction requirements and problems in the region coming within the scope of ECAFE. Reconstruction is regarded as the process whereby per capita productive capacity and living standards are restored to the level which existed in the best years prior to World War II, as such reconstruction is a preliminary step in the long-term process of economic development and progress.

Since fundamental changes have occurred in the structure of the world economy, reconstruction is not interpreted as necessarily requiring the restoration, unmodified, of the prewar patterns of production or consumption in each separate country. Indeed, to overlook such changes may, in some cases, hamper recovery by directing effort into channels less productive than would otherwise be possible. For example, having regard to the development of synthetic rubber during the war, it is a matter for investigation how far it is economically desirable to go, in what areas, and by what methods, in the restoration of the prewar capacity to produce natural rubber. On the other hand, certain changes, for example, those affecting the economy of Japan, may provide new opportunities which it may be desirable to explore rather than restore other less promising types of production.

There is a further consideration. In some aspects of production in certain countries, the urgent problem is not so much to restore prewar productive capacity as to prevent deterioration even from the present low level, or to utilize existing productive potential to the full. For example, there has been a considerable reduction in the number of spindles in China. Shortages of power, difficulties in transport, difficulties in obtaining supplies of raw cotton, and the disturbance of cost-price relationships as the result of inflation and other circumstances, make it very difficult to keep even the reduced number of spindles in operation despite the shortage of textiles. Hence, in the opinion of some Chinese authorities, priority should be given (for example, in the allocation of foreign exchange) to the removal of impediments to the full utilization of existing spindles rather than to increasing the number of spindles.

This illustration also raises other questions. The full use of increased plant and machinery may yet be possible unless the parallel development of other productive resources occurs; for example, of transport and supplies of labor and technical personnel, raw materials, and power. Equally, it may be of little use simply to provide im-

plements, draft animals, fertilizers, or fungicides in order to increase agricultural production, because disturbed political conditions, the shortage of incentive goods, or disrupted transport prevent the distribution of agricultural commodities. Such considerations are germane to both domestic investment and foreign borrowing. They raise the question of the absorptive capacity of an economy for new material investment.

The attempt, by means of questionnaires, to obtain information on the shortages which must be made good to restore production to its prewar level, is a necessary first step in providing the basic information for reconstruction programs. But the considerations to which attention has been drawn above, and others which might be adduced, suggest the desirability of obtaining other types of information, not always expressible in quantitative terms, to bring out the difficulties to be overcome, both at the national and international levels, and enable priorities to be determined; to select the problems most amenable to attack in short time, and to enable the separate countries to relate their policies and programs to those of others within the region.

Since incomes are already low, the margin available for saving and therefore for investment in more or improved kinds of capital is very small. Where income distribution accentuated by inflationary conditions is uneven the wealthier groups may be able to save and invest; but it is still true that the ratio of new capital formation to needs is insufficient for the requirements of economic progress. This is the main justification for the argument that economic development in the Far East demands borrowing from abroad.

Except in Japan and parts of Indonesia and India, the inadequacy of the transport systems is a reflection as well as a cause of low per capita productivity.

In 1935 China, with a population of some 400,000,000 had 52,000 registered motor vehicles. The United States, with about one-third the population had 30,615,000 and New Zealand, with a population of 1,600,000, had 209,463 motor vehicles registered.¹ The two latter countries had the highest ratio of motor vehicles to population and were at the top of the list in Colin Clark's international comparisons of real income. The coincidence is not accidental. The ratio is both a consequence and a cause of higher living standards; a consequence because, with affluence comes the ability to make improvements in transport, both for business and pleasure; a cause because improved transport permits the exchange of goods and through it regional specialization and the division of labor. Despite qualification necessitated by topography and population density, the generalization holds, and is of primary importance.

The relationship also holds broadly for railway and road development. Fong² quotes the following figures most for prewar for railway mileage per million people.³

¹ Katrine H. C. Greene, *An Economic Survey of the Pacific Area*, pt. II, Transportation, I. P. R. New York, 1941.

² H. D. Fong, *The Post War Industrialization of China*, National Planning Association, Planning Pamphlets No. 12-13, 1942.

³ For a more detailed tabulation c. f. Katrine C. Greene, *An Economic Survey of the Pacific Area*, pt. II, Transportation, Institute of Pacific Relations, New York, 1941, p. 12.

	Kilometers
China.....	25
British India.....	262
Japan.....	349
U. S. S. R.....	511
United Kingdom.....	734
Germany.....	884
France.....	1,004
United States.....	3,200

CHINA⁴

Supplies of agricultural products were reduced because of the diminution in area under production from military operations and the diversion of the Yellow River. The neglect of flood-control work, irrigation, and drainage, the slaughter of draft animals, and the loss of plows and other farm implements also operated to reduce production. Floods alone wrought considerable damage, but the area affected being estimated at 21,700,000 acres, or 9 percent of the total cultivated area, of which 7,100,000 was along the Yellow River. In the 15 provinces of free China, the number of domestic animals declined by 48 percent and of poultry by 17 percent. Cotton production in 1945 was only about 30 percent of the prewar volume. Forests were heavily depleted. The wanton destruction of mulberry trees by Japan caused considerable damage to the silk industry.

The fishing industry suffered a loss of 400 out of 771 trawlers, between 50,000 and 60,000 junks out of a total of about 101,000 and nearly 50 percent of the equipment. Deliveries from UNRRA have substantially improved the position.

Out of a total of 13,820 kilometers of railways outside the northeastern provinces and Taiwan at the end of the war, 2,399 kilometers or 17 percent were totally destroyed or dismantled and 1,871 kilometers, or 15 percent, partially destroyed. In March 1946 there were 2,612 locomotives, 26,133 freight cars, and 2,709 passenger cars, but one-half of the locomotives, 40 percent of the passenger cars, and one-third of the freight cars were reported damaged. At least 10 percent of the rails and 25 percent of the sleepers needed replacement, while many railway shops had been damaged or dismantled.

Some improvement in the situation has been made possible by the receipt of UNRRA supplies. This is summarized in the following table:

UNRRA railway supplies for China

	Programmed	Procured	Received
Locomotives.....	262	242	192
Freight cars.....	3,445	3,445	3,445
Bridging, long tons.....	43,300	43,300	17,500
Rails, rail accessories, long tons.....	84,000	-----	180,000

¹ Including rails for 600 miles of track.

"In many places in occupied areas," states an UNRRA report, "entire roads were obliterated and the fields restored to the condition before the road was built." Over the whole occupied area, it was estimated that 20 percent of the roadbed and 80 percent of the bridges were destroyed. Some 64,000 kilometers of highways were considered to require rebuilding. On the assumption of

⁴ Comparison between the prewar and the postwar statistical data is, in many cases, difficult, as the former do not include Formosa or Manchuria.

the considerable use of manpower, the estimated cost of rebuilding at 1937 prices was CN\$77,126,000.

As a means of facilitating reconstruction, supplies of tools, materials, and equipment were procured by UNRRA. By September 1947 the position was as follows:

	Procured tonnage (long tons)	In China, tonnage (long tons)
Highway hand tools.....	521	521
General construction equip- ment.....	17,917	16,958
Highway repair material (in- cluding steel bridging).....	36,288	27,518
Total.....	54,726	44,997

The loss of fishing craft already mentioned was paralleled by heavy losses in other vessels. The total tonnage of inland and coastal shipping was nearly 1,070,000 tons in June 1936. By December 1945 it had declined by nearly 71 percent to 313,144 tons. The loss was greater for steam than for sailing vessels; 82 percent and just under 50 percent, respectively. Losses in wharves, cranes, lights, buoys, berthing facilities and impediments to the use of facilities by silting were due to neglect rather than to destruction. In some places the Japanese preserved or improved facilities to meet military requirements.

After the termination of the Sino-Japanese war, tonnage was augmented by repairs to old ships, taking over Japanese and puppet ships and the purchase of new ships. According to an unofficial estimate, this increased the tonnage to 500,000 tons. In addition 40 old surplus ships were purchased from the United States and Canada.

As in other forms of transport, UNRRA made important contributions to rehabilitation. Timber and technical help have been made available for the rehabilitation of harbor facilities. Two hundred pontoon cells were assembled into pontoons to replace destroyed pontoons in various parts of the country, and 30 steel barges were allocated for floating piers and wharves. In addition, 748 barges were imported for the waterways program. Navigational aids costing United States \$332,000 were made available; these included light buoys, coastal lights, lanterns, and stationary light towers and minor accessories.

Complete losses to telecommunications systems have not been ascertained, but the following partial table affords some indication:

Telecommunication losses

	Installations before oc- cupation	Esti- mated losses	Esti- mated minimum require- ments for res- toration
Copper wires, loop kilo- meters.....	110,799	33,900	152,900
Iron wires, wire kilo- meters.....	153,835	117,500	-----
Submarine cables, wire kilometers.....	2,200	2,200	-----
Local telephones, sets.....	139,445	66,050	122,700
Radio transmitters, sets.....	451	178	479
Carrier telephone equipment:			
3 channel, sets.....	3	2	-----
1 channel, sets.....	55	24	83
12 channel, sets.....	-----	-----	-----
2 channel, sets.....	-----	-----	110

¹ Lines.

It would appear from the table that in some cases rehabilitation is rightly taken to mean something more than simply making losses good.

Some judgment of the loss in productive power as the result of war can be made on the basis of production figures. These are given in greater detail in a later section of

the report. Only illustrative figures will be given here. The best prewar output of coal was 41,000,000 metric tons as against 15,000,000 metric tons in 1946. For other minerals the comparable figures are given in the section dealing with industry, mining, and power.

The decline in production is attributable not simply to the dislocation of the current production by war conditions, but also to damage. Tungsten, antimony, and tin mines were closed down, and subsequently flooded and caved in because of lack of maintenance. The remainder suffered capital depreciation because equipment and operating supplies could not be imported.

As a result of the reoccupation of territory and of acquisitions from UNRRA, the electric power capacity under the control of the Government is higher than before the World War, but for the whole area of China, including Manchuria and Taiwan, the power has declined appreciably.

The main causes of the decline were: In Formosa, intensive Allied bombings; in Manchuria, removal of plants by the Soviet Army, and later (as well as in north China) interference with operations and destruction during the civil war; in China proper, poor maintenance, shortage of equipment and spare parts, and reduced supplies of coal.

The industrial picture generally must take account, not simply of the damage, depreciation, and interruption to current production during a prolonged period of war, but also of the virtual stoppage of the industrial revolution which was in its early stages on the outbreak of hostilities. The acceleration of industrial development by the Japanese, especially in the northeastern provinces, did not compensate for either the interference with development or the damage incurred during the war. There was great damage to physical assets, lack of maintenance, a shortage of replacements, and heavy depreciation and obsolescence.

Present capacity in pig-iron production is about 36 percent of prewar, though for steel ingots the capacity is about 11 percent greater than before the war. Sugar production capacity is about 50 percent of prewar, cement slightly higher than prewar, and textiles 40 percent of prewar. These figures do not tell the whole story, for actual output as distinct from capacity has declined even further below the prewar maximum output.

Conditions during the aftermath of war have been conducive neither to the rebuilding of devastated or depreciated plant nor to the maintenance of full capacity output with existing plant; these conditions are discussed in connection with the postwar situation.

In India and China, the requirements of war and a recognition of the necessity for competent personnel in the postwar period of reconstruction led to the establishment of schemes of training.

During the war under lend-lease agreements about 1,200 men and women were sent to the United States for training from China. With the ending of lend-lease, responsibilities for the 966 men who had already arrived in the United States were assumed by the Chinese Government. The Ministry of Economic Affairs has stated that between 1941 and 1947 it had arranged for the training of 4,383 workers in various industries and 6,677 workers in different ministries. The Ministry has now taken steps to outline plans for further vocational and industrial training.

With the destruction of capital are associated other losses and impediments to economic activity. Manpower is diverted from production. Materials, productive power, and transport are used which would

otherwise be available for restoring the economy. In China, for example, railways and shipping have been used for the movements of troops and supplies. The transfer of population, either compulsorily or in the attempt to escape to more stable and safer areas, disturbs productive processes. It becomes difficult even to keep existing productive resources fully employed. The disruption of transport and its diversion to military purposes are of especial importance in their effects in hampering the movement between areas of coal, food, raw materials, and finished products.

These conditions not only reduce the ability to produce but also the incentive. Economic insecurity in the enjoyment of the fruits of labor, threats of reprisals, and the lack of incentive goods discourages effort. In China, land has been abandoned.

The costs and confusion resulting from such conditions in several countries inevitably add to the problem of balancing the public finances and therefore increase inflationary pressure.

A particularly serious effect on the Chinese economy is the virtual blocking of economic exchange between the areas under the control of the Nationalist and Communist governments. As has been mentioned, the resources of Manchuria are vital to reconstruction in China—to an integrated development policy advantageous to the whole country. By the end of 1946 the Communists still held nearly 25 percent of the total area of China and Manchuria, which was occupied by 27 percent of the population.

Manchuria is of great importance as a reserve of mineral and agricultural wealth and a source of power. Of total mineral reserves Manchuria is estimated to possess the following percentages:

	Percent
Coal.....	1.5
Oil shale.....	41.6
Iron ore.....	65.4
Lead.....	52.7
Zinc.....	86.6
Aluminum clay.....	82.7
Magnesite.....	98.4
Pyrites.....	94.8

In addition, four-fifths of the timber resources are in Manchuria.

Manchuria's relative importance to the Chinese economy is equally demonstrated by figures of production. The following show the percentage of total production provided by Manchuria in a number of important products in 1936:

	Percent
Coal.....	31.9
Crude oil.....	100.0
Iron ore.....	45.2
Pig iron.....	82.6
Iron and steel.....	85.7
Lead.....	31.4
Salt.....	23.3

Over 65 percent of power capacity was in Manchuria, and 8.8 percent of cotton spindles. Manchuria predominated in the production of soybeans.

Railway mileage as of August 1947 was estimated as follows:

	Kilometers	
	Total length	Length in operation
China proper.....	14,578	8,572
Manchuria.....	11,336	1,667
Total.....	25,914	10,239

The depletion of coal supplies, especially to industrial cities such as Shanghai, is a major handicap in the present situation. The cutting off of supplies from areas now held by the Communists or from damaged

mines is an important cause of the present difficulties.

The World Food Survey of 1946 estimates the prewar per capita food consumption per day at 2,201 calories, but this average would cover considerable differences in different places, largely owing to difficulties in transport.

The prewar production of food crops amounting to 2,757,000 shih tan (1 shih tan being equivalent to one-half quintal or one-twentieth metric ton), increased by 3.1 percent to 2,844,000,000 shih tan in 1946, the first postwar crop year, and by 8.2 percent to 2,984,300,000 shih tan in 1947. Wartime food crop production, however, decreased by 20.6 percent, from 2,077,500,000 shih tan in 1937 to 1,649,000,000 shih tan in 1945.

The percentage increase of production during 1946-47 is 2.3 percent for cereals and 22.1 percent for root crops. The production of kaoliang has declined while that of pulses has shown no increase. Among the cereal crops the percentage increase is lower for the two staple crops of rice (4.7 percent) and wheat (1.1 percent), but higher for other crops (3.3 percent to 14.4 percent).

Changes in the production of the major food crops are given below:

China's production of food crops, 1936, 1946, and 1947 (for 22 Provinces, in million metric tons¹)

	1936	1946	1947 estimate	Increase of 1947 over 1946 (percent)
CEREALS				
Rice.....	48.0	47.4	49.4	4.7
Wheat.....	23.1	23.4	23.7	1.1
Barley.....	8.1	6.3	6.9	9.7
Oats.....	.9	.7	.8	11.7
Kaoliang.....	7.7	5.5	4.9	10.0
Millet.....	6.8	7.8	7.8	—
Proso-millet.....	1.6	1.4	1.4	—
Corn.....	6.1	7.8	7.5	4.0
ROOT CROP				
Sweetpotatoes.....	17.1	15.7	25.9	16.5
PULSES				
Peas.....	3.5	3.1	3.4	8.1
Broad beans.....	3.1	2.9	3.0	4.9
Soyabeans.....	5.9	4.5	5.6	22.6
SEEDS				
Peanut.....	2.6	2.2	2.2	—
Sesame seed.....	.9	.2	.7	—
Rapeseed.....	2.5	3.8	3.8	—

¹ The 22 provinces include: Anhwei, Chahar, Chekiang, Chinghai, Fukien, Honan, Hopei, Hunan, Hupeh, Kansu, Kiangsi, Kiangsu, Kwangsi, Kwangtung, Kweichow, Ninghsia, Shansi, Shantung, Shensi, Szechwan, Suiyuan, and Yunnan.

² Assumed to be the same as in 1946.

On the average of the years 1933-37, rice imports totaled 974,000 metric tons, wheat 585,000 metric tons and wheat flour 99,000 metric tons, the main suppliers of rice being Indochina, Siam, and Burma. The corresponding imports for 1946 were 123,000 metric tons, 359 metric tons and 178 metric tons respectively. Imports of rice from January to May 1947 were 148,000 metric tons, of wheat 35,000 tons and of flour 132,000 metric tons.

The total supply position appears to be approximately the same in 1947 as in 1936, increases in domestic production having been offset by smaller imports. Unfortunately, however, the disparities between different parts of the country are even more marked than in prewar years as the result of the effects of the Civil War and of the dislocation of transport. Populations handy to services of supply may have surpluses above prewar consumption, but it is difficult to shift these to deficit areas. The loss through

poor storage facilities and destruction of grain by rats is serious; considerable saving could be effected if attention is given to these factors.

The average production of meats and fish for the years 1934-47 is given at 6,470,000 metric tons. In 1946 it was lower by nearly 10 percent at 5,786,000 metric tons. Figures for the same years for egg production are 734,000 metric tons and 685,000 metric tons respectively, and for lard 997,000 metric tons and 833,000 metric tons respectively.

Comparative data for tea, sugar, vegetables and fruits are too scanty and incomplete to be of much value.

Tobacco production declined in 15 provinces from 475,900 metric tons in 1936 to 378,020 metric tons in 1942, but by 1946 had recovered to 448,000 metric tons. In 22 provinces including the above 15, production was 633,900 metric tons in 1936 and 618,700 metric tons in 1946.

Reliable data on the prewar production of tung oil is not available, but is considered to have varied round about 120,000 metric tons. Production for 1946, 1947, and 1948 is estimated at about 60,000 metric tons, or about half the prewar production.

Of great importance to the economy is the heavy decline in cotton production. There was some recovery of production in 1942 in the attempt to make good the loss of cotton imports on the outbreak of the Pacific war, but the decline in production continued thereafter until 1945. In that year production in free China was 33.2 percent of the prewar level, and occupied China 28.2 percent.

The supply position is indicated by domestic production and external trade in cotton as follows:

Cotton supply in China

[In metric tons]

Year	Production	Imports	Exports	Total supply
1936.....	848,800	36,800	40,700	844,900
1945.....	258,100	(¹)	(¹)	(¹)
1946.....	376,500	² 344,600	—	721,100
1947.....	550,000	³ 59,200	—	³ 609,200

¹ Not available.

² Including UNRRA supplies.

³ January to June.

Estimates for domestic farm animals (buffaloes, oxen, horses, donkeys, goats, sheep, and hogs) and for poultry are difficult to compare because the figures relate to different total areas in different years. In 1946 there were stated to be 139,423,000 domestic farm animals and 254,717,000 head of poultry in 22 provinces (also Sikang, Sinkiang, Formosa, Jehol, and Manchuria) as against 145,647,000 domestic animals and 311,095,000 head of poultry in 1936 in 22 provinces (without Sinkiang, Jehol, Manchuria, and Formosa). Hence the decline in the aggregate appears important.

Figures are given in more detail as follows:

Livestock on farms, 1936 and 1946

[In thousands]

	1936	1946
Domestic animals:		
Buffaloes.....	11,056	9,203
Oxen.....	22,299	22,885
Horses.....	3,418	4,967
Mules.....	3,913	2,828
Donkeys.....	10,041	6,847
Goats.....	17,868	17,859
Sheep.....	14,025	19,227
Hogs.....	63,027	55,605
Poultry:		
Chickens.....	254,148	191,652
Geese.....	56,889	56,187

In discussing war damage, shortages of livestock, fertilizers, and farm implements, losses

in area or fertility due to evacuation, floods, and the deterioration of drainage and irrigation works were mentioned as among the causes of the decline in production. These give some indication of requirements.

In 1937, imports of fertilizer into China amounted to 167,621 tons of which 97 percent was ammonium sulphate. Taiwan, which relied heavily on chemical fertilizers for both sugar and rice, produced 30,000 tons and imported 410,000 tons as well as 167,000 tons of bean cake from Manchuria.

Taiwan's requirements are placed at 500,000 tons of chemical fertilizer annually, while China requires about 180,000 tons annually. Taiwan and China together are in a position to produce some 84,000 tons. Current import requirements are therefore about 600,000 tons annually, unless local domestic production can be increased. In view of the world shortage of fertilizer, projects are under consideration for the expansion of domestic productive capacity. These are estimated to require imported equipment to the value of United States \$50,000,000 and an equivalent amount in Chinese national currency for the purchase of materials locally and erecting the plants. The full completion of these projects is estimated to raise domestic production to 855,000 tons, remove the need for imports, and indeed permit of some expansion in the use of fertilizers.

There is a similar need for supplies of insecticides and fungicides. With the aid of UNRRA supplies, there has been much progress in insect and disease control. Further supplies are needed, the provision of which, from plants in Shanghai, Peiping, and Mukden, is handicapped by lack of materials, machinery and accessories.

In addition, imports are needed which include 720 tons of stomach poisons, 280 tons of contact insecticides, 40 tons of fumigants and 350 tons of fungicides.

Veterinary requirements are reported to include:

Br. abortus strain 19;
B. anthracis (avirulent) strain Nos. 2 and 4;
Avianized rinderpest virus seed culture;
Cl. chauvoei;
Penicillin (crystal) 10,000 bottles of 100,000 units;
B. T. V. 500,000 cubic centimeters.

Crystal violet vaccine (swine) first year, 500,000 cubic centimeters; second year, 200,000 cubic centimeters; third year, 50,000 cubic centimeters.

In addition, about 600 kinds of drugs, 500 items of equipment, and 200 titles of reference books and periodicals are listed as immediate needs for China's veterinary program.

Such requirements are of especial importance in view of the losses in domestic animals. So also is an increase in the number of technical personnel and the extension of facilities for technical training. Apart from the war, annual losses from contagious diseases are high. They are normally about 60 percent for chickens, 20 percent for hogs, and 5 percent for cattle and buffaloes.

In addition to reducing losses from disease, the Chinese Government plans to improve the native breeds by importing livestock and poultry.

Seeds are also required to improve the varieties of plants. Improved varieties of rice, wheat, cotton, millet, sweetpotatoes, sugarcane, oranges, and apples are available. Many improvements have been made by Chinese agriculturists and have increased yields of from 10 percent to 20 percent, but imported seeds are also needed, especially for cereals, cotton, and vegetables. Among import requirements are 1,500 metric tons of cottonseeds of Delfos 531 and the same amount of Stoneville 4, both being obtainable from the United States. In order to promote the extended use of such improved strains, more trained agriculturalists for extension work are needed.

Shortages of farm implements still have to be made good. The agricultural-implements program of UNRRA and the National Agricultural Engineering Corporation (organized on a nonprofit basis by the Ministry of Agriculture and the Farmer's Bank) provides for the manufacture of a wide range of farm implements and the development of improved models. The full program is estimated to require 3,000 tons of equipment, 7,000 tons of material, and over 5,000 technical personnel, including engineers and mechanics.

The necessity for the prevention of floods and for developments in irrigation and drainage has been referred to in relation to war damage. Large areas could be reclaimed or improved by these means, thereby both increasing average animal production and reducing the danger of famine. Irrigation needs include digging wells in the northwest and repairing canals and waterways and digging wells and installing pumps in the southeast:

Short-term needs for irrigation include:

Kind of equipment	Unit	Specifications
Power-driven centrifugal pumps, low lift, low head, with engine, suction and discharge pipes:		
6-inch.....	8,000	16 horsepower.
8-inch.....	6,000	25 horsepower.
10-inch.....	3,000	45 horsepower.
12-inch.....	1,000	60 horsepower.
Well-drilling rigs.....	880	4-inch pipe.
Deep-well pumps.....	13,200	4-inch suction pump, 16 horsepower.

In addition, equipment for manufacturing well-drilling rigs and pumps should be supplied so that China can establish plants to meet her own needs. Technical assistance in operating and manufacturing irrigation equipment is necessary.

Short-term irrigation projects over a 3-year period could cover 4,037,300 shih mow⁵ at an estimated cost of US\$20,000,000. These are expected to increase crop production by 200,000 tons a year.

Large-scale flood-control and drainage projects are also proposed.

Information on fisheries does not permit of a detailed statistical analysis. A considerable amount of fishing is for subsistence and statistics on this are difficult to obtain. In the discussion on war damage reference is made where possible to losses of fishing vessels. This is useful to the general picture, but it is not reliable as a guide to reconstruction needs because of the difficulty in allowing for differences in the efficiency of craft, for the contribution of different types to the food supply, and especially for the degree to which acquisitions since the end of the war have made war losses good. For the above reasons the reconstruction problem as it applies to fisheries is stated in general terms.

It is impossible to give any reliable statistics of the fishing gear in use before the war. There are some statistics indicating the number of vessels of certain categories, but there are patently incomplete and moreover cannot be reduced to terms indicative of the amount of fishing effort available in the area. In those territories affected directly by the war there has certainly been considerable reduction in the amount of gear and the number of vessels. There was direct destruc-

tion and also loss caused by the inability to effect repairs and replacements. These losses have been estimated as being in the order of 50 to 60 percent in China, the Philippines, French Indo-China, and the Indies. Since the end of the war there has been rehabilitation of varying degree in these countries and also in those countries which were subjected to war effects of lesser intensity. In the case of traps and native gear which are built of native materials and are customarily replaced fairly frequently, rehabilitation has been effected so far as economic or political disturbances did not interfere. Moreover, UNRRA operations in China and the availability of surplus Army equipment in the Philippines and elsewhere have meant the introduction of a body of powered equipment in excess of prewar holdings. In the Philippines there has been an appreciable development of the fish-carrier business, by vessels obtained from surplus war stocks.

Only a relatively small proportion of the fish catch was eaten fresh, the bulk of it being processed by methods which would appear very primitive to western eyes. The chief methods were drying or salting, conversion to fish paste and conversion to fish sauce. There was some smoking, but, except for the Japanese operations, very little canning. The fresh fish consumed was eaten immediately after capture, except for the supply to certain cities, and it was only in relation to this exceptional supply that any ice or cold-storage facilities were required. Moreover, frozen or ice-protected supply was only a very small proportion of the total catch, but with the trend toward mechanization of the fishing operations processing and storage equipment are being developed. Ice-making plants are on the increase as a result of the surplus equipment left by the armies (in India, the Philippines, and elsewhere) and of extensive programs of de-

velopment. For example, UNRRA is bringing 75 ice-making plants to China. Canning, production plants, and the like have been brought into the region or are being planned, and it is obvious that there will be considerable development of secondary handling equipment.

A notable development is in the initiation of oil production for medicinal purposes. Oil production for other purposes has been practiced for some time, but vitamin-oil production is new.

The installation of secondary equipment for food processing will compel the revision of marketing and handling practices and changes in food habits. These should be accompanied by an appropriate educational program. The fish-eating habits of most of the people are fairly well established and do not include the consumption of frozen fish.

It should be noted that in the war-affected countries, many of the plants for native processing were destroyed or neglected.

Two tasks must be undertaken: first, the restoration of the equipment destroyed, lost, or neglected because of the war, must be completed, and second, mechanization of the equipment must be proceeded with, this being in some cases an alternative to renewing old-type equipment. Fortunately, there is a general quickening of interest in fisheries. Almost all territories have plans for the extension, or even the creation of governmental organizations to include extension, development, and research.

In China some of the productive potential of the UNRRA equipment is being earmarked for a governmentally run or sponsored, integrated project. The Government of China also has other plans for the development of its fishing industry and in addition has established its National Fisheries Research Institute.

The following table summarizes the position in respect of major groups of industries:

Commodity	Prewar capacity	Prewar maximum output	Present capacity	Present output	Unit
Coal.....	55,000,000	41,000,000	30%	1946, 15,010,000; 1947, 8,577,000 (half year); 1948, 25,000,000 (planned).	MT
Pig iron.....	1,536,000	3,522,650	549,450	Nil.....	MT
Steel ingots.....	710,400	1,592,860	800,000	1947, first half, 5,676.....	MT
Steel products.....				1948, first half, 7,512.....	MT
Sugar.....	44,000	1,004,352,095	22,500	30,883,000 ¹	MT
Cement.....	2,240,000	1,463,376	2,650,000	1946-47, 725,000.....	
Textiles.....	5,082,000	5,900,000	3,000,000	(²).....	

¹ Kilograms.

² Spindles.

³ 1947 estimate, 2,475,000 MT's of yarn.

The textile situation is given in greater detail as follows:

Textile industry in China

	1936	1937	1947
Number of spindles, excluding doubling (March).....		5,102,796	4,500,000
Spindles working (March).....		5,052,792	3,800,000
Production of yarn (pounds).....	879,150,720		323,095,000
Production of cloth:			
Pounds.....	365,746,000		1251,400,000
Yards.....	1,219,150,000		1838,000,000

¹ First 6 months.

Destruction, damage, and depreciation of equipment and inability to procure replacements have been mentioned as among the major causes of the decline in capacity. De-

cline in production is due not only to these factors but also to dislocation of transport, reduced supplies of power and raw materials and the general economic dislocation occasioned by war.

Among other factors which militate against the fullest utilization of the existing industrial assets are the dislocation of transport and supply of coal and electric power. Inflationary conditions, which have gathered momentum, have disturbed the relation between cost and market price to such an extent that production has suffered significantly. It has resulted in the diversion of capital to speculation, rather than to production, unprecedented decreases in interests, wages, and salaries, flight of capital and the neglect of capital equipment.

As regards mining, the best prewar output of coal was 41,000,000 metric tons as against 15,000,000 metric tons in 1946.

For other minerals the comparable figures are as follows:

⁵ 1 shih mow equals 0.67 hectares.

Mining

Mineral	Best pre-war production	1946	1947 ¹
Tungsten ore.....	14,541	2,331	5,500
Antimony (regulus).....	15,185	971	2,700
Tin.....	12,954	1,963	1,750
Copper.....	483	100	1,000
Lead.....	7,820	400	100
Zinc ore.....	14,567	100	80

¹ Estimated.

Apart from coal, electricity is a very important source of power in China, particularly in Shanghai where more than 50 percent of factories are run by electricity. Sixty-seven percent of the electric supply in China is derived from coal, and only 31.5 percent from water power.

The following figures give changes in capacity to produce electric power:

	Prewar capacity, installed kilowatts	Prewar energy output (maximum), millions of kilowatts	Before VJ-day 1945, capacity, kilowatts	June 1947, capacity
China proper, excluding Formosa or Manchuria.....	631,165	1,724.0	660,815	736,441
Formosa:				
1932.....	68,992	83.6		
1938.....	225,345	384.8		321,000
1941.....	302,754	510.7	320,000	
1944.....	320,000			
Manchuria:				
1937.....	412,000			
1941.....	1,108,300	(?)	1,768,920	267,000
Total:				
1936-37.....	1,265,498		2,749,735	1,324,440
1941.....	2,042,219		(1945)	(1947)

¹ 1939.² Not available.

The output of current is given as follows:

Output of current:	Chinese-owned plants
1946	3,624,053,661
1947 (January to March) ..	1,009,039,133

The above figures are incomplete, but they afford support to the view that the decline in power production is important. Reasons for this decline are given in the discussion of war damage.

The requirements for the restoration of production in the best prewar years are considerable, and it is not possible to list them fully. The following are among the main requirements:

Industry	Value of requirements	Details
Coal.....	US\$51,827,000.....	57,000 tons of new equipment to yield prewar output of 41,000,000 tons. Power plants, mine hoists, cars, railroad cars with locomotives, and all necessary mining equipment and accessories, spares, and repair or maintenance materials.
Iron and steel.....	US\$50,000,000 (plus Japanese reparations materials).	To provide for initial capacity as under: (i) 1,178,000 tons per year of coke; (ii) 1,497,000 tons per year of pig iron; (iii) 1,680,000 tons per year of steel ingots; and (iv) 1,305,000 tons per year of rolled products.
Cement.....	US\$4,600,000.....	To restore prewar level of output: 4 turbogenerators, of 4,000 kilowatts each; 8 electric shovels; 16 air compressors; 6 saw-mills; 6 cement mills; 4 rotary kilns; and other equipment and instruments.
Sugar.....	US\$25,000,000 (orders placed in 1947 spring, US\$5,000,000).	To reach prewar level of output: Machines, spares, construction materials, plantation railroad materials, fertilizers, etc.
Shipbuilding.....	US\$7,000,000.....	Machinery, installations, equipment, etc., and spare parts.
Mining.....	Not given.....	For tungsten, antimony, and tin mines: Diesel-oil power plants, 4 sets 150 kilowatts each, mining equipment, such as portable air compressors, drill-steel sharpeners, drill cutters, and shank drivers, hand shanking tools, hoists, oil furnace and mechanical leaders, as well as tungsten gravity mills, diamond drills, wagon drills, and machine-shop equipment.
Electric plants.....	US\$30,000,000.....	160 kilowatts of equipment: 130,000 kilowatts generating plants of 2,000- to 10,000-kilowatts capacity, hydro generating plants of total 30,000-kilowatts capacity, power transformers of 1,000- to 10,000-kilowatt-amperes voltage, totaling 150,000 kilowatt-amperes, 300 tons of conductors, 50,000 pieces of insulators, 30,000 pieces of disk insulators, 100,000 pieces of watch-hourmeters, 100 pieces of switches, 5,000 tons structural steel, etc.

For all mills standard spare parts are needed and (except in tin mills) timber.

CHINA

Length of railways north of the great wall is given as 11,342 kilometers, of which only 1,667 kilometers are now in operation. South of the great wall (including Taiwan), the corresponding figures are 14,586 kilometers and 8,600 kilometers respectively. Some 5,660 kilometers of line south of the wall were destroyed or dismantled and, of these 2,296 kilometers have been restored.

Even if the necessary materials were to be obtained and allotted, the rehabilitation of the Chinese railways north of the great wall does not seem to be a possibility owing to the events in Manchuria. This means that the quantity of material and equipment needed for the railways is greatly decreased as against the original estimate. The immediate problem, therefore, concerns the Chinese lines south of the great wall. Here the railway system has improved somewhat as the result of UNRRA acquisitions.

In order to maintain the existing railways, the Chinese Government states that 100 locomotives, 150 passenger cars and 1,600 freight wagons, approximately 4 percent of the existing rolling stock are required annually. Only about 10 percent of these requirements can be supplied from within the country itself.

The official estimates of requirements for rehabilitation and reconstruction are as follows:

Rails and accessories, 500,000 tons (C); turnouts, 3,000 sets (C); bridge and culvert steel, 60,000 tons (C); signalling and communication apparatus, 4,500 tons (C); cement in 1,000,000 pounds, 6.9, (A) 6.2, (B) 0.7; cross ties in 1,000,000 pieces, 14, (A) 4.2, (B) 1.4, (C) 8.4; switch ties in 1,000,000 FBM, 21, (A) 8.3; bridge ties in 1,000,000 FBM,

6, (B) 2.8; bridge timber in 1,000,000 FBM, 0.8, (C) 16.7.

For maintenance: Annual replacement: Rail and accessories in 1,000 tons, 60, (C); ties in 1,000,000 pieces, 5, (A) 3.5, (B) 0.5, (C) 1.0.

NOTE.—(A) Those that can be provided within China; (B) Those that can be provided from far eastern region; (C) Those that can be provided only from other sources than (A) and (B).

A five-year program of railway construction was contemplated involving additions as below:

	Existing number	5-year plan
Locomotives.....	2,141	2,300
Passenger cars.....	3,253	3,000
Freight wagons.....	39,178	27,000

But it now seems clear that this must be considered as a long-range project, and that until the existing lines have been rehabilitated priorities for its fulfillment are out of the question.

UNRRA railway supplies to China are given in the section as war damage.

The length of the existing national highways in 1947 is 74,853 kilometers. At present in southwest and northwest China only maintenance work and minor improvement is being carried out. In southern China there has been some minor improvement of arterial highways. In north China road maintenance is coordinated with military needs.

Lack of bituminous materials for the surfacing of highways, and lack of technical personnel have interfered with road improvements, so that even existing road-building equipment is not fully used.

Between 1937 and 1947 lorries increased in number from 17,655 to 37,287, but passenger

motorcars decreased from 36,143 to 16,071 and buses from 10,837 to 4,323.

Estimated supply requirements in China, both for road construction and motor transport, material and equipment for road construction

Description	Unit	Quantity	Unit price	Total sum
Structural steel.....	Ton.....	60,000	\$100	\$6,000,000
I-beam.....	do.....	67,500	80	5,400,000
Reinforcement.....	do.....	45,000	80	3,600,000
Lumber.....	M.b.m.....	60,000	150	9,000,000
Cement.....	Ton.....	125,000	24	3,000,000
Corrugated steel.....	do.....			
Pipe and multiplate arch.....	Ton.....	50,000	100	5,000,000
Bituminous materials.....	do.....	300,000	60	18,000,000
Construction equipment and spare parts.....	do.....			2,000,000
Total.....				52,000,000

NOTE.—The materials in the above table cannot be provided from within the country.

The estimated amount of motor supplies needed for 1947 is: Trucks, 4,000; gasoline, 13,500,000 gallons; lubricating oil, 1,350,000 gallons; tires and tubes, 54,000 sets; spare parts for 30,000 vehicles.

The supplies above cannot be provided from within the country. In 1946 the motor supplies used in China were: Gasoline, 48,300 metric tons; lubricating oil, 5,900 metric tons; tires, 34,700 metric tons; spare parts, 70 metric tons.

(The above items excepting 109,257 rupees' worth of tires from India, were purchased from the United States.)

As on July 1, 1947, the number of ships in China, both seagoing and inland vessels, was 2,518 with a total gross tonnage of 808,815. Of these there was not a sufficient number

of passenger or mixed passenger-cargo ships, namely, 50,000 and 152,000 tons, respectively, out of a total tonnage of 809,000. As regards fishing vessels, there were only 61 with a tonnage of 4,000 sufficient to meet only a fraction of the requirements.

IV. SUMMARY OF PROPOSALS AND RECOMMENDATIONS

A. Recapitulation of reconstruction needs

The preceding summary, incomplete and inadequate as it may be, serves to bring into sharp focus the immediate problems of this vast region where live nearly one-half of the world's population. Several parts of the region are in different stages of their transition from colonial status. Their fortunes had been linked with those of the more advanced countries through their trade relations which were complementary to those economies. They were producers and exporters of raw materials in return for imports of manufactured goods and capital, and their prosperity fluctuated with fluctuations in the demand for their goods. Very often the terms of trade were against them and this particularly in periods of depression when their incomes declined rapidly and seriously.

There has been a general lack of balance in the economic development of this region which is shown by preponderance of primary production and by the low degree of industrialization. Paradoxically, in spite of their dependence on agriculture, the region as a whole was unable to provide the essential foodstuffs for the vast population. The region was, however, making efforts to redress the balance and improve the situation when the war came. The war meant dislocation, damage, and in certain respects utter destruction of the precarious economy of this region. In the war zones large numbers of people suffered from injury, starvation, malnutrition, and death. Thus there has been a general decline in the already low standard of living which has resulted in undernourishment and disease.

The abandonment of land in fighting zones and the neglect of irrigation, drainage, and flood-prevention works threw out of cultivation large areas and caused a considerable diminution in fertility. After the war implements were worn out, livestock was depleted and there was a shortage of fertilizers, fungicides, and insecticides. Plantations suffered from neglect and shortage of fertilizers; timber resources were heavily depleted. The loss and destruction of fishing vessels and equipment reduced the supply of fish.

All forms of land transport were special objects of attack and in addition suffered from lack of maintenance. Rolling stock and road vehicles were heavily reduced in number and quality of operation. Heavy losses in shipping and damage to ports and installations have greatly impaired both inland and seagoing water transport.

Industries, mines, power plants, and commercial and residential buildings suffered likewise from damage and looting and from depreciation through overworking, neglect of maintenance, and the inability to import constructional materials, plant, machinery, and spare parts.

To these effects must be added the dislocation of economic organization and of governments and public administration. The additional strain on government and administrative personnel, the lack of training and recruitment during the war, and casualties have depleted the ranks of officials and raised a serious problem of recruitment and training for the future. The same applies to administrative and technical personnel in business.

The war also seriously dislocated international economic relations and has brought about important changes in the pattern of

trade and investment. The changed position of Japan and of European countries has affected their ability to contribute to reconstruction within the region as markets, source of supply, and sources of foreign investment. On the other hand, the United States had gained in financial strength and productive power, while Canada and Australia have increased their productive potential. Of great importance in the postwar situation are changes in political status in the direction of greater independence. All of these conditions will have marked consequences in international economic relations both within the region and between the regions and other parts of the world.

The continuance of political unrest within the region has resulted in further damage and losses and hampered reconstruction activities. It has intensified these inflationary pressures engendered by the war itself and by the general conditions of economic dislocation.

While there has been some recovery this has been uneven both as between countries and different types of production.

The needs are so large and urgent. It is difficult to determine the order of priorities, but in view of the immensity of the needs it may be useful to indicate broadly the most urgent ones.

Food is obviously priority No. 1. The provision of food to areas facing starvation is all-important, for without it no productive activity can be resumed or increased. The areas which had normally a surplus of food production and which used to export the surplus should be enabled to reattain their prewar production. Other areas which have clear possibilities of attaining some degree of increased output, if not self-sufficient, should be encouraged and assisted through supply of manures, fertilizers, farm implements, insecticides, farm cattle, and transport. Until that is attained such areas will need food imports for which purpose it is necessary that they should increase output of commercial and exportable goods. The expansion of production of such goods also requires assistance of the kind indicated elsewhere.

Scarcely less urgent is the rehabilitation of transport and the improvement of transport facilities. The damage to transport caused by the war is universal in this region. Every country has suffered heavily on account of the destruction of all forms of transport. Apart from the mere restoration and rehabilitation of transport, the expansion of transport facilities is basic to the production and movement of goods. In several countries even available food supplies cannot be properly distributed owing to lack of transport facilities. Coal production and distribution have also been held up on account of transport. For these and other reasons, urgent attention has to be given to the methods of rehabilitating and expanding transport.

The increased production and supply of manufactured goods, and in particular certain incentive goods like textiles, is not only essential in itself as part of a reconstruction program but is necessary to induce the cultivators to part with their food grains. In nearly all the countries of this region it has been found that the supply of consumer goods to the farmers is one of the means of procuring efficiently the available food supplies. Further increased production of manufactured goods is an essential condition for the restoration of living standards. In regard to this, textiles naturally assume an important role. The textile industry in this region was, before the war, the most important and the decline in its capacity has been one of the serious factors which has contributed to the decline in living standards. The requirements in this respect vary between countries. In India the problem is one of replacement and repairs of the overworked textile machinery. In China the

main need would appear to be the supply of raw cotton and restoration of its spindlage.

Another important reconstruction need is the availability of coal and other sources of power. The destruction of coal mines apart, the restoration of coal mines requires some capital equipment and replacement of machinery and parts. Coal has been an important lack in several countries in the region. Certain countries have plans for increasing hydroelectric and other forms of power, but all these require capital equipment which cannot be secured without either increased supplies of foreign exchange or foreign loans.

Thus the serious shortage of foreign exchange not only impairs the ability to reconstruct but also raises difficulties in the importation of necessary raw materials and consumers' goods. Rehabilitation of export industries will, of course, greatly ease the situation but for most countries the need for foreign loans is urgent.

The survey has in several parts brought out the importance of developing technical personnel. Although this has been dealt with separately, this is the basic requirement which requires to be thoroughly examined.

Finally, there has been so little knowledge among the individual countries within the region of each other's needs and programs of reconstruction. The pooling of such knowledge and expedients is not only desirable in itself but will also enable the countries within the region to know more precisely how far their needs can be met from among themselves. There is undoubtedly scope for regional cooperation in various fields, including, perhaps, even an interchange of some quantity of capital goods.

B. Summary of proposals and recommendations

The preceding paragraphs very briefly describe the general situation as it now exists. The account of conditions in the separate countries made in the body of the report is sufficient to bring home the gravity of the problems with which they separately and collectively have to cope and to draw attention to variations from the general picture as they occur from area to area. For Ceylon, China, India, Malaya, and Singapore, Indonesia, and the Philippine Republic, separate country studies have been prepared and appear as annexes to this report. In these the problems of reconstruction are considered in greater detail.

This paper, and the above country studies, endeavor to describe and analyse the situation as it now exists. But it is a situation subject to continuous change. It is of great importance to be informed on the changes which occur and on the steps taken to meet them. Hence it is recommended in the report on functions and methods of ECAFE (doc. E/CN., November 1938) that the executive secretary publish an annual economic survey of ECAFE countries, which will deal with economic conditions within the region, together with brief reports on the activities of ECAFE, on the results of investigations, and on significant reconstruction programs and policies.

Certain proposals and recommendations have been made in the report. For convenience of reference these are now recapitulated.

The proposals are concerned with activities which may be undertaken by the Secretariat. They include the following:

- (i) An examination of the economic effects likely to result from the changes in the relationship between Japan and Korea, Formosa and Manchuria.
- (ii) Reports, from time to time, on economic developments in Japan, in their bearing on the welfare of the whole region.
- (iii) A study of the economic significance for the region of the development of substitutes.

(iv) The study of those activities of UNRRA which are of special importance to the problem of agricultural reconstruction.

(v) A study, in consultation with the International Monetary Fund, of the extent of shortages of foreign exchange, the causes of such shortages, and the means which might be taken to remedy the situation.

The following recommendations are made:

I. That a working party be established at an early date to consider the problems of supplies of fertilizers, insecticides, fungicides, poisons, and veterinary requirements; and that its terms of reference should include the following:

1. Consideration of—

(a) The requirements of the region.
(b) The extent to which these may be met within the region.

(c) The best means of augmenting supplies from within the region.

(d) The possibility of obtaining supplies from areas other than those within the region.

2. Consideration of the extent to which, in view of the requirements of the region and of the supply situation, it is desirable to establish a commodity board in respect of the above requisites, to augment supplies and assist in their allocation.

3. Consideration of the manner in which ECAFE may best cooperate with FAO in fulfillment of the above purposes.

II. That the attention of FAO be drawn to the desirability of examining the methods followed in countries throughout the region to increase the supply and improve the quality of agricultural tools and implements and machinery and equipment for irrigation, drainage, and river conservancy works.

III. That the executive secretary confer with the director-general of FAO with a view to arranging cooperation in the collection and dissemination of information relating to food production and supplies as they affect the region.

IV. That members be invited to report on reconstruction plans and programs in relation to food and agriculture and that the executive secretary be empowered, at his discretion, to call a conference of officials engaged in the task of reconstruction within the region, with a view to reporting on methods by which the production of food and other agricultural products may be most readily increased.

V. That ECAFE record its support of proposals to establish a regional fisheries council, and that the executive Secretary consult with the director-general of FAO as to the best means by which ECAFE can cooperate in the furtherance of the objectives of such a council.

VI. That working parties be established at an early date in respect of each of: (1) Transport, (2) fuel and power, (3) industry and materials, and that their terms of reference include the following:

Consideration of:

(a) The requirements of the countries within the region.

(b) The extent to which these may be met from within the region.

(c) The best means of augmenting production and supplies within the region.

(d) Possibilities of obtaining supplies of capital goods or necessary materials from areas other than within the region.

VII. That, in respect of the working party on industry and materials, prior attention

be given to the position in relation to cotton and cotton textiles, and that the desirability of establishing a commodity board for cotton and cotton textiles be considered with a view to augmenting production and facilitating the distribution of supplies.

Mr. PEPPER. Mr. President, I have only this to add. What we propose to give China in the bill will be only temporary aid. This is what it is: 225,000 tons of wheat equivalent, 451,300 tons of rice, 750,000 bales of cotton, 25,198,000 barrels of petroleum and petroleum products, 40,000 short tons of soluble phosphatic fertilizer, 42,100 short tons of nitrogenous fertilizer, 84,500,000 pounds of United States tobacco, 17,588 metric tons of lead, zinc, aluminum, brass, and copper, 115,373 metric tons of iron and steel.

Mr. President, in our European recovery program we are trying to get away from simple relief by getting Europe back on its economic feet. In other words, the ERP is a bill to help western Europe to help itself. We wanted to get away from the continual drain of more relief appropriations. Well, Mr. President, why is not the principle equally applicable to China? The China measure is good so far as it goes, if it is intended for the Chinese people and not a small government clique, but the tobacco provided in it will be smoked up. The cotton goods will pretty soon be used up. The fertilizer will be put into the ground and will be gone. The other things we propose to give under the measure will be exhausted in the next few months. But, Mr. President, China will still be an impoverished nation. Therefore I do not know of a nation in the world where democracy properly applied, where better fertilizer for the farmers, where better seed for agriculture, where more adequate farm equipment, where modern agricultural techniques, where marketing arrangements, and the other recommendations of the China-United States Mission and the Reconstruction Commission for Asia and the Far East, would bear more fruitful results than in China.

So I only wanted to say, Mr. President, that until we put into force an effective program of democracy in China, until we bring about land reform, until we give the peasant a chance to know what democracy is, until we give him better health than he has ever had, until we give him education that will give him the power to contribute real strength to his economy and his work, until we make him a democratic unit in the world and give him something to say about his own government and make his government respect his will, we will never be able to lift the Chinese people out of their internal strife, which is endangering their security, and perhaps ours today.

So, Mr. President, I give credit to the

economic aspects of this program as far as it goes. But I should much prefer to see us take this as a bare beginning, and expand it until we will really help the Chinese people to help themselves out of their present poverty, and make them one of the great economic powers of the earth, as they are one of the great civilizations of the world.

I earnestly hope, therefore, that we are not going to try to rely upon military aid, to rescue China but that we intend to plant the seeds of democracy, and nourish them and cultivate them until there shall be in China in due course a great harvest of prosperity and democracy for that great and historic people.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

The bill S. 2393 was passed.

FEDERAL AID TO EDUCATION

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. What is the business now pending before the Senate?

The PRESIDENT pro tempore. The Senate reverts to consideration of Senate bill 472.

The Senate resumed the consideration of the bill (S. 472) to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes.

RECESS

Mr. WHERRY. I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, March 31, 1948, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 30 (legislative day of March 29), 1948:

IN THE NAVY

Vice Adm. John L. Hall, Jr., United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as Commandant of the Armed Forces Staff College, Norfolk, Va.

Admiral Charles M. Cooke, Jr., United States Navy, when retired, to be placed on the retired list of the Navy with the rank of admiral.

House of Representatives

TUESDAY, MARCH 30, 1948

The House met at 10 o'clock a. m.

Rt. Rev. Msgr. Fulton J. Sheen, professor of philosophy at the Catholic University of America, offered the following prayer:

One may pray to God that Congress may hear or one may speak to Congress that Congress may pray. We shall break the tradition and choose the latter.

Gentlemen of the Congress, you ought to pray to God now as never before:

First. Because, as Lincoln told us: "We have forgotten God; we have imagined in the deceitfulness of our hearts that all our blessings were produced by some superior power and wisdom of our own. It behooves us, then, to humble ourselves before the offended Power, to confess our national sins, and to pray for clemency and forgiveness."

Second. You ought to pray that God, the sovereign King of nations, who once used Assyria as the rod and staff of His anger, will not now use Russia as the instrument of His justice for the liquidation of a Western World that has forgotten God and banished His name from our schools, but not from the Congress of these United States.

Third. You ought to pray to God that our beloved country, through its generous relief to the vanquished and the hungry: "I was hungry, and You gave me to eat"; and through its dedication to her of whom the Saviour said: "Behold thy mother" may one day fulfill its glorious and certain vocation of being the secondary cause by which God will give freedom to the people of Russia and peace and order to all the world.

Instead, then, of perfunctorily praying to God and then tabling the prayer as "finished business," we say to you: Gentlemen, this is the unfinished business—your prayers. May each of you pledge God to spend at least 30 minutes a day in prayer; then watch our beloved country grow in peace, victory, justice, and happiness.

God love you.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 24, 1948:

H. R. 4838. An act to extend the period of validity of the act to facilitate the admission into the United States of the alien fiancées or fiancés of members of the armed forces of the United States.

On March 25, 1948:

H. R. 2453. An act to provide for the establishment and operation of a research

laboratory in the North Dakota lignite-consuming region for investigation of the mining, preparation, and utilization of lignite, for the development of new uses and markets, for improvement of health and safety in mining; and for a comprehensive study of the possibilities for increased utilization of the lignite resources of the region to aid in the solution of its economic problems and to make its natural and human resources of maximum usefulness in the reconversion period and time of peace;

H. R. 3506. An act to provide for the acquisition of a site for a new Federal building in Huntington, W. Va., adjoining existing Federal buildings there, as an economy measure, before land values have increased as a result of improvements;

H. R. 4836. An act to authorize the purchase of a new post-office site at Omaha, Nebr.;

H. R. 4967. An act to provide for the acquisition of a site and preparation of plans and specifications for a new postal building and for remodeling of the existing main post-office building in Portland, Oreg., and for other purposes;

H. R. 5315. An act to ratify the administrative promotions of employees on military furlough from the field postal service, in certain cases, and for related purposes; and

H. J. Res. 320. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one hundredth anniversary of the creation of the Territory of Minnesota.

On March 29, 1948:

H. R. 2502. An act to provide for the general welfare and advancement of the Klamath Indians in Oregon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 718. An act for the relief of Clarence J. Wilson and Margaret J. Wilson;

H. R. 986. An act for the relief of Leslie H. Ashlock;

H. R. 1215. An act for the relief of Kazuo Oda Takahashi;

H. R. 1586. An act for the relief of Mrs. Leslie Price, Philip C. Price, Mrs. Louise Keyton, Annie Curry, and James Curry;

H. R. 2214. An act for the relief of Dave Hougardy;

H. R. 2347. An act for the relief of Mrs. Akiko Tsukado Miller;

H. R. 3061. An act for the relief of Victor C. Kaminski (also known as Victor Kaminski);

H. R. 3118. An act for the relief of Mrs. Susan W. Roe;

H. R. 3229. An act to exempt Hawaii and Alaska from the requirements of the act of April 29, 1902, relating to the procurement of statistics of trade between the United States and its noncontiguous territory;

H. R. 4177. An act for the relief of William L. Cunliffe;

H. R. 4478. An act to provide basic authority for certain administrative expenditures for the Veterans' Administration, and for other purposes;

H. R. 4938. An act to amend the Tariff Act of 1930 with reference to platinum foxes and platinum fox furs, and for other purposes;

H. R. 4943. An act to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the territory of the Republic of the Philippines;

H. R. 5049. An act to reopen the revested Oregon & California Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws; and

H. J. Res. 355. Joint resolution making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1523. An act for the relief of the estate of Marion S. Griggs, deceased;

H. R. 4167. An act to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for the production of oil, gas, and other hydrocarbons for such terms of years and on such conditions as may be from time to time provided by the legislative assembly of the respective States;

H. R. 4739. An act to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of exposed X-ray film; and

H. R. 5328. An act to amend paragraph 1803 (2) of the Tariff Act of 1930, relating to firewood and other woods.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 329. An act for the relief of Gentaro Takahashi;

S. 419. An act for the relief of Mrs. Teruko Matsukawa (nee Teruko Nagai);

S. 642. An act for the relief of Tang SikPui, his wife, and his five minor children;

S. 661. An act for the relief of Mrs. Lum Shee Jung;

S. 692. An act to authorize a mileage allowance of 7 cents per mile for United States marshals and their deputies for travel on official business;

S. 740. An act to record the lawful admission to the United States for permanent residence of Naka Matsukata Rawsthorne;

S. 755. An act for the relief of Toraichi Ambo;

S. 940. An act for relief of Mrs. Chieko S. Kawakami;

S. 1045. An act for the relief of Mrs. Lucia Kim;

S. 1055. An act for the relief of Mrs. Irma M. Pierce and Charles Z. Pierce;

S. 1186. An act for the relief of Thorvaldur Hliddal;

S. 1451. An act for the relief of Perfecto M. Biason and Joan Biason;

S. 1771. An act authorizing the Secretary of the Interior to convey certain lands in Powell town site, Wyoming, Shoshone reclamation project, Wyoming, to the James S. McDonald Post 5054, Veterans of Foreign Wars, Powell, Wyo.;

S. 1806. An act for the relief of Ensign Merton H. Peterson, United States Naval Reserve;

S. 1950. An act to provide for a decennial census of housing;

HOMES

Any housing authority which may be created may develop and operate low cost nonprofit housing projects for World War II veterans.

Confederate veterans and their wives, and munitions workers may be admitted to the Lee Camp Soldiers' Home.

A Confederate Memorial Park has been dedicated to the perpetual occupancy and use of the R. E. Lee Camp Home for Confederate veterans.

HOSPITAL BENEFITS

Incompetent veterans may be committed and transferred to State or Federal hospitals.

MEMORIALS

Any county, city, or town may appropriate money for erecting a memorial to veterans.

PENSIONS

Pensions are paid to Confederate veterans, their widows, hospital matrons, and servants.

RECORDS, RELICS, ETC.

Induction and discharge records from draft boards of World War II veterans have been given to clerks of courts.

The Confederate Memorial Institute is keeping and preserving the three Confederate flags delivered to Virginia by the State of Michigan.

Rosters of camps of Confederate veterans have been recorded by clerks of courts.

A World War II History Commission has been created to edit and publish information and material on the State's contribution.

RELIEF AND REHABILITATION

Life insurance companies may invest funds in loans secured by mortgages on real estate to the extent guaranteed under the GI bill of rights.

Local units may levy taxes for aid to Confederate veterans or their widows.

The Division of Rehabilitation, State Department of Education, provides vocational training to veterans not entitled to same from the Veterans' Administration.

TAX EXEMPTIONS; EXEMPTION FROM LICENSE FEES, RENEWALS, ETC.

Pensions received from the United States or the State on account of military or naval service of the recipient or relative are exempt from income tax.

Licenses to practice law may be granted certain veterans of World War II.

Veterans' organizations are exempt from inheritance tax.

Abatement of penalties and interest on certain taxes of members of the armed forces is provided.

Motor vehicle operators' licenses are extended during service in the armed forces, with refund on unused portion of fee paid and transfer of title.

The unused portion of the annual truck license may be applied on a new license after demobilization.

Veterans of World War II are exempt from poll tax for 3 years following discharge.

Payment of poll tax is made by the State out of the armed service poll tax fund on members of the armed forces.

Insurance agents' and solicitors' licenses are renewed followed military service.

Real and personal property of veterans' organizations is exempt from taxation.

UNIFORMS

Rights of veterans have been established with respect to the uniform, insignia, etc. of the United States Army, Navy, or Marine Corps.

VETERANS' ORGANIZATIONS

Provision has been made for the registration of names, badges, etc. of veterans' organizations. The unauthorized use or wearing of such insignia is a misdemeanor and is punishable by a fine not exceeding \$100, or in case of default, 60 days in jail.

Armory privileges are extended to veterans' organizations.

Quarters in the State office building are provided for all war veterans' organizations.

Property which passes to veterans' organizations is exempt from inheritance and gift taxes.

Most of the above laws have been enacted by the Virginia Legislature through the sponsorship and cooperation of the DAV and other veterans' organizations.

At the present time there are some 10 chapters of the DAV throughout the State, with John J. Quinn, 501 Second Street, Portsmouth, Va., as department commander.

The DAV maintains three expertly trained full-time national service officers, under the direction of Mr. Donald E. Reece, at the Veterans' Administration regional office in Roanoke, who extend all types of assistance to veterans and their dependents, particularly in the technical preparation, presentation, and prosecution of their justifiable claims for various types of governmental benefits to which they may be entitled.

DAV MEMBERSHIP ELIGIBILITY

Formed in 1920 and chartered by the Congress in 1932 to render service to, for, and by America's disabled war veterans, the DAV has been generally recognized as the official voice of America's disabled defenders.

According to its congressional charter of incorporation—Public Law 186, approved June 17, 1932, as amended by Public Law 668, approved July 15, 1942—active membership in the DAV is open only to those Americans whose bodies bear the scars of wounds or injuries, or the blight of ailments or disabilities incurred during, or by reason of, active service during time of war in the armed forces of the United States, or of some country allied with it.

More and more wounded and disabled veterans of World War II are becoming active members of the DAV.

Eligibles may become life members of the DAV upon payment of a fee of \$100 (\$50 if born before January 1, 1902) in cash, or by a down payment of \$5 or more, plus such installments as will complete payment of the full fee by the end of the second succeeding fiscal year (ending on June 30), after which, if not fully paid, a carrying charge of \$5 per year would accrue. A growing percentage are becoming DAV life members. Annual membership is available at \$5.

DAV SERVICE-TRAINING PROGRAM

Realizing the need for extending assistance to all veterans and their dependents after the close of World War II, the DAV entered into an agreement with the Veterans' Administration and the American University in Washington, D. C., back in 1944, to train some 400 handicapped veterans of World War II to become national service officers. An intensive 6-month special course was set up, followed by 18 more months of on-the-job training in three different regional offices of the Veterans' Administration, under the supervision of old-time, long-experienced DAV service officers.

The members of the tenth and last class of such trainees received their diplomas in May 1947 and are now completing their job training in all parts of the country.

This is the most intensive and ambitious program yet attempted by any veterans' organization to provide, without cost to the applicants, expert aid and assistance in the solution of the many problems confronting veterans and their dependents.

No veterans' organization has any more extensive and effective Nation-wide service staff to take care of the problems of all veterans and their dependents, and particularly those who have service-connected disabilities, than the DAV.

During the more than 28 years of its service activities, the DAV has sponsored and supported much liberalizing legislation on

behalf of disabled veterans and their dependents.

Liberalized application of such laws, too numerous and too technical here to set forth, has, each year, been brought about by numerous conferences with officials of the Veterans' Administration and other governmental agencies.

DAV NATIONAL HEADQUARTERS

Located at 1423 East McMillan Street, Cincinnati, Ohio, the national headquarters of the DAV takes care of all administrative matters and records, and publishes the Disabled American Veterans semimonthly newspaper, containing accurate, up-to-date information as to all existing and pending legislation, Presidential Executive orders, court decisions, opinions of the Attorney General, Comptroller General, and VA Administrator, VA regulations, service letters, circulars, and other instructions, as well as much other information of interest and of value to disabled veterans and their dependents.

The present national commander of the DAV is John L. Golob, of Hibbing, Minn., a badly wounded World War I veteran, an insurance agent in private life, who has had a broad background of 28 years of experience in various local, State, and National DAV activities which qualify him to lead an organization composed exclusively of America's disabled war veterans.

Its national adjutant, Vivian D. Corbly, has been secretary-treasurer (business manager) of the organization, and editor of its newspaper since 1925. Capt. Cicero F. Hogan is his able assistant.

The largest bank in Cincinnati—the Fifth Third Union Trust Co.—has, for 28 years, been the depository for the funds of both the DAV and its incorporated trusteeship, the DAV Service Foundation. Officials handling funds have always been adequately bonded by the Fidelity & Deposit Co. of Maryland.

NATIONAL SERVICE SET-UP

The national service headquarters of the DAV is now located in a beautiful building at 1701 Eighteenth Street NW., Washington 9, D. C., which was acquired by the organization in 1945.

In this Washington office are located the department of claims, headed by William E. Tate; the department on legislation, headed by Francis Sullivan; and the department of public relations and employment, headed by Millard W. Rice. In addition to these service departments, the DAV service headquarters has as its office manager John E. Feighner, as assistant national adjutant. All of these various departments are staffed by trained experts, all of whom are themselves war-wounded or disabled veterans.

These DAV national officers know all about the technical complications that disabled veterans must overcome factually to prove the service connections of their disabilities to the satisfaction of rating agencies of the Veterans' Administration, under the limitations and restrictions of existing law, as legalistically interpreted and as administratively applied.

Understanding such vexatious problems by personal experience, DAV national service officers are naturally more sympathetic than are nondisabled veterans or civilians and are therefore generally more effective in helping disabled claimants to comply with technical requirements to prove legal entitlement to benefits to which they may be lawfully and equitably entitled.

EMPLOYMENT PROGRAM

The DAV has adopted, on a Nation-wide basis, a man-job-matching-method program to provide suitable, useful, gainful employment for all disabled veterans. Less than 7 percent of the Nation's 2,100,000 compensated war-disabled veterans are totally unemployable. The remaining 93 percent are

less than totally disabled and must, therefore, supplement their inadequate compensation payments with income from employment.

This scientific approach to a most-distressing problem has produced some worth-while results thus far. The handicapped veteran's abilities have been matched with the requirements of the job, rather than stressing his disabilities. It has been demonstrated by the employment record of such disabled veterans that they have a low absentee record, a low turn-over record, a low accident record, and a higher efficiency and production record. It has thus been demonstrated that to hire disabled veterans is just plain, good business, bringing benefits directly to them, their dependents, their communities, their employers, and taxpayers generally.

AN INVESTMENT IN PATRIOTISM

It is definitely in the interest of all Americans that the fight for justice be made for those who have sacrificed their youth and a part of their bodies or their health in our country's most hazardous occupation—its military and naval services during time of war.

The faith must be kept with those who have made such sacrifices in the past, as well as with those who are, or have been, dependent upon these heroes, so that other young men who, in the future, may be called upon to make similar sacrifices will have the assurance, on the basis of past performance, that if they, too, should also be so unfortunate they will not be permitted to become mere forgotten heroes.

The determination of the DAV to see to it that America's disabled veterans are adequately provided for should be generously supported, as a public investment in the future patriotism of our youth, and as practical patriotism which brings huge humanitarian and financial dividends to every community, to every State, and to our country.

Foreign Assistance Act of 1948

SPEECH

OF

HON. ROSS RIZLEY

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. RIZLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in keeping with what the distinguished gentleman from Wisconsin said, I know that many of us are tremendously disturbed in connection with the proper handling of these tremendous funds if the Congress should in the next day or two approve this program. As the distinguished gentleman from Texas said, I, too, have faith in the vast majority of the people in these great United States. Sometimes, however, I think there is more selfishness in this world today than at any other time in the history of the world. I am not as much disturbed about the administration of this fund as I am disturbed as to the extent that our potential enemies

whom we are endeavoring to stop by this program may have already too well prepared themselves, and that that preparation has come about by the greed of too many people in this and other countries. And also by the carelessness, neglect, and maybe connivance by some governmental agencies in this country.

When the last war came to an end, we had something in excess of \$50,000,000,000 in surplus war assets of every kind and character, including tanks, guns, and everything that was used to make war. Some \$20,000,000,000 worth of these goods, wares, and merchandise were overseas in Europe, Asia, and elsewhere. For more than 2 years now, I have been a member of a committee trying to check as best we can what is happening to surplus war goods. We find that in our country traders and speculators have bought millions and millions of dollars worth of these potential war goods, in many instances not directly from the Administrator of War Assets, but from other people to whom they have been sold by WAA. These may be war materials that will be used and can be used to fire back at our American boys just as it happened in the last war, particularly in the Pacific.

In this country we had no program, so to speak, up until March 1, to screen the character of goods that are going out of this country. Last week before my subcommittee we had witnesses testify that airplane engines and other war potential goods of every conceivable kind and character, were being sold and shipped to our potential enemy, Russia. Since the first of January, more than 50 Russian ships have docked in New York. We have not had time to check the others yet. Those ships were loaded with goods, wares, and merchandise, some commercial and some potential war supplies. No one knows for certain what was in those ships.

Do you know that the only country in the world up until March 1 that we were afraid of as a potential military enemy was not Russia or any of the Russian satellite nations, but it was Spain. Spain is the only country in the world, up to March 1 of this year, that required an export license for sending merchandise out of this country, unless the goods were goods that were in short supply or to use the term used by the State and Commerce Departments, were on a positive list. As of March 1, the State Department and the Department of Commerce were directed by Executive order to put all of the countries of Europe including Russia and the satellites in the same category as Spain; as of March 1 if you shipped out of this country to Europe goods to exceed \$100 in value, an export license is required.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RIZLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. RIZLEY. Investigators from our committee are in various sections of this country. Now following up reports that

not only war materials, but guns and tanks and things actually used in war, are being sent out of this country now while this debate in going on not with the knowledge and acquiescence of our Government, but in spite of our Government.

I said a while ago that perhaps \$20,000,000,000 of these war assets were left in Europe. They were turned over to different countries by the Foreign Liquidating Administrator. We are checking now, as to the amount of war material that may have gone to Russia and the satellite countries from that source. I am told that in the records of the Maritime Commission, as of today, there are letters that can be produced, but have not yet been produced, showing that at the end of the war, or within 30 days of the time the war was over, when everyone knew it was over, over the protest of the Army, the Navy, and the Maritime Commission, someone made the policy that we continue to send to Soviet Russia millions of dollars worth of guns and tanks and war equipment.

What I am trying to say is this: We want to stop communism, but we cannot stop communism if we continue to arm our potential enemies. I do not make policies. I am not prepared to say that we ought to have a complete embargo against those countries, but I am prepared to say that it is not less than treason for this Government to continue to export those war materials to our potential enemies. I do not know how much this great Committee on Foreign Affairs has been looking into this. I do not know how much time they have had to go into the extent to which Russia is today continuing to receive these war materials. I am not talking about potential military supplies or commercial items. I am talking about the things that the boys used to fight with in this last war.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. MUNDT. I am sure the gentleman will be gratified to learn that the committee in session this morning approved an amendment which I introduced which will give the Administrator the right to stop completely the shipment of war supplies to the Soviet Union and its satellite countries.

Mr. RIZLEY. I am glad, of course, if you gentleman have agreed to an amendment in this bill that will stop sending munitions of war and other potential war goods to Russia and her satellites, but why have we had to wait until this legislation came before the House in order to stop these things going over there that will be used against us if we have a war?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. VORYS. The committee will try to write into law such protection as can be written into a law, but I thoroughly agree with the gentleman that it should be unnecessary for Congress to have to strive to write laws to protect our Government from treasonable activities of those within governmental offices.

Mr. RIZLEY. Unquestionably so. During the war we gave to the President

of the United States the right to control our exports. This policy has been continued and he has had that authority all the time, right up to this moment, but somebody in the executive branch of this Government has either through carelessness or negligence, or maybe in some instances both has done these things. I see the gentleman from Pennsylvania smiling about it. It may be a smiling matter to him but it is not a smiling matter to me. Here we are, taking this \$6,300,000,000 of the taxpayers' money to stop communism and then on the other hand sanctioning shipping of these goods to further it. I saw in the press this morning that when it was indicated that maybe this Congress would try to adopt the Mundt amendment or some other amendment somebody said: "Oh, we cannot afford to make Russia mad by tightening up on our trade relations."

Like the gentleman from Wisconsin, I will have some more to say on this before it is over.

Mr. FULTON. Will not the gentleman allow me to say that I agree with him?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Foreign Assistance Act of 1948

SPEECH
OF

HON. HAROLD KNUTSON

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, first I want to compliment the gentleman from Massachusetts for his forthright statement that this is a commitment up to June 30, 1952, the mealy expressions of committee members to the contrary notwithstanding.

Let us be fair; let us be honest. There is too much confusion, and all that is being said by committee members but adds to the confusion.

Less than a week ago the Secretary of State, who is also confused upon this thing, was at a dinner party and a gentleman next to him said, "I do not think that Ireland should have \$400,000,000 and Portugal \$300,000,000 out of the Marshall plan, because they were not belligerents in the war." The great Secretary of State said, "I do not think they will."

We know they are. He was confused, which is not surprising.

I take exactly the same position as the gentleman from Massachusetts but

with this difference: He is going to vote for the measure. I am going to vote against it. But if the Congress of the United States adopts this legislation and I am a Member of the next House of Representatives, I shall certainly vote for the necessary authorization in both sessions of the Eighty-first Congress, as we will then be morally bound. Anyone who votes for this bill and does not do that will convict himself of intellectual dishonesty.

The Palestine Question

EXTENSION OF REMARKS

OF

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. ROONEY. Mr. Speaker, under leave to extend and revise my remarks in the RECORD, I wish to express my views concerning the present situation in Palestine and my desire to obtain justice for the Jewish people and an equitable solution of the Palestine question.

About a quarter of a century has passed since the mandate for Palestine went into effect promising the Jewish people a national home in Palestine. Strife, broken promises, and long years of disappointment and toil have marked the course of the Jewish homeland since that time. During the recent tragic war millions of people of the Jewish race suffered death and unspeakable suffering at the hands of a sadistic persecutor. The survivors of the gas chambers and the concentration camps have been pleading with the conscience of the world, ever since the war ended, to fulfill the promises made to them years ago for the establishment of their national home in Palestine. These pleas have struck home, these pleas have quickened the conscience of mankind, and an answer has been given by the nations of the world through their international organization—the United Nations. On November 29, 1947, after the British had decided to surrender their mandate over the Holy Land, the general assembly of the United Nations voted to solve the impasse between Jew and Arab in Palestine by partitioning the country into Jewish and Arab states.

What had happened in Palestine following the November 29 decision had been expected. The Arabs had plainly stated before the vote was taken they would resist. Herschel Johnson made it perfectly clear in urging the partition of Palestine that the implementation of partition would not be an easy one but offered it as the only workable plan. Trusteeship had been considered and rejected by the general assembly, rejected because of our insistence that only partition could work. Now what have we? Right up to the last moment the accepted belief was that the United States was solidly behind partition. The reversal on the Palestine issue has been a shocking blow. The Zionists must receive justice. After all these years of

broken promises regarding the founding of a Jewish national home in Palestine, after all the suffering and travail which this persecuted race had endured, the United States must not let them down, the United Nations must not falter, a partition must go through.

Has Everything Possible Been Done To Avert War?

EXTENSION OF REMARKS

OF

HON. GEORGE G. SADOWSKI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. SADOWSKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by David Lawrence, which appeared in the Detroit News of March 29, 1948:

HAS EVERYTHING POSSIBLE BEEN DONE TO AVERT WAR?—ANSWER SHROUDED IN SECRECY OF WHAT PRECEDED TRUMAN DOCTRINE YEAR AGO

(By David Lawrence)

WASHINGTON, March 29.—Millions of mothers and fathers are beginning to worry over whether their sons will soon have to go to war. They—the parents and relatives of the men who would be asked to make the supreme sacrifice—have a right to ask whether everything has been or is being done that could be done to prevent war.

There are two historic methods of trying to avert war. One is to build up military armament and try to frighten the other party into submission. The second method is to try to resolve the points of difference by negotiation.

In America quite a propaganda campaign has been built up against peaceful negotiation of the difficulties between Russia and the United States. The official argument is that Russia "understands only one language, and that's the language of force."

If it be true that there is absolutely no other way to deal with Russia except by force, or threat of force, then war cannot be averted and the question of when an incident or overt act may occur is anybody's guess. It might occur in a few weeks or years—but that sort of logic means that only war can settle the outstanding issues.

If it be said on the other hand that peaceful negotiation should be tried, the official answer hereabouts is that this has been tried and has failed. Unfortunately the entire record is not available. For some mysterious reason the texts of all the notes exchanged between Russia and the United States have never been made public. The record of our public officials in their negotiations has never been subjected to impartial scrutiny by congressional committees. All that is heard is that the Russians are unreasonable, intractable and do not want to negotiate.

WHAT DID REDS ASK?

What isn't disclosed particularly is what led up to the declaration of the Truman doctrine just a year ago. The Russians considered this a virtual declaration of war. What the Russians have done since has to be viewed in the light of America's decision in the Near East.

It is the period before the Truman doctrine was announced that could well be studied by historians. What did the Russians ask for? What did we refuse? Did we offer any alternative plans? When did we decide on force to back up diplomacy's failures?

Many officials insist that Russia has been aggressive from the beginning. If so, then war was inevitable from the day this fact became convincingly apparent to our officials. For if one nation has only diabolical designs against another nation, it does not matter much what is said between them in the period before war does break out.

Unfortunately the evidence does not show that the Russians and Americans ever understood each other. If force were the only language usable, then America, while taking a strong hand in the various conferences, forsook the idea by withdrawing from Europe nearly all her forces, thus giving the Russians the impression that military force was not important after all.

Even today the Russians cannot be sure whether America has given up hope of a peaceful settlement. There is nothing to show that the United States will resume peaceful negotiations or that the United States will go to war. The Russians cannot approach America with any peace plan because our officials say nothing would be accomplished by such discussions. Apparently our officials foreclose every opening for peaceful settlement now and give the impression that war is the only answer.

FAILS TO MAKE SENSE

If American diplomacy connotes military action to back up immutable demands, then a show-down cannot long be postponed. The behavior of American officials indicates that war is inevitable, with only one proviso—that the Russians are considered to be too weak to start a war for at least 5 years.

But along with such statements one hears at the same time in Washington gloomy stories about our own lack of preparedness and of the real danger that for the first time in her history America may face defeat or stalemate in a major war. It all does not add up to much sense.

The public has a right to a better coordination of national policy. If, through good luck a war can be staved off till after the November elections, it may be that a nation which is united under a President—whether it is Mr. Truman or anybody else—can then decide better on its course than can be done in the political atmosphere of today.

If America does not want to talk to Russia, then war is sure. The timing is less important than the fact that our officials behave as if they have done everything they could to prevent war and that unless the Russians agree to be frightened and retreat the fight must come sometime. It is a tragic prospect but it seems that all the ingenuity and resourcefulness which the highest officials of our Government think can be applied to a critical international situation and keep it on a peace basis have been exhausted.

Meanwhile, millions of persons are on the anxious seat wondering whether the Nation heads toward more and more scarcity of goods, more inflation, and bigger and better casualty lists than those of World War II.

Communism

EXTENSION OF REMARKS

OF

HON. WILLIAM C. COLE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. COLE of Missouri. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio broadcast by Jack Beall:

Good evening. A few months ago, when the Marshall plan was announced and while it was getting started, the United States

seized and held the initiative as against the Soviet Union. They held it for many months, while it appeared that the threat of communism was receding. The Cominform announced its inalterable purpose of defeating the Marshall plan. But we thought we had pretty well begun to contain Russia and keep her from grabbing off any more countries. We weren't too worried—save about what Congress might or might not do about the Marshall plan. Things were going our way.

Then, in the short space of 2 weeks, a Czech crisis arose and the most westernized country of central Europe went under. Not a single military unit of the Soviet Union was within the borders of Czechoslovakia. We had long held the idea that only where the Red Army was present to overawe the people was there much danger of a country going Communist. But here, it was an inside job. And hardly a shot was fired. It was a triumph of organization and planning of the Communist International and of the Communist Party inside Czechoslovakia.

Czechoslovakia simply went under with an appalling suddenness, completeness, and you might say, neatness about the job which has vastly impressed Washington. It not only represents the failure of a concept of the Czechs that they could get along with the Russians and be a bridge between east and west if they appeased the Soviets on foreign policy, but it represents a severe blow to our own concept that the line could be held by dollars.

Have you noticed what has been happening this last week? Senator BALL has introduced an amendment to the Marshall plan, calling for a defensive pact between the western nations. In Europe, they are making renewed efforts to put together just that—a western union of nations to resist aggression. General Wedemeyer told Congress that dollars, alone, would not do the job of containing Russia anywhere in the world. Blood may have to be spilled. And this first week in March, I record it here, I have heard it from the lips of two responsible officials that they expect war to break out within 6 months—one of them said 3 months.

Things are moving fast. The timetable of Russia has quickened. Before they get through swallowing the Czechs, they start in on the Finns. Who is next? That is what Europe is asking and that is what we are asking.

For the time being, at any rate, the initiative has passed. The Soviet Union has the ball and is running with it. Where to? How far? Will she risk a war? Will we lay down a line and say so far and no farther?

We have to remember that elections are coming up in Italy in April. The shuddering thought hits—what if the Communist bloc comes up with the largest single party in Parliament? Won't that start the same pattern of action that has regularly taken place wherever the Soviet Union has moved? And if that pattern is followed out and Italy goes the way of the others, what then? Well, we don't like to face it, but the truth is that if Italy goes Red, then the balance of power will have definitely shifted against us, in Europe, and we will be outflanked physically in the Mediterranean and politically in the rest of Europe. It will be a terrific defeat for the Western World. If this thing happens in Italy next month—and it may readily happen—then it will just about have accomplished what the Cominform said it was going to accomplish—defeat the Marshall plan. Then the Marshall plan will have to be supplemented by the things that Senator BALL has been asking for. We will be much, much closer, also, to a shooting war. It was thoughts like these which were in the minds of those two Government officials I mentioned awhile ago.

I was speaking, too, about a pattern that the Soviets use. They have applied that pattern over and over again. It may be worth

while to study that pattern. There is a saying that if you know enough history, then the bad things of history need not repeat. But that presupposes action—that presupposes that something can be done in time, once the pattern is detected and understood. Tonight I shall trace this pattern for you, to show the series of steps by which Communists get into power—how they take over a government from within. The pattern can, at least, tell us what time it is in some countries.

I think we can liken it to a baseball game. The primary objective of the batter is to get on base and to advance around the bases to home.

What is first base for the Communists? Everywhere in the world, the first base that they try to get on, is to penetrate and control labor unions. That is the largest leverage they can hope to wield, at first. Naturally, they plan while they are penetrating them, to penetrate those which are most strategic to the economy of the country and to the defense of a country. That is why they have always concentrated upon shipping and communications, and—in the age of electricity—upon electrical manufacturers. The Communists seek to penetrate all strata and to form a mass base for their activities and for their protection within a society, but by far the most important one is the trade-union movement.

Well, on the basis of our simile, communism is "on first base" practically everywhere in the world. It has received a recent set-back in the labor movement of this country but it still has control of several internationals. They are praying for a depression and 10,000,000 people out of work.

What is second base?

Second base is getting their people into the Government, in greater or less degree. It usually starts out in a very small degree. They worm^o into government departments, as they have in these United States. Communist Party liners get elected to Parliament, as they have to Congress in these United States. They get elected to the State legislature, as they have in the State of Washington. This recently came out through investigation. The investigation showed that a handful of Communists had come close to running the entire State of Washington, during the late 1930's.

Incidentally, unless you lived on the West coast, you probably saw or heard next to nothing about this investigation. For some reason the reports by the three press associations were not relayed to the East. Almost nothing was carried in the metropolitan press of the East coast. The first intimation I had of the real story came from the pages of the weekly newsletter Counter-attack. Then Newsweek carried it, but that was all I saw. Still, here was a case of self-confessed members of the Communist Party elected to the State legislature, holding their cell meetings under the guise of the committee on dikes, drains, and ditches, right under the capitol dome.

Admitted Communists have been members of the legislative body which governs the city of New York. For several years the Communist Party had sufficient leverage to swing the city of New York and the State of New York its way in elections. That was because of the small difference of strength in the two great parties in that State.

The hard nucleus, most of the organization and much of the money in support of the Henry Wallace third party, comes from the Communists and neither Mr. Wallace nor his running mate, Senator TAYLOR, has repudiated this support.

We have quite a lot of penetration within the departments of the Government here. It was very easy for them to get in during the war years and before. It is very hard to get them out now. As I recall, the sum of \$13,000,000 has been approved to try to root them

to promote the common good, with due observance of prudence, justice, and charity, so that the dignity and freedom of the individual may be assured, true social order attained, and the unity of our country restored, and concord established with other nations, do hereby adopt, enact, and give to ourselves this constitution."

Here in a few brief phrases, we have the essence of true social and political philosophy combined with the simple but sublime theology of true Christian faith. Stripped of all legalisms and devoid of the weasel-words of diplomatic language, the phrases have the beauty of a prayer. They express the Christianity of Ireland and they dedicate her people to the principles of Christian democracy. What would happen, I wonder, if the benighted, disorganized countries now floundering in the chaos of postwar turmoil could, or would, be reestablished and governed under constitutions with preambles like that of Eire?

Following the preamble, we find enumerated all of the national and individual safeguards essential to the democratic way of life. The guaranties of the constitution, which the administration of Mr. De Valera translated into effective realities, are a litany of democratic principles:

All citizens, their personal rights, and their civil liberties are guaranteed equality before the law; the sacredness of the family and family rights is assured; freedom of education and the rights of parents therein are guaranteed; the right of private property is declared and protected; freedom of conscience and religion is secured to all creeds and denominations.

In article 45 of that constitution it is laid down as a basic postulate that the function of the state is to insure the control and distribution of national material resources—not for socialistic or communistic purposes—but for the service of the common good, and to provide every citizen with the means of livelihood. In what is almost a paraphrase of the Corporal Works of Mercy, the Irish Constitution asserts that—

"The state pledges itself to safeguard with especial care the economic interests of the weaker sections of the community, and where necessary, to contribute to the support of the infirm, the widow, the orphan, and the aged."

I have dwelt at length upon the progressive, enlightened character of Irish constitutional philosophy, because, to my mind, it reflects the genius and statecraft of our honored guest here tonight. Shortly after the adoption of this splendid charter of government, without mention of his own tremendous contribution to its structure, Mr. De Valera stated that—

"The chief significance of the new constitution . . . is that it is in complete accord with national conviction and tradition in these matters, and that it bears upon its face, from the first words of its preamble to the dedication at its close, the character of the public law of a great Christian democracy."

That his description was accurate, and that such significance is paramount, are amply attested by the fact that Ireland, under his inspired guidance, has prospered internally and maintained her national integrity externally during the most trying and difficult period of 11 years since adoption that the world has ever known.

And lest anyone entertain any doubt about the nature of the nation which Mr. De Valera helped to rebuild, and which he so ably guided through its formative years, it is worthy of note that the constitution of 1937 unequivocally asserts that "Ireland is a sovereign, independent, democratic state."

And that furthermore "all powers of government—legislative, executive, and judicial—derive under God, from the people, whose right it is to designate the rules of the

state, and, in final appeal, to decide all questions of national policy, according to the requirements of the common good."

In these magnificent phrases, under the sanction of which the De Valera government gave Ireland the most democratic rule in modern Europe, we have the Irish manifesto against all forms of the totalitarian state. We have a declaration of Irish national independence—humbly joined with a declaration of dependence upon the dispensation of divine providence.

In short, we have enshrined in the national, basic charter of the Irish people the impress of the character, the genius, the philosophy, and the faith of Eamon De Valera.

In aiding and guiding the evolution of that constitution, in translating its ideals into practical reality, Mr. De Valera has written his own best tribute and erected his own most enduring monument to his high place in world history.

With all of my fellow citizens here tonight, therefore, I am privileged to record our own added tribute to the chief architect of the firm and noble structure which is modern Ireland. To our own most distinguished guest we wish to express the fervent prayer and earnest hope that he may be spared for long years to achieve the final unity of his gallant country which fears no tyrant and pays no homage but to God.

Conditions in the Panama Canal Zone

EXTENSION OF REMARKS OF

HON. WILLIS W. BRADLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. BRADLEY. Mr. Speaker, I invite the attention of Members of Congress to the following articles published in the Baltimore News-Post, in connection with conditions now existing in the Canal Zone. I think they deserve the serious attention of every Member in view of the prevailing world situation.

[From the Baltimore News-Post of March 14, 1948]

NEW DEAL POLICIES HARMFUL IN CANAL ZONE (By David Sentner)

ANCON, C. Z., March 13.—The Panama Canal Zone, sheathing the vital life line of America, is in a state of confusion bordering on chaos.

Sixteen years of New Deal policies applied to the strategic artery between the Atlantic and Pacific Oceans have produced the following unhappy results:

Due to inept diplomacy, interference with the military and the spawning of a left-wing labor movement in its midst, the Canal Zone is wide open to attack from within and without.

The long period of State Department appeasement toward the Soviet Union has permitted Russian agents to use the Panama Republic as a swinging door for subversive operations in the Zone and throughout Latin America.

APPEASEMENT POLICY

A similar appeasement policy adopted for Panama has proved ineffective.

Tiny Panama, owing its national existence and economic life to the Canal, has refused to grant bases to the United States for the Canal's protection.

This refusal marks up a humiliating diplomatic defeat for America, which aims to halt the Soviet Union.

Russia is making the most of the situation in her anti-American propaganda throughout South America and makes no bones of the Communist influence on the rejection of the bases agreement by the Panama National Assembly.

FACT BY ROOSEVELT

The loss of the bases is attributed directly by Army and Navy top side to the give-away of American security in the 1936 treaty with Panama conjured by the late President Franklin D. Roosevelt.

The defense chieftains call this treaty the Little Yalta agreement.

It cancelled the traditional right of the United States to have protective bases in Panama.

It gratuitously provided for huge financial concessions to Panama, including the return of American-built roads, property, and the "forgetting" of an Export-Import Bank Government loan.

It carried an "equal treatment" clause which has given an excuse to New Deal global good-doers to attempt to raise the low income Panamanian population to the same high American standard of living—at the expense of the American taxpayer.

The 1936 treaty is also being interpreted by left-wing bureaucrats as meaning Panamanians—and anyone, including a Soviet agent, can obtain Panamanian citizenship—should be permitted to compete with American civil service workers in the Canal Zone.

COMPOSED OF ALIENS

Along this line of economic internationalism, the New Deal, a few years ago, invited a Communist-dominated union—the United Public Workers of America—to organize the Panamanian workers in the zone.

Composed entirely of a membership of aliens, UPWA local 713 in the Canal Zone poses a flagrant security threat.

[From the Baltimore News-Post of March 15, 1948]

REVEAL SOVIET AGENTS ACTIVE IN CANAL ZONE (By David Sentner)

ANCON, C. Z., March 15.—Soviet agents and their Communist tools are overrunning the Panama Canal Zone and the surrounding Caribbean area like ants in a tropical sugar bowl.

They await but the word from Moscow to sabotage the Canal, aid in another Pearl Harbor attack, or assist in an air-borne invasion, possibly from some nearby Communist-dominated territory or country.

HOLD STRATEGIC POSTS

They have infiltrated strategic civilian posts in the Panama Canal Zone and are even among the crews of the American Government-owned liners operating from the States.

During the current Soviet "cold war" period they are busily engaged in gathering vital military data, spreading anti-American propaganda, and inciting friction between Americans and Panamanians.

The organization of 20,000 Panamanian workers into an alien union, with New Deal blessing, under an American pro-Communist leadership, furnishes grist to the subversive mill.

OTHER REVELATIONS

And here are some other revelations which failed to get through the bureaucratic curtain shrouding current events in the Canal Zone:

A Soviet vessel recently "accidentally" rammed the locks of the Panama Canal.

The ship was damaged more than the locks and tied up in the Canal to be repaired by American craftsmen. Members of the ship's crew were permitted to wander over the Canal area in the interim.

A purported Swiss couple from a tourist ship was found in the control tower of the Gatun locks.

FIND SECRET BUTTON

They had discovered the secret button operating the intricate mechanism but were merely fined \$50 for trespassing.

Soviet agents are smuggled into Panama via dugout canoes operated on the old smugglers' trail along the Atrato River in Colombia, which runs for 40 miles to the Panama border.

[From the Baltimore News-Post of March 16, 1948]

CHARGE CIVILIAN RIGHTS IGNORED IN CANAL ZONE

(By David Sentner)

ANCON, C. Z., March 16.—The thousands of loyal and freedom-loving civilian Americans who run the Panama Canal are writhing under the oppression and inefficiency of the socialistic regime set up in the Canal Zone by the New Deal.

There is no private enterprise in the Canal Zone. Everything is owned and run by the Government—food stores, housing units, schools, moving-picture theaters, hotels, railroads, and what have you. A Government doctor brings your child into the world, and a Government undertaker conducts your burial.

SAY RIGHTS IGNORED

Under the civil administration, headed by Gov. Joseph C. Mehafeey and his executive secretary, "Straw Boss" Frank Wang, it is charged constitutional rights have been ignored, the civil service law has been violated, and bureaucracy has run riot.

The Governor is appointed for a 4-year term by the President.

Braving intimidation and possible dismissal, a small band of American zone employees have vainly attempted to bring their unrecognized regimented plight to the attention of the American people.

Junketing Congressmen, inundated with social attention from the authorities and a guided tour of only the right spots, have missed the true state of affairs.

JOBS ARE LIMITED

They have been prone to think in terms of the Canal Zone as merely a military installation.

Actually, the Army's job in peacetime is only to guard the Canal; the Navy to furnish pilots for the commercial vessels transversing the locks.

The families of servicemen in the zone, as well as civilian personnel, are under the civil administration of the Canal agencies, and feel equally as bitter about their socialized existence as do 6,000 American civil-service employees who make the Canal work.

[From the Baltimore News-Post of March 17, 1948]

TELL INJUSTICES TO CANAL ZONE EMPLOYEES

(By David Sentner)

ANCON, CANAL ZONE, March 17.—New Deal bureaucracy—with a strong Soviet accent—straddles the Panama Canal from ocean to ocean.

While an alien union of Panamanians, under a procommunist leadership, is openly pampered by the Washington-appointed civil administration of the zone, the American civilian employees—who run the Canal and love their work—retain only the right to breathe.

A group of American legionnaires in the Canal Zone last October stuck out their necks to write for Presidential intercession against the un-American, un-Democratic and inefficient conditions prevailing.

COMMUNICATION EXCERPTS

Here are excerpts from their unanswered communication to the White House:

"The Panama Canal Civil Administration is a law unto itself.

"Fear is in the hearts of Canal Zone employees and a spirit of desperation exists.

"Health conditions: Hospitals and dispensaries are on a purely socialized medical basis. Cost is prohibitive; service is very poor; doctors are disinterested.

"Internes or medical orderlies perform obstetrics when cases are brought in during the night, even on difficult cases.

"Secretary: We all feel very strongly about the danger to security since Civil Service appointments have been opened to aliens.

"Although small, the Isthmus of Panama is one of the most vital strategic areas in the world for the United States.

REDS ARE ACTIVE

"Communist activities: Communist activities have never ceased and since the war has ended, their influence in the Panama area is ever boldly increasing.

"Civil-service employees—veteran preference: Publicity of Civil Service publications or releases are screened from general dissemination in the Canal Zone and are treated with an air of secrecy.

"Veterans are not obtaining their rights and appeals bring no results, other than prejudice, and many times eventually lead to loss of jobs."

[From the Baltimore News-Post of March 19, 1948]

NEED FOR CANAL IN NICARAGUA OUTLINED

(By David Sentner)

ANCON, Canal Zone, March 18.—A Trojan horse containing communism, bureaucracy, and blundering New Deal diplomacy is astride the Panama Canal.

The prevailing internal confusion in the Canal Zone, plus the stripping of its defenses by the loss of bases in Panama, furnishes flaming reasons why a second trans-ocean canal should be built in Nicaragua.

ALL-AMERICAN CANAL

A Nicaraguan canal could be an all-American canal.

It could be a home for American workers instead of a land of exile under a socialist regime.

A democratic civilian administration could be established, possibly under a city managership form of government.

A fresh start could be made with the assignment of a civil service representative, responsible solely to the Civil Service Commission.

Nor would there be any necessity for a one-way treaty involving employment guarantees for aliens and the drain of financial gratuities to the leasing nation.

WRITE OWN TICKET

Nicaragua has made it clear that the United States can write its own ticket—if it will but build the canal which was unanimously recommended over the Panama route so many years ago.

Nicaragua, with its homogeneous Indian strain, has no such racial problem to be met as is faced in dealing with Panama, and there would be no need for New Deal ideological concepts.

Nor would Nicaragua prove an orchidaceous terrain, dependent on nourishment from the economic soil of the Canal Zone.

Nicaragua is a flourishing, self-sustaining agricultural nation of diverse products, worthy site of a new crossroads of the world.

SUBTLE CAMPAIGN

A subtle propaganda campaign is being currently waged by bureaucracy in favor of sea-leveling the Panama Canal in preference to construction of another canal in Nicaragua

which would shorten the route by a day between the Atlantic and Pacific Oceans.

Fallacious arguments are put forth that a Nicaraguan canal would cost five times as much as the \$2,500,000,000 estimated for sea-leveling the Panama waterway.

It is admitted it will take 10 years to do the Panama job.

Our Foreign Policy

SPEECH

OF

HON. PAUL W. SHAFER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 25, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. SHAFER. Mr. Chairman, I should like to say a few words in connection with the pending legislation. I have scant hope that anything I shall say will be given any great consideration, or change any minds. Nevertheless, I want to let the record show where I stand on our foreign policy in general and the European recovery program in particular.

Before World War II, I was known as an isolationist. I never did know what was meant by the term, but I do know that the Communists and self-styled interventionists invented it as a smear word to pummel those who did not want America involved in a war that was bound to cost us untold wealth and the lives of our finest men. All of the history of Europe since the conclusion of that war has proved to me that my stand was the most logical, the most consistent, and, if followed, would have been best for this country in the long run. World War II merely replaced one totalitarian regime with another in Europe and brought more troubles and heartaches to the American people.

As a result of World War II, there was evolved what has become known as the bipartisan approach to foreign affairs. It has become almost as popular in Republican circles to refer to our bipartisan foreign policy as it was back in 1943 and 1944 when President Franklin D. Roosevelt craftily maneuvered Thomas E. Dewey into saying, "me, too," on every possible occasion. President Roosevelt was able to do this, but just the other day I noticed a newspaper story in which Governor Dewey claimed all the credit for the bipartisan foreign policy which, he says, he and Mr. Dulles introduced.

As far as I am concerned, it is wiser to attribute the bipartisan foreign policy to the Democrats, for the people of this country are fast awakening to the fact that it is a snare and a delusion. If

the Republicans keep prating, "me, too," every time the Democrats bring out a new set of plans to increase plenty abroad and scarcity at home, we shall soon find ourselves so far out on the political limb we will not be able to crawl back when the life of our Republic demands such action.

I am not an economist and I lay no claim to being a seer, but I say that anybody who can add two and two knows that domestic and international policies are so closely interwoven today that it is impossible for Republicans to cooperate with the Democrats in a bipartisan foreign policy and fail to cooperate in a bipartisan domestic policy.

Our foreign policy and our domestic policy are but two sides of the same coin. And, I might add, the coin has been getting more and more valueless for the past 15 years. Yet, in keeping with peculiar kind of reasoning by which so many Republicans legislate these days, we actually are going to try to be bipartisan overseas and partisan as well at home. Many Republicans are going to vote for this ERP and then tell their constituents that the Democrats are to blame for the higher prices and the demands for renewed economic controls at home. That is, to borrow a phrase from the late Roosevelt, talking out of both sides of the mouth at the same time.

Mr. Chairman, for 10 long years I fought the program of the New Deal at home and abroad. Then my party, on a straight program of opposition to the New Deal controls at home and to New Deal bungling in foreign affairs, came into power. Less than a year after we gained power, many Republicans began talking about reversing their stand on issue after issue on which they were elected and on which the people depended upon them to stand. If I had not seen it and heard it myself, I would not have believed it. But it is true, and we now are embarking on the very programs—internationally and nationally—opposition to which won us public approval and a return to legislative power.

Let me ask Republicans supporting this measure a question: Do you think the people are going to go along for decades without alternatives in foreign affairs? If so, you have forgotten the very principles of politics at the grass-roots level. You and I know that there never is a proposal in even the smallest town to which there is not some opposition. Two groups are formed. Candidates take their stand on the issues. The campaign is made. An election is held. One side wins—perhaps by a very narrow margin. Then, and only then is there unity and bipartisan action. But notice that such action at the town level takes place only after the issues have been debated and after the people have had a chance to speak their minds. A Gallup pollster is not called into Kalamazoo or Kokomo to decide a political issue. The issue is debated. Candidates take their stand. When the election is held, the actual poll of the eligible voters is taken. The issue is decided.

We have no right, as legislators, to commit the people of the United States to expenditures ranging from \$25 to

\$150 a wage earner or salary earner, depending upon the individual's income, without standing for election on such a momentous issue. In some families, the cost will run to \$1,000 a year and more, counting the per capita expense. If we vote this and future proposals that will be brought up, we will vote an annual expenditure that will hang like a millstone about the necks of every wage earner, every salaried man, every businessman in the United States. We have, I repeat, no right to do this without consulting the people and without actually debating this issue in our district and letting the people decide.

Referring again to the so-called bipartisan foreign policy, how can we justify handing over to a few self-authorized spokesmen for our party the settling of issues of such magnitude and consequence to 145,000,000 Americans. I was never more in earnest in my life than when I say that one of the biggest planks in the platform of Henry A. Wallace, crackpot though he may be, is his unalterable opposition to the so-called bipartisan foreign policy. If we Republicans continue to swallow it, we will see good Republicans deserting us in droves merely to register their opposition to our political stupidity.

If the people do not have alternatives, how can they vote intelligently in an election?

If the result is going to be tweedle-dee or tweedle-dum on the most important issues, namely, those in the field of foreign policy, why should not the people become disgusted and disillusioned, as millions of them are today?

If the people are not going to be thwarted forever in expressing clearly what they want done, how can they break through a combined so-called bipartisan foreign policy.

It is elementary to me that the people want and that they are going to demand that the Republicans either present alternatives to the Democratic proposals for national and international action, or they are going to go down to defeat at the polls. And I will add that they will deserve it if they do not quit swallowing, hook, line, and sinker, every worm-like suggestion put forward by the striped-pants brigade in the Department of State.

Mr. Chairman, there are many good reasons, in my judgment, why we should not vote this ERP bill at this time. We ought to be suspicious of it if for no other reason than the groups and men who sponsor it. They have piled blunder on top of blunder in foreign affairs in recent years and we have every valid reason to feel that they stand utterly discredited in the view of thoughtful men and women everywhere. Looking back on our recent history, in which the men who suggested this plan originally were the leaders of our destiny, we can find no fact that would lead us to have confidence in any proposal they put forward.

Since 1933, we have witnessed the policy of neutrality and then the policy of muddled intervention. We have seen come into being the International Bank, the United Nations, the Atlantic Charter, lend-lease, UNRRA, the Yalta

agreement, the Potsdam agreement, Bretton Woods, Dumbarton Oaks, the Bank for International Settlement, the Truman Doctrine, and now the so-called Marshall plan. Not a single one of them has succeeded in bring peace, real peace, to the world, although every one of them was put forward as the final, the only, way for us to achieve peace.

This proposal, the ERP, is merely another faltering step—a weak government's idea of how to stop a bully by indirect methods which, in my judgment, have not a chance for success. We have heard the President denounce Russia by name before this body during one week and then the next week defend shipment of war material to Russia by saying that after all, she is a friendly nation.

What inconsistency. What muddled-headedness. Yet, we are going to vote here soon to follow the policies put forward by this man on the specious reasoning that we must hold up the President's hands.

Let us get a new leader—one whose hands we can really hold up and be proud of it—before we obligate ourselves, our children, and our children's children to a policy that will solve no problem but will further impoverish our own Nation. The Marshall plan is an expensive and ineffective attempt to bribe others to do what America knows must be done to Russia, but what our fearful leaders are afraid to tell us we must do.

Since only a few Members have come forward with alternatives to this international WPA scheme, which is three times as expensive as any domestic WPA we have had yet, I venture to offer a tentative program for dealing with the Russians. If I have no alternatives to what the New Deal still offers, then all I can say would be, "Me, too, me, too," like so many others. If I did say that, I know well, I wouldn't be back here in January of next year.

What is my program?

First, it entails a bit of consistency. I know that it is a handicap these days in any governmental foreign program—consistency. By that, I mean that if we are going to be against Communists, we ought to be against them everywhere. If they are dirty, low-down, lying sneaks in Greece and Turkey and in Hollywood and in New York and in Washington, then they are dirty, low-down, lying sneaks in Moscow, Bucharest, Berlin, Mukden, and Chungking. What do you do with such dirty, low-down, lying sneaks? Well, first, you snub them. You do not send in reporters to interview them and to quote them and to allow them to defend rape, pillage, carnage, and mass murder in your newspapers. At least, I would not.

For almost 15 years now, we have recognized formally a regime that has blood not only on its hands but splattered over the clothes of every man who is a part of it. I refer to the Communist rulers of Russia, who are no better, if no worse, than the Czars who lorded it over the same long-suffering people for centuries. If we are going to spend billions to keep Europe out of the clutches of these rascals, we have no moral right to recognize them. In fact, we have no moral

right anyway to recognize them, for by so doing we help them to keep millions in subjugation and we actually are a party to preventing dissident groups inside the iron curtain from arising and trying to throw off their shackles.

Secretary of State Marshall, let it be remembered, actually tried to get Chiang Kai-shek only 2 years ago to take Communists into his cabinet, and, because this was refused, all American aid to China stopped. Oh, yes, I am familiar with the fact that Marshall called them liberals but everybody knew what he meant, and if he didn't know what he meant it was because he was stupidly allowing the Communists in the Department of State to make policy for him.

Mr. Chairman, the first plank of my platform as an alternative to this ERP would be to withdraw diplomatic recognition of Russia. It is a simple thing to do. It would not represent an act of war. We went from 1917 until 1933 without recognizing Russia. There is reason to believe that our recognition of Russia did more to build up the totalitarian regime there and to consolidate the rule of the Communists than any other single act of modern history. By such action, our late President snuffed out the possible lights of freedom—little resistance groups here and there in the vast expanse of Russia.

But what about the other parts of my program? Let me say this. It contemplates no war today, tomorrow, or a decade from now, or 100 years from now, against Soviet Russia. A moral, spiritual and economic war against communism need not turn into bloody, actual warfare—unless, of course, the war is precipitated by the other side. We cannot, in that case, do anything but fight. But let the record show clearly, Mr. Chairman, that I am just as opposed to war with Russia as I was to war against Germany. They are both the same in my judgment—the same kind of stifling totalitarianism that grinds down the people.

The second part of my program would contemplate the drawing of some lines across the map of the world and saying to the Russians, very bluntly, "This far, and no farther." So far, I might add, the Russians have not taken a single country that our leaders, in effect, at Yalta and at Potsdam did not invite them to take. We gave Stalin what amounted to a blank check in Poland. When he cashed it, there were some who cried out that the Russians were aggressors: They were doing only what our own leaders had urged them to do, in effect, by creating a vacuum. We gave Stalin a blank check in Yugoslavia. Can we forget that it was Roosevelt and Churchill who turned their backs on Mikhailovitch and virtually invited Tito to take over? Yet, when Stalin cashed that blank check our leaders signed, we blamed Stalin, but forgot to put the final blame where it belonged—on our own leaders. They sold little Finland down the river. Stalin obtained there what amounted to a blank check, with the right to take a base anywhere he pleased. Now that Stalin is cashing his check,

there are those who seem to be surprised and are crying "wolf, wolf." What kind of naive fools have we become? Do we seriously think that Stalin is not doing only what we have virtually invited him to do? Then who is to blame? It is obvious that our leaders are to blame.

It is a simple thing to do—to draw a few lines on the globe. It costs us no money. It does not entail the expenditure of billions of dollars in an ERP, or for any other stupid purpose in Europe. It could lead to war. Yes, but so can ERP, or so can all the alternatives the administration has suggested. In fact, we know they are leading us to war. Why not try something simple, something that may be effective, a plan that at least appeals to our basic instincts of being open and fair.

We have no right to tyrannize others and we have no right to let others be tyrannized with our acquiescence or our actual cooperation, as happened in Poland, eastern Germany, Rumania, Bulgaria, Korea, and Manchuria, to mention only a few places.

Drawing such lines need not mean war, unless, of course, the Communists want it to mean war. And if they want war with us, today or tomorrow, let us have the common sense to know that anything we do, say, or think will not prevent war. Any so-called show of force—a phony draft, or things like that—will not scare the realists of the Kremlin. The bomb, yes, that scares them, and so does our industrial potential.

Never fear. If we draw lines and if we withdraw recognition from Russia, they will stop. They know our real power better than many of our own people know it. They will know then that the chips are down. And, I am confident they will ponder a long while before embarking on a war of folly against us. I cannot believe that the Russians—even their blood-bathed rulers—want war with us. I am sure that the tens of millions of common people in Russia do not want to fight the tens of millions of common people in the United States. We can never discount the possibilities of a war, but we certainly can say on the basis of what we see, read, hear, and know, that war need not become probable with Russia. And the longer we live and practice the program I have suggested, the greater the turmoil inside Russia and the more likely an internal smash up.

As a matter of fact, I believe Stalin is counting on an internal smash up in the United States. And I am not so sure it will not come, if we continue to pursue the same fruitless, useless, depleting program we have followed so long now. Our people are more confused and disillusioned than ever. Parents are sick at the thought of rearing their children in a world of perpetual fears. Millions upon millions of Americans want to know something about tomorrow and the next day and the long tomorrows to come. I say that the program the administration has followed has led to the brink of catastrophe and promises nothing except more emergencies, more deficit financing,

more economic tensions, and, perhaps, the break-up that the sly old fox in the Kremlin awaits.

The third part of my program is to make America strong—so strong in heart and spirit and body that the Russian leaders dare not take us on and so strong in morale and in goodness that the Russian people will never want to fight us.

Are we making America stronger by spending enormous sums overseas, thus depleting our natural resources, and now doling out more billions to Europe? The apparent reason we are spending these huge sums is to "contain" Russia, but I would ask behind what line are we trying to contain the rulers of the Kremlin? I am for drawing lines, but so far I have seen no lines drawn.

In the "grand design" our leaders claim they are weaving, we have failed notably to take into account a factor that can be decisive, even if we send all the money and goods requested. That is, the power of Russia, if its rulers wished, to over-run all of western Europe any time it pleases them to do so. If you and I could sit in Stalin's seat, do you think that we would want to take over a disorganized, hungry, ill-fed, ill-housed and ill-clothed western Europe? We could not use such countries to build our own country up, and Stalin cannot use them. If we put western Europe on its feet, he may want it, and, speaking from a purely military point, he could take it. He has the army, and he has the access routes to send his troops flowing over Europe any time he pleases. From the realistic, strategic point of view, the only way we can "contain" Russia—if Russia really wants a fight—is by sheer military force. The machinery and money we ship to Europe will not contain Russia.

By making America strong, I refer to real strength, not apparent strength. Hanson W. Baldwin, the noted military expert of the New York Times, and many other military men, have pointed out that millions of Americans have a mistaken idea of what strength really is. But let us not be deceived. The Russian leaders recognize real strength. They will not consider a few hundred thousand more Americans carrying out-of-date Army rifles around as real strength. They will not consider our sending money and materials to western Europe as strengthening our position. They know that these things really will weaken us. We must make ourselves strong by promoting here at home the greatest possible Air Force, the highest trained technical and scientific citizenry possible, the development of industry and the dispersal of that industry, both by allowing new industries to take hold and by expansion of existing industries. We must make America strong by encouraging the type of men—the chance-takers—who carved out our wildernesses and built our spans of steel from coast-to-coast and developed our present industrial potential. We did not encourage these men by New Deal policies domestically and we cannot encourage them again if we promote New Deal projects internationally.

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: House passed foreign-aid bill. Rep. Flannagan spoke in favor of tobacco shipments in connection with foreign aid. House received voluntary agreement with brewers for grain conservation. Rep. Hope announced subcommittee to study oleo taxes. Senate committee approved bill to provide for meat inspection at Federal expense. Senate committee approved bill to provide revolving fund for purchase of agricultural commodities to be processed and sold in occupied areas.

HOUSE

1. FOREIGN AID. Passed, 329-74, with amendments S. 2202, the foreign-aid bill (pp. 3912-77). The following were among the amendments rejected:
 - By Rep. Vursell, Ill., to reduce ERP by \$1.3 billion, by a 61-112 vote (pp. 3912-31).
 - By Rep. Smith, Wis., to provide that the bill shall not involve an obligation to continue aid beyond 1 year, by a 117-127 vote (pp. 3931-5).
 - By Rep. Goff, Idaho, to establish a Joint Committee on Foreign Economic Cooperation (pp. 3954-5). During debate on this amendment Chairman Taber of the Appropriations Committee said: "I intend to go into the need of every nation before recommending funds to the House. I intend to go into the capacity of the United States to provide for this program...There is no individual today who can tell what we can possibly provide for the countries across the water on a wheat basis. It is probable that the budget will not be up here on this proposition before the middle of April and that we cannot conclude our operations on the budget estimate and have the bill in here much before the 10th of May, no matter how hard we work. Around that time we will be able to learn something about what the wheat crop is going to be, and make an intelligent recommendation as to what this country might be able to provide."
 - By Rep. Mansfield, Mont., to strike out the provisions for aid to China, Greece, and Turkey, by an 18-152 vote (pp. 3961-9).
 - By Rep. Marcantonio, N. Y., to provide for aid through UN, by a 6-270 vote (pp. 3975-6).

After debate in the Committee of the Whole had been concluded, the House confirmed, 188-104, its agreement to the O'Konski amendment to make Spain

eligible for aid (pp. 3976-7).

Reps. Eaton, Vorys, Mundt, Bloom, and Keefe were appointed conferees on the bill (p. 3977). Senate conferees not yet appointed.

2. RUBBER. Both Houses agreed to the conference report on H. R. 5314, to provide for maintenance of an adequate domestic rubber-producing industry (pp. 3871-4, 3978-9). This bill will now be sent to the President.
3. FOREIGN AID; TOBACCO. Rep. Flannagan, Va., spoke in favor of shipments of tobacco in connection with the foreign-aid program (pp. 3980-1).
4. GRAIN CONSERVATION. Received from the Attorney General a voluntary allocation plan for conservation of grain by the brewing industry; to Banking and Currency Committee (p. 3984).
5. OLEOMARGARINE TAX. Received various petitions against this tax (pp. 3984-5).
6. FOOT-AND-MOUTH DISEASE. Received an Ariz. Legislature memorial favoring a fence on the Mexican border (p. 3985).

SENATE

7. MEAT INSPECTION. The "Daily Digest" states that the Agriculture and Forestry Committee approved (but did not actually report) S. 2256, to provide that the cost of Federal meat inspection after July 1, 1948, shall be borne by the Federal Government (p. D306).
8. AGRICULTURAL EXPORTS. The "Daily Digest" states that the Agriculture and Forestry Committee approved (but did not actually report) S. 2376, to provide for a revolving fund for the purchase of agricultural commodities to be processed in occupied countries and sold (p. D306).
9. EDUCATION; FEDERAL AID. Continued debate on S. 472, to provide Federal aid for education (pp. 3878-907).
10. CLAIMS; APPROPRIATIONS. Received from the President supplemental estimates of \$1,826,586 for the payment of various claims and judgments in the executive departments and agencies (S. Doc. 132) (p. 3874).

BILLS INTRODUCED

11. LAND TITLES. S. 2418, by Sen. Morse, Ore., to amend the act of July 8, 1943, entitled "An Act to authorize the Secretary of Agriculture to adjust titles to lands acquired by the United States which are subject to his administration, custody, or control." To Agriculture and Forestry Committee. (p. 3877.)
12. RECLAMATION. H.R. 6067, by Rep. Miller, Nebr., authorizing the execution of an amendatory repayment contract with the Northport irrigation district. To Public Lands Committee. (p. 3984.)
13. INVESTIGATIONS. H.R. 6065, by Rep. Buchanan, Pa., to prescribe the procedures of investigating committees of the Congress and to protect the rights of parties under investigation by such committees. To Rules Committee. (p. 3984.)
14. FOOD AND DRUGS. H.R. 6080, by Rep. Bolton, Ohio, to amend the Federal Food, Drug, and Cosmetic Act so as to prohibit the movement in interstate commerce of salt, in certain containers and of certain crystal sizes, not having a pres-

housing constructed under the Lanham Act of 1940, H. R. 5710.

Paul V. Betters, executive director of the conference, informs me that at the recent annual conference of the United States Conference of Mayors held in New York City on February 18, 1948, this conference went on record by resolution to the effect that—

RESOLUTION PASSED BY UNITED STATES CONFERENCE OF MAYORS, FEBRUARY 18, 1948:

TEMPORARY HOUSING

Whereas the Director of the Public Housing Administration is proceeding to dispose of war housing, both that classified by them as temporary and permanent, in cities throughout the country; by sale of such housing for off-site removal and sale on site for occupancy; and

Whereas the Public Housing Administration feel they have a mandate from Congress to dispose of such housing as expeditiously as possible, based upon the Lanham Act as last amended in July 1943; and

Whereas these housing units were originally contemplated as temporary shelter, required in certain areas, to further the national defense during the war period and for the duration of the emergency, and not as a permanent subdivision development; and, as such, should be considered as an expendable byproduct of the war; and

Whereas the imperative need of all cities is for low rental housing, and it is the belief of this conference that the community's interest and well being should receive precedence over recovery value to the Federal Government; and

Whereas, international developments presage the continuation of an implied emergency period; and

Whereas these housing projects are operated on a low-rental basis that still results in a high rate of return to the Federal Government; and

Whereas most of this housing was built without regard to local building codes, and in its present status does not conform, precluding the advisability of annexing or leaving it as a permanent dwelling in the various cities; and

Whereas in the Congress much legislation has been introduced to authorize Government participation in low-rental housing construction, and on the other hand the Public Housing Administration is currently proceeding to sell, thereby eliminating all housing under its jurisdiction from the rental market, which is inconsistent with the current needs of the people represented by their officials at this conference: Now, therefore, be it

Resolved by the United States Conference of Mayors, That legislation should be passed by the Congress stopping the sale or disposal of emergency housing built under the Lanham Act, and as amended, by an agency of the Government, until such time as the supply of rental units more nearly equals demand, with such eventual disposal or a plan for such disposal being mutually agreed upon between an agency of the Government and the local governing body of the cities.

EXTENSION OF REMARKS

Mr. SIMPSON of Pennsylvania asked and was granted permission to extend his remarks in the RECORD and include a list prepared by the United States Tariff Commission comparing old and new rates of duty on various tariff classifications.

Mr. MACKINNON asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. RICH asked and was granted permission to extend his remarks in the RECORD and include a letter he received from a constituent in Lockhaven, Pa., on international affairs.

Mr. SHORT asked and was granted permission to extend his remarks in the RECORD and include certain newspaper articles.

Mr. ANGELL asked and was granted permission to extend the remarks which he expects to make in Committee of the Whole and include certain extraneous matter.

Mr. LANE asked and was granted permission to extend his remarks in the RECORD in two instances, in one to include a radio address he intends to deliver over Station WMEX tomorrow and in the other to include a newspaper article.

Mr. WHEELER asked and was granted permission to extend his remarks in the RECORD and include certain excerpts from the Rehabilitation Service Bulletin published by VFW.

Mr. BUCHANAN asked and was granted permission to extend his remarks in the RECORD in two instances, in one to include an editorial from the New York Times.

Mr. LANHAM asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Washington Star.

Mr. HOPE asked and was granted permission to extend his remarks in the RECORD in three separate instances, in two of them to include newspaper articles.

CALL OF THE HOUSE

Mr. CANFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 33]

Abbutt	Gore	Powell
Andresen,	Grant, Ala.	Rains
August H.	Hendricks	Reed, Ill.
Andrews, Ala.	Jarman	Richards
Bell	Jenkins, Ohio	Rooney
Blatnik	Kennedy	Sadowski
Boykin	Lesinski	Sikes
Busbey	Lewis	Somers
Carson	Lichtenwalter	Stratton
Celler	Lucas	Taylor
Clark	Ludlow	Thomas, N. J.
Coffin	Manasco	Vail
Cravens	Mason	West
Dawson, Ill.	Mitchell	Wilson, Tex.
Dingell	Norrell	Wood
Dirksen	Passman	Zimmerman

The SPEAKER. On this roll call, 377 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and to include some radio comments by Mr. George Reedy.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. HARTLEY]?

There was no objection.

TAFT-HARTLEY LAW

Mr. HARTLEY. Mr. Speaker, John L. Lewis, persuaded by a court order, finally put in an appearance before the President's fact-finding board.

This cantankerous gentleman is trying to prove that the Taft-Hartley law is too drastic. On the contrary, he is proving that it is not drastic enough.

The irony of this situation is that this law which Mr. Lewis condemns can provide relief for his United Mine Workers if he is right in his contentions.

Under the Taft-Hartley law, first of all, he could obtain an interpretation of this contract through the courts; and secondly, if, as he alleges, the mine operators have broken this contract, he can take them to court and sue for damages. There is some question in my mind as to whether or not the Taft-Hartley law will prove adequate in dealing with Mr. Lewis or any other person of such arrogance. Therefore, I have just reintroduced language from the original House bill which twice passed this House by an overwhelming majority which would apply the Sherman and Clayton Acts, the antitrust laws, to a labor monopoly in restraint of trade in the same manner as we apply it to a business monopoly.

This strike of the United Mine Workers, and there is no doubt that it is a strike, if continued much longer may have a disastrous effect on our entire economy and even threaten our national safety and security.

I want to show the people of this Nation that its representatives in the Congress are ready to meet this challenge.

RADIO COMMENTARY BY MR. GEORGE REEDY

Last July the always amazing John L. Lewis presented the southern coal operators with one of the most fantastic choices in American history. Either they must break a law clearly spelled out by Congress, or they must close down their mines.

He was allowing no ifs, ands, or buts. Half-way measures were not enough for the shaggy-browed boss of the United Mine Workers. Either they would capitulate or they could go under. He indicated he did not particularly care which course they chose to follow. The law he was asking them to violate was the Taft-Hartley labor law. That law specifically stated that State laws banning closed or union shops would take precedence over any Federal statute.

Lewis was insisting that all operators sign an agreement including a closed-shop arrangement. The law worried him then not in the slightest. As one of his lieutenants put it, the quicker we get that law into the courts and get it tossed out the better.

Just 3 weeks ago today, March 2, to be exact, I called attention to the fact over this microphone that Lewis had never let a year go by without creating at least one crisis. I also pointed out that 1948 promised to be no exception.

I observed also that most of the operators had resigned themselves to a major strike, complete with Shakespearean quotations. And that they were ready for the eyebrow waggling and table thumping that always accompanied a Lewis campaign.

Never let it be said that John L. Lewis is one to disappoint anyone in that regard. A work stoppage in the coal mines is now in its third week. Mr. Lewis, John L., that is, says that no action of his or the United Mine Workers is responsible for it.

Apparently there is no evidence available that he—or the United Mine Workers have. But there is no coal being mined, and your Government, and mine, and John L.'s too, would like his cooperation in getting the matter ironed out.

So, President Truman appointed a fact-finding board to get at the cause of it all. This was in accord with the Taft-Hartley law provisions. Mr. Lewis does not like the Taft-Hartley law, and he has said so. In fact, he called it a slave labor law.

When the Board requested his voluntary appearance before them to acquaint the Board with his story to help them in making their report to the President, Lewis' cooperation was contained in a letter to the Board outlining his disinclination to appear as requested. A subpoena was then issued by the Board, requiring his attendance yesterday afternoon at 2 p. m. But evidently that was Mr. Lewis' day to get a haircut or something, for he paid no heed to the subpoena either.

So the Board obtained a court order directing Lewis to appear in Federal court at 11 a. m. this morning to explain his stand to a judge. If Lewis fails to show up this morning, however, he may be held in contempt. And the judge can slap on any penalty he sees fit.

If Lewis or his lawyers do appear, a ruling on the fact-finding board's subpoena will be made. If it is held binding Lewis will be given a second chance to testify. The second time, however, will be under penalty of contempt.

This is not to comment on the merits of the mine workers' dispute with the operators, if dispute it is. The important thing would seem to be the apparently callous disregard of the processes of the laws of this Nation in times of at least near crisis, by citizens who deem themselves a law unto their own.

It is a strange situation. One that could well make the founding fathers of our Republic rub their eyes with amazement and ask themselves how well they had wrought.

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was granted permission to extend his remarks in the RECORD in regard to an amendment to the Bureau Budget Act.

Mr. MILLER of Nebraska asked and was granted permission to extend his remarks in the RECORD and include a letter.

Mr. MUHLENBERG asked and was granted permission to extend his remarks in the RECORD and include extraneous matter.

Mr. CLASON asked and was granted permission to extend his remarks in the RECORD.

Mr. SCHWABE of Oklahoma asked and was granted permission to extend his remarks in the RECORD in two instances, in each to include a letter from a constituent.

Mr. KERSTEN of Wisconsin asked and was granted permission to extend his remarks in the RECORD and include an article.

Mr. JAVITS asked and was granted permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. HOFFMAN asked and was granted permission to extend his remarks in the RECORD on three subjects and to include two newspaper articles.

Mr. KEOGH asked and was granted permission to extend his remarks in the RECORD.

Mr. MADDEN asked and was granted permission to extend his remarks in the RECORD and include a newspaper article and a letter.

Mr. CHURCH asked and was granted permission to extend the remarks he expects to make in Committee of the Whole and include certain newspaper items.

Mr. GILLIE asked and was granted permission to extend his remarks in the RECORD and include a speech.

Mr. WEICHEL asked and was granted permission to extend his remarks in the RECORD.

Mr. LODGE asked and was granted permission to extend his remarks in the RECORD and include a newspaper article.

CORRECTION OF ROLL CALL

Mr. LODGE. Mr. Speaker, yesterday, during the quorum call, I was present but I am recorded as absent. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut [Mr. LODGE]?

There was no objection.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that today, after the legislative business and any other special orders heretofore entered, I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

CORRECTION OF THE RECORD

Mr. BONNER. Mr. Speaker, I ask unanimous consent to correct a typographical error in the RECORD yesterday. On page 3860 in my remarks on the Herter amendment, the word "jobs" should be changed to read "tobacco."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. BONNER]?

There was no objection.

EXTENSION OF REMARKS

Mr. MANSFIELD asked and was given permission to revise and extend the remarks he intends to make in the Committee of the Whole today and include extraneous material.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further

consideration of the bill S. 2202, the Foreign Assistance Act of 1948, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday the Clerk had read through section 114 of the committee amendment. Are there any amendments to this section?

Mr. VORYS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. VORYS: On page 81, line 17, strike out the words beginning with "from" through and including line 19, and insert "for advances made by it hereunder from funds made available for the purposes of this title."

Mr. VORYS. This amendment is a technical amendment made necessary by the fact that the bill provides for financing by both loans and appropriations.

The CHAIRMAN. Without objection, the committee amendment will be agreed to.

There was no objection.

Mr. VURSELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VURSELL: On page 82, line 11, strike out "\$4,300,000,000" and insert "\$3,000,000,000."

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. VURSELL. Mr. Chairman—

Mr. BENDER. Mr. Chairman, will the gentleman yield to me?

Mr. VURSELL. I yield.

Mr. BENDER. I appreciate the gentleman's yielding to me at this time. We have had ERP for a week, now I would like to announce a little "Burp" after the ERP, for the Cleveland Heights High School Band from my own city will be here at 11 o'clock tomorrow morning on the Capitol steps; and from 11 until 12 tomorrow you will have the finest band concert you ever heard in your life. We have a fine tuba player who will be burping for you for an hour, and you will enjoy it. I hope the wind instruments will be in better tune than they are on the floor today.

Mr. VURSELL. Mr. Chairman, this amendment striking \$1,300,000,000 out of the bill will reduce the aid proposed in the bill from \$5,300,000,000 for the European recovery plan to \$4,000,000,000. It remains at this high level, after the reduction, by reason that \$1,000,000,000 has been provided for to be handled through the Import-Export Bank for grants and loans. If we reduce the amount proposed by this amendment the bill will still carry for the children's fund, \$60,000,000, for Greece and Turkey \$275,000,000, and \$570,000,000 for China. With this reduction the bill will still carry an appropriation of \$4,905,000,000 in all.

Nearly all of the Members of Congress want to give such support as is necessary to the western European nations and to China as will help those countries from a psychological standpoint and in a material way to encourage them to fight off the rise of communism in such countries. We want to give them such aid as will prevent undue hardship for lack of food and clothing and will help them to

rehabilitate their countries. Many of us feel that we cannot vote for the bill in its present form. I believe it would be a wise move on the part of the committee to accept this amendment to reduce the amount by \$1,300,000,000.

Mr. Chairman, the best the members of the committee supporting this bill can say for it is, it is a calculated risk. It is my opinion that this bill is not a calculated risk but is the greatest financial gamble ever taken by any government in the world. From my limited study of Europe with the Herter committee, I feel confident that if we reduce the bill by \$1,300,000,000 it still will provide \$1,000,000,000 more than is necessary for this Nation to make its greatest contribution against the encroachment of communism in western Europe and for the rehabilitation of the countries that really need aid.

There is little question in my mind but that the launching of the Marshall plan asking 16 nations to gather in conference and determine how much aid they needed from the United States was a colossal blunder in the very beginning. Now that the mistake has been made and that the international bankers, exporters, this administration, and the State Department, through the greatest propaganda drive in the history of the Nation have this measure before the House, I think it is incumbent upon the Members of this Congress who are the only representatives the people have, that they try to reduce the amounts, limit the program to 1 year, and set up the best possible management for the program. It will be less disastrous to this country if the Members of this Congress will now take over and have the courage to try to salvage what we can in the interest of our Government and the people.

Mr. Chairman, in the most reckless days of the New Deal through the past 15 years, even such advanced thinkers, liberals, and spenders as Tugwell and Harry Hopkins never dreamed up such a fantastic world-wide WPA as this Marshall plan.

So that the Congress and the American people, if they could have had the truth which they have not had, can better understand the obligations we assume under this plan, let me try to explain it in a few words.

This plan proposes to finance with supplies and materials 16 European nations in a manner to take care of what some of our congressional experts term "European balance of payments." That means, in short, that we propose to furnish to Holland or any other country enough money or supplies to put that country in position to maintain a standard of living equal to or better than they had prior to the war. Those are the deficits or balance-of-payment phrases which have been so glibly used by some Members of Congress. In other words, we pay the deficit for the nation and all of its people and for all of the 16 nations. Only we do not wait till the end of the year. We send thousands of trainloads of food at the expense of the American taxpayers to the various countries as fast as it can be assembled and be shipped out of the country.

The balance of payments have been arrived at in advance by a group of young men, little men, in the State Department averaging between 30 and 40 years of age. Young men, liberal in their thoughts and liberal in contracting for the expenditure of \$20,000,000,000 which must come from the toil and sweat and taxes of the American people. Young men who have not had experience in business, none of whom have probably ever had to met a pay roll. The State Department, or should I say, Bevin and the British politicians, have set the amounts this country should pay and the young men referred to have sought to justify those figures. The Foreign Affairs Committee has only had the menial task of trying to write legislation to provide these amounts and they have done a very good job with the task before them.

Mr. Chairman, all the United States Government has to do is to balance the books to determine at the end of the year whether for those European countries which have not been able to produce, manufacture, and export sufficient amount of goods, in volume and in value, to pay their own way. If they have not, we pay the balance or the deficit. That is what members of the Committee refer to when they talk about deficits or balance of payments. No balance of payment is made to the United States in this entire scheme. All balance of payments is made by the United States to other countries. It is a one-way street.

Mr. Chairman, the United States, when the tornadoes recently wiped out little villages in Indiana and Illinois, does not move in with a balance payment. Whatever the Red Cross does is the only aid our people receive when such disaster hits them. When 111 men were killed in the mine disaster a year ago at Centralia, Ill., and widows and children were left without support, the United States Government did nothing to help. When a man enters business, small or large in the United States, and loses at the end of the year, the Government does not step in and pay the balance.

If this country runs into a depression and we find ourselves with a deficit in the years to come, no government will be kind enough to send in their auditors to determine our deficit or balance and then send us a check or goods to take care of it.

Why not reduce this bill by \$1,300,000,000? Why not give some thought today and some encouragement to the people who have trusted us to represent them? Why not make this reduction and probably we can do something in aid for education throughout the Nation. Maybe we can give a little help to the older people who are begging the Congress for relief; maybe we can give the postal and Federal workers who are urging this Congress for an increase in wages to help them meet the high cost of living; maybe, if we can reduce this bill, the thousands of veterans who are writing the Members of this Congress employed in the postal department and trying to maintain a family on \$2,100 a year can be given a proper raise in salary.

Mr. Chairman, no Member of Congress, in my judgment, can escape his duty and give a satisfactory explanation to his people if he fails to vote for this reduction. The propagandists have not given the people the truth about this Marshall plan. You can vote to reduce this and when you explain your vote to the people at home they will praise you for taking such action. If we can reduce this to \$4,000,000,000 we will at least have saved the people the waste of \$1,300,000,000, which can be used in the interest of our own people. I urge the Members to have the courage to stand up and do the thing they know in their own hearts is right.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. VURSELL. Mr. Chairman, I ask unanimous consent to proceed for an additional 3 minutes.

Mr. VORYS. Mr. Chairman, I object.

Mr. VURSELL. Mr. Chairman, I hope the gentleman will not object. This is the first time I have asked for time. It is an important amendment and I hope the gentleman will not object.

Mr. VORYS. Mr. Chairman, I am sorry, I object.

The CHAIRMAN. Objection is heard.

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. JONKMAN asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, I rise in opposition to this amendment to reduce the amount, and I shall address myself particularly to the \$5,300,000,000 for the European program.

It will perhaps be remembered that on previous occasions I fought very strongly to reduce the amounts that were authorized for foreign aid. In each of those instances I could give a reason for the faith that was in me. It not only proved wastes but requests for authorization which could not be justified and constituted, in fact, operation "rat hole" requests. I offered to reduce the residual-aid bill last spring by \$150,000,000, and the argument I made at that time still stands. Last fall, when we had the interim-aid bill before us, I offered an amendment to reduce it by \$300,000,000. Every argument I made at that time still stands. However, I feel that in this particular case there are no good grounds for reducing the amount. In this bill I did just as on previous occasions, I asked the State Department to give me a balance sheet showing not only how it arrived at the total, but giving the dollar value of each commodity proposed for each country. This would be altogether too voluminous to analyze before the House. But I want to say that unlike on the three previous occasions I found no items of which I could say that on their face they looked "phoney."

In the first place, I want to call the attention of the Members of the House to the fact that the amount has already been reduced from \$6,800,000,000 to \$5,300,000,000, this notwithstanding the

fact that word came down from President Truman himself, and also from Secretary of State Marshall, that it should be \$6,800,000,000 or nothing.

Now, some of the Members may say that we have correspondingly reduced the duration of this program. Those were the very things that I argued for in the other cases. I said then, "Why not cut off \$150,000,000 or \$300,000,000, and if they need any more, Congress will be here and can appropriate more." That is the thing that we are doing at the present time. We have said that we will cut it down to \$5,300,000,000.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I would like to use my 5 minutes. The gentleman has had his 5 minutes. I think the very fact that the time element has been reduced to a period of 1 year is something that we must not overlook and we can, if more is needed, review what has been done.

Mr. Chairman, I quite agree with those who say that you cannot see at this time what is somewhere near the correct amount that is needed for this program. As has been said so often on the floor, the main method of arriving at the amount is the balance of payments basis. That, of course, gives the Members very little to go by because that takes into consideration just the difference between, or the excess, of imports over exports, and imports may include a lot of luxuries and many things which give no real reasoning as to what is needed. I quite agree that you cannot say at this time whether \$3,300,000,000, \$5,300,000,000 or \$7,300,000,000 is more nearly the correct amount that we should appropriate or authorize in this bill. That is something that cannot be done with any reasonable degree of certainty until the Administrator is appointed and his representatives go into each country and make up their minds as to what is needed to carry out this program. And I want to reiterate that the success of the program will depend almost entirely on the character and capability of the man appointed as Administrator. He should have ample funds; but he should inspire trust that they will not be wasted.

We must remember that this is not a relief program; it is not just a plan to keep people from starving with 1,500 calories a day. This program is far more ambitious. This time we propose to see that people get 3,000 calories a day so they can do a day's work. We propose to get them more raw materials and machinery to increase their production. I do not wish to detract a particle of the credit of our military forces for winning World War II. But all of us have said at some time or other that our production won the war. So to the extent that we get western Europe in production can we count on her as a bulwark against war and a protagonist of peace. In fact, Mr. Chairman, this program is an option on world peace. Already the 16 nations under the impetus of this legislation have shown a cooperative spirit, that since the dawn of history was considered an impossibility. As was said

here yesterday, if we do not have the cooperation of these 16 nations in western Europe, and war does come, those who fail to take the precautions that we take at this time will have a great deal to answer for. The purpose of this bill is to perfect cooperation instead of discord between European nations.

Mr. Chairman, I still think that \$5,000,000,000 is a terribly large sum of money. But it is true that sums of money are relative. Five billion is less than 2 percent of what it cost us to fight the war. It is 2½ percent of our annual national income. It constitutes 5 percent of the national production of the 16 nations. They themselves will produce the other 95 percent.

If the President appoints a competent Administrator we must accord him sufficient funds to carry out the objectives. Even though this has been called a calculated risk, a gamble, we should bear in mind that as above stated we are taking odds of 1 to 40 or 50 and even more. The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

REPUBLICAN LEADERSHIP THROWS AWAY THE OPPORTUNITY OF A CENTURY

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have just witnessed the march of the Republican elephant, when it stepped on the gentleman from Illinois [Mr. VURSELL] in its parade down the international avenue toward the economic ruin of the United States.

In fostering this legislation the Republican leadership has thrown away the opportunity of a century.

It makes me think of a crowd down at home watching for a street parade. When it turned the corner it was led by the elephant. A drunken Irishman looked at the elephant and said, "Here comes the whole kaboodle, but backwards."

Your party has reversed its position, and is now going down the road to international ruin for the American people.

The gentleman from Illinois [Mr. DIRKSEN] let the cat out of the wallet on yesterday when he said this fight was started by Peter the Great 200 years ago. This is the Bevin plan. Do not misunderstand it. You would have the same battle if the Czar was reigning over Russia today, you would have the same battle to expend American billions, and American lives, to keep open that commercial line of the old decadent British Empire to the Orient and to keep Russia out of "warm water" in the Persian Gulf.

No man on this floor has fought communism harder than I have; but I would certainly rather see Russia in warm water in that area for the time being than see the American people in hot water for the next generation or two. That is what you are getting us into.

This measure means regimentation. This is the greatest step toward socialism, which is the first long step toward communism, that we have ever taken.

You have just passed the bill extending rent control, that is causing the housing shortage all over the United States.

When you pass this bill, prices are going to spiral as they never have before. That is one reason the big oil companies are so much interested. They want to get as much for oil as possible. The Steel Trust is keeping its steel off the markets today. You cannot get steel for a rural power line because they expect to unload it abroad at your expense. When this bill passes, you are going to have another price-fixing program. Then you are going to have rationing of purchases. That will mean regimentation for years to come.

In other words, this is the beginning, the first long step toward the economic bankruptcy of America, dragging us down to the socialistic level and the economic level of the poorest nations in the world.

That is what the enemies of American freedom have always sought and always clamored for.

I shall certainly vote for the amendment offered by the gentleman from Illinois [Mr. VURSELL]. I only regret that it is not an amendment to strike out the enacting clause and let this bill go dead.

The distinguished gentleman from Ohio [Mr. BENDER] arose a while ago and paraded the fact that a band from Ohio is going to come down here and visit the Capitol. He had better thank his God it is not the voters of Ohio coming down here and looking in and finding out just what is going on.

We have gone through two world wars and I have seen the fathers and mothers and their sons in the great sorrow and sacrifice that they made. Those boys are buried all over the world today. The internationalists have clamored for years and years and years to drag us into this very situation.

I told President Roosevelt in 1939, and I say to you now, that with the proper statesmanship we could have kept England, France, and the United States out of this last war, and let Germany and Russia fight it out or frown at each other for the next two or three generations.

But our superinternationalists chose a different course, which left us with an enormous casualty list, and with a national debt that it will take us a hundred years to pay.

Now these same internationalists propose to add this burden to the load of the already overburdened taxpayers of this country, together with all its promises of poverty, bankruptcy, and regimentation that may last for generations to come, and from which this Nation may never recover.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CHADWICK. Mr. Chairman, I move to strike out the last word. I rise in opposition to the amendment.

Mr. Chairman, I had not thought to speak on this bill. I have addressed the House on but few occasions, but that is not because of a lack of understanding of the responsibilities which are upon us, or an understanding of the grievous nature of our problems; but rather because I thought if I could manage my own individual vote correctly, I would have made what contribution I might to this

great deliberative body, which has so much more experience than I have.

This amendment, however, raises a question which gives me an opportunity to express one thought that I have not heretofore heard expressed. I have lived a long time. I have had some opportunity to observe the people of America and the people of the world. It is my conclusion that people are pretty much the same, wherever you find them. It is by observation, for instance, that the Czechs of Bohemia are more like Americans, more like Yankees, than any of the peoples of Europe. It is my confirmed belief that if we could know the Russian people, we would find that the Russian people are more like ourselves than we have any way now of knowing; but tragically, that does not make any difference. We are not going to be allowed to know what the Russian people are like, and they are not going to be allowed to know what we are like.

But we are endeavoring, it seems to me, in the measure which is now before us, to uphold the hands of the responsible people of western Europe. I want you to feel with me, if you will, that there are over there, as most of you know, just as there are here, a great group of responsible people who have to bear the burdens of civilization, and who have to carry the weight of civilization's faults. People who are responsible not only for their own conduct but for the conduct of peoples less able to think, and with less stability of character, and less know-how, less easily persuaded to bear the burdens as well as the benefits of democracy.

Some time ago when we were discussing the interim-aid bill, we were told it was a relief bill. It did not seem like that to me. I saw in that bill as you all saw, or at least most of you saw, this relationship between imports and exports to which reference has been made this morning. What does this mean? It means nothing less than this: There are in Europe, as there are in America, men and women who can be trusted in these troublesome times, who are laboring under greater difficulties than we, because they have suffered the wounds and destruction of war, as well as the economic burdens that we ourselves are contending with. Those are the people whose hands we must sustain. True enough, the emphasis of that bill was for relief, because if the responsible people of the world cannot find ways to see to it that the irresponsible people are fed and clothed, then government fails.

It does not seem to me that we owe any apology to anyone when we direct and channel our aid in sufficient and adequate amount to support the efforts of people like that, so that they in turn may carry with us this tremendous burden of democratic civilization, which without the integrity of that kind of people in Europe and that kind of people in the United States is bound to fail.

Therefore I must oppose this amendment, although I honestly think I know as much about the value of money, and the difficulty of bothering about the standard of living of other peoples, as most of you do. The democratic regimes

are bound to fail unless we make adequate provision to help them. I think we should err, if we err at all, on the side of generosity, in view of the fact that no matter what we say here about this being for a 4-year period, we know that we must in the future face this question again next year.

I urge you, in the name of people like yourselves in all of the countries of western Europe—and I assume China, too, although I know nothing about that—I urge you that we do the adequate and the sufficient thing at this time. The eyes of the world are upon us. If there was ever a bill before the House in the two short years of my service here with which I have no difficulty, it is this bill. On this bill I am truly relaxed. I have been in favor of this plan ever since it has been projected; it is the only plan that is offered short of a shooting war. I figure that it has about a 50-50 chance to succeed, but that sounds like a sound speculation to me when the safety and security, even the very lives, of the people of the world are at stake.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. VORYS. Mr. Chairman, I wonder if we can agree on a limitation of debate on this amendment to 30 minutes, with 5 minutes for the committee.

Mr. ELLIS. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. RICH. Mr. Chairman, I object to that, unless we can get 5 minutes each.

The CHAIRMAN. Objection is heard.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the remarks that we have just heard, by the gentleman from Pennsylvania [Mr. CHADWICK], in my opinion, constitute one of the most powerful speeches I have ever heard during my years as a Member of this body, for logic and clear thinking. The remarks just made by our friend from Pennsylvania [Mr. CHADWICK] seem to me to be convincing. Let us pause for a moment and look over the world. In 1939, 1940, and 1941, we were fighting in this very Chamber to do the things that would meet Hitler and nazism, the first devil. We have got to be frank with ourselves and with each other. We had to lick the first devil first, for our own protection and for our own existence and for our own national interest. We have got to think clearly, based upon conditions that exist. We cannot let what we would like to see existing govern our reasoning or what we would hope for. We are faced with a very practical situation. We have got to view the practical situation that confronts us from a realistic angle. It is not what we would like to see or what we would hope and pray for. If we are going to do some praying, we might follow what the Right Reverend Monsignor Fulton J. Sheen said yesterday, that we do some praying ourselves, and pray

that the good Lord will put into our minds thoughts to do the right thing, and that we will take the right course, not only for our own country but for a future decent world.

Now, what has happened? Where is Lithuania? Where is Estonia? Where is Latvia? Does that mean anything to any of us? Where is Poland? Where is Rumania? Where is Bulgaria? Where is Yugoslavia? Where is Albania? Where is Hungary? What is the situation in Austria? What attempt is being made against Greece and Turkey? Who is doing it? Is it the United States of America? No. It is the Soviet Union that has done all these things. What about Finland? Does that mean anything to us from our own national interest in 1948, with the rapidity of travel, and the fact that 3,000 miles of Atlantic Ocean is no longer a first line of defense; and at a time in our world's history when we cannot afford to let the smallest speck of an island in the Atlantic get into the hands of a future potential enemy of ours; with a course that is necessary in our own national defense and our own national interest. What do you suppose will happen to Finland? What is the next step? Norway and Sweden? What about Denmark? As a matter of fact, I have no knowledge, but I would not be surprised if already the Soviet Union has not made demands upon Norway. If Norway comes within the direct sphere of the Soviet orbit, what effect does that have upon our national interest, not in 1848 but in 1948?

What about Greenland and the effects of pressure there, if successful? Yes; Iceland! What about the Lowlands of Europe? Then what about the attempt being made in Italy? If Italy goes, the chances are that all Europe goes. If Italy goes, there will be a pincers, one blade into the Mediterranean, the other into the Baltic and the Atlantic. What do those things mean to us, not from the angle of hope but from the realistic angle to make a future decent world, as well as for our own national interest? And our existence is linked up with an existence in a future decent world somewhere of other free nations, but from our own direct national interest what does it mean to us? So I like to examine it from the standpoint of the national interest of our own country. It is of vital importance that we act affirmatively and effectively, not only affirmatively but effectively.

Only a few days ago the great head of the Catholic Church, His Holiness, Pope Pius XII, was speaking to 400,000 people in Rome, and nobody knows more about world conditions than he. He said, in the words of the Redeemer, "He who is not with me is against me," paraphrasing the words of the Redeemer. I say, "He who is not with America—the Communist—is against America." This observation also applies to any other subversive person or group.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. REED of New York. Mr. Chairman, I rise in opposition to the pro forma amendment.

Well, here we are again in the attitude of a psychological crowd, the same old story, trying to play upon the emotions of the people and dethrone their reason. But you are not going to fool the people back home this time; they have heard this before, they have seen it played for political purposes; this is once, though, they do not propose to be catapulted into a war, and they are not going to divest themselves of their own resources that are necessary to defend themselves if it becomes necessary.

I remember being over in France at the time our first group of soldiers were marching up to the front. It was a wonderful and a glorious sight to see them and to hear the music. That was all fine. I saw them afterward, too. I saw them in the hospitals. So I know something about what war means or did mean then.

But just think of this—we were sending the flower of our young manhood to France to protect France, yet I have the documented evidence that when France was short of materials she simply sent word over to Germany as to what she needed in order to fight; and when Germany was short she told France what she needed in the way of war materials, and they were constantly exchanging war materials across the line while our men were fighting. Do not misunderstand me. I have documentary evidence to show that. That shows the rottenness of the whole world military set-up.

Now, what are we doing in this bill? During this last war we were shipping the material necessary for Germany which she got from European countries. I have the records of how much we sent. We sent war materials to Mussolini, and I have the record to show how much we were sending. We shipped war materials to Japan. I have the authentic record.

Do you think this ERP shipment of goods is going to stay in the 16 countries we are talking about? Do you think the goods are going to stay with them? You had better stop and do a little thinking on this subject. What is going to happen is this—the very goods that you are sending over there to the 16 nations will be seeping right into the satellite countries of Russia. Our allies are going to help her get our ERP goods.

Yesterday the question of the 1,100 locomotives that we gave to Great Britain under lend-lease was mentioned. Well, remember, she has a socialistic government and they are very sympathetic with Russia. Right now the engineers are here to find out if it is possible to narrow the gage of those 1,100 locomotives. Why? Because England proposes to sell them to Russia. Why?

As I told you yesterday, this whole thing is a gigantic fraud.

We should make our own Nation strong. We should show that we can make our Government work and the whole world will take notice. There will be revolutions in other countries to better conditions and bring about representative governments.

We can make this country strong. When the people gave us their mandate 2 years ago they did not think this Republican Congress was going to lead

them into the greatest international boondoggling program that this country has ever seen. But they see it now, and you will hear from it when you go home; and do not make any mistake about it.

Mr. ELLIS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, in view of the discussion yesterday on the way our relief goods are being distributed in Europe, I believe a letter received a few weeks ago from an American officer serving in Greece will be interesting as it contains some very pertinent information, particularly in view of the remarks just made by the gentleman from Pennsylvania.

After the salutation, the letter reads:

From reports from home, evidently the stories out of Greece indicate that there is a general civil war. But such is not the case. There is a small area in the north, some 300 miles from Athens, where guerrillas come down from the mountains and attack villages, burn houses, steal food, kill certain people, and conscript young men to go with them. It is estimated there are only a small group of bandits—possibly 20,000.

I wish I could sit down and talk with you about the situation here. I am not impressed with the reaction of the Greek Government to our aid. As a matter of fact, they have taken this time to criticize all Americans instead of cooperating with them. The Greek politicians seem to think that Americans must, whether they like it or not, give millions of dollars to them to spend as they see fit.

I do not believe the American taxpayers know that when consumer goods are bought with our money and sent to Greece that the Government of this country takes those goods and sells them to merchants. In many instances the merchant marks up his goods by at least 500 percent before he sells them. You may pass this information on to your associates.

This discloses the thinking of the people we are aiding and their attitude toward America and our people. It does not seem possible that we would vote to continue aid under these conditions.

Mr. RICH. Mr. Chairman, I rise in favor of the pending amendment.

Mr. Chairman, I am in favor of the pending amendment, and then I am against the bill, because we have to consider more carefully than we are just what we are doing by passing such legislation as this, unless this bill is amended materially I could not be for it.

Mr. Chairman, on March 25 our country was \$253,000,000,000 in the red, whereas all of the other countries included in the Marshall plan and this bill, except China, Japan, and Spain, are in the red to the extent of \$181,000,000,000. We have a debt of over \$70,000,000,000 more than the combined debt of those other countries. Then how can we finance the world? Why should you think we can?

Mr. Chairman, statements have been made by Members on the floor of this House that this legislation is at best but a chance. We do not know. We are hoping that it will do some good. We think so. We believe it is a 50-50 proposition. Mr. Chairman, if I were spending \$17,000,000,000 of the taxpayers' money I would want to know that it is definitely going to do some good. I would not have any doubt in my own mind that

it is a chance. If we take from the people of this country through this legislation this tremendous sum of money, it should be something that is going to be permanently sound and permanently sensible. We should be sound enough to know it was money wisely and soundly spent for the benefit of our people.

It is stated that the people of the country want this legislation, but that is just because of the large amount of propaganda that has been sent out. The people do not know what is involved. What is going to happen when the bill is passed, if we pass it today? The first thing will be that all merchandise in this country is going to advance 5 or 10 percent. Everybody knows you are going to buy the greater amount of merchandise here in this country away from our own people who are hollering now about high prices. Then we will have the unions after more money, because they cannot buy that merchandise. Why do you as Congressmen not give consideration to our own people, their welfare, their comfort, their needs? This money will most all be wasted, squandered, and do very little good to our own country, but will mean higher taxes and higher prices, also scarce commodities to our own people.

Now, what are you going to do? Are you going to take care of the American people or are you going to sink America by passing this kind of legislation? I want to say that it is about time that we woke up and looked after the people of this country. We have just got to think about some of the founders who established this country of ours. Just think of Thomas Jefferson. He said:

I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared.

I tell you men that with the debt we have now anything can happen to us if we do not look after our own country and our own people. You cannot take in all the nations of the world and expect to do everything that they want, and expect to keep this country in good financial condition. It just cannot happen. As a manufacturer, if I start to manufacture 100 articles and my salesmen want me to make everything they want to sell, I will have to make too many items, and I cannot manufacture them in proper quantity or economically, but if I take 10 items and manufacture them in a good, sound, business way, and market them properly I will make a success of my business. The same thing applies here now. Congress is now sticking its nose into everybody's business in every country in the world too much, too many, and Marshall is down in South America, and when he comes back he will have another program to consider no doubt. I have never seen in all my life such extravagance and such waste, why you do not have the proper consideration of our people, our country's welfare, or our ability to assume all this obligation. It has proven already these gifts are wrong. Look at England, \$4,400,000,000 wasted, Greece and Turkey, \$300,000,000 gone, 7,000,000 Czechs now in Russian hands. Lend-lease now building up Russia. Stop this bill; do it now, is my prayer.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we are confronted with the greatest question that has come up in a long while. We ought to be able to get our heads out of the sand, take a look at things and realize that if that part of the world not already behind the iron curtain is not organized to the point where it can successfully repel the aggressions of Russia, all is lost. The pending amendment should be voted down.

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike out the last two words.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, before I ask the questions of the Committee, which I rise to ask, I want to express my personal feeling, and I say this with respect to the Committee, that no more unfortunate thing could be done today than to limit debate. This debate precedes one of the crises in the history of the United States. We are today deciding the extent to which we will jeopardize the freedom and the liberty of the United States in the belief that that effort will, in turn, protect the liberties of people abroad when, in the minds of many people here, we should be strengthening our liberties and strengthening our country in order that we may protect the liberties of people both here and abroad.

My questions are these: The gentleman from Illinois [Mr. VORSELL] offered an amendment to reduce the amount of money appropriated in this bill. There have been several altruistic speeches made on the basis that we should do something for the good of the people of the world. So I rise to ask a very practical question, and I hope the gentleman from New York [Mr. GWINN] will give me his attention as well as the gentleman from Ohio [Mr. VORYS].

When the 16 ministers met in Paris, upon whose studies and upon whose report this so-called Marshall plan is based, the details of which are very obviously not known to Mr. Marshall himself, when this plan came to Washington it did not contain a request for the amount of money embodied in the bill when the committee brought it to the floor. In other words, the foreign ministers, in the original conference in Paris, as shown in the report—and the page numbers have been recited in the CONGRESSIONAL RECORD—when those foreign ministers met they did not expect the United States of America to put up \$6,800,000,000, as the committee brings the bill to the floor. To say that it is \$5,300,000,000 is, to my mind, meaningless. That is merely a translation of 15 months into 12 months, so we are talking about the same thing. The foreign ministers did not ask the

United States to put up \$5,300,000,000. They expected, boiled down, that the United States would probably be called upon for about \$2,600,000,000. Their intent was to bring out in these countries their own currencies which were in hiding. Their intent, specified in their report, furnished every Member of this Congress and placed upon his or her desk, was to use their own assets which are in other countries. They expected that where material or food came from South American countries or from Canada those countries should extend credit or take some of the load, and not that the United States should carry the entire load.

I will yield to the gentleman from New York for an answer to this question: Am I not right in the statements I am making, and has not the gentleman as well as myself placed those figures in the CONGRESSIONAL RECORD?

Mr. GWINN of New York. The figures are in the report itself; the Paris report of the 16 nations confirms what you say.

Mr. PHILLIPS of California. The foreign ministers did not expect the United States to put up \$5,300,000,000. In the face of that, and without other information from the committee which would deny these facts, which are printed in the report upon which the so-called Marshall plan is based, I ask the committee, why should not this Congress vote for the amendment offered by the gentleman from Illinois [Mr. VORSELL], which attempts to reduce the amount to a figure more nearly like that requested by the foreign ministers, upon whose studies and report the original request was based? That is my question.

Mr. VORYS. That is a long question, and I shall try to give a short answer. The amount which is in the committee bill was arrived at after screening by our own experts, by the Krug committee and by the Harriman committee, and represents a proportionate reduction in what the 16 CEEC countries hoped they would get. As the gentleman knows, they first wanted \$29,000,000,000, then \$22,000,000,000, and then we reduced their ideas to \$17,000,000,000. This \$5,300,000,000 would be the first part, merely the part for the first year. It is of course impossible in 5 minutes or 5 days to review the mass of material we have gone through that makes us feel the amount is justified.

Mr. PHILLIPS of California. The gentleman admits, then, that Congress does not have the information.

Mr. GWYNNE of Iowa. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, for some time I have been trying to get myself in a frame of mind where I can support this bill. I intend to support this amendment. I may say that it is becoming for me more difficult every minute to support this bill at all.

I have had the privilege recently of being out in the Midwest. I find a rather amazing situation not only among the people but right here in this Congress, at least right in this House.

Never, probably, in the history of America has any legislative proposal had the benefit of as great propaganda as this bill has had. The activities of P. T. Barnum would be nothing compared with the words that have gone out over the radio and in the press to sell this thing to the people for something that it obviously is not.

Incidentally, if this were a bill to aid hungry people, people made hungry and homeless because of war, you would pass it here with probably not a dissenting vote. I find here in the House, in spite of the fact that the leadership of two great parties are promoting this legislation, that there is a great lack of confidence in it, right here among the people who are going to vote for it. Now how do you explain that? While I was at home and had the privilege of meeting many people, they asked me many questions about this bill which I could not answer and I am relaying them to you in the hope that perhaps you may be able to furnish the answer to me.

The people are pointing out that certain countries are included in the bill, which countries did not take any part in the war, for example Ireland, Portugal, and Iceland. My grandfather and grandmother came from Ireland. I have a great affection for the Old Sod. But why do we include Ireland, which was not in the war and which so far as we know did not suffer from the war. Then I told them that I had heard it had something to do with the balance of trade, which really means the balance of production. If the balance of trade is against Ireland or any other country, it means that the balance of production is against Ireland. If we are going to adopt that philosophy, where are we going to stop? Are you going to go to every country which spends more than it makes and make up the difference? Of course, we have done that in our own country, I admit. That is the philosophy upon which the New Deal has always operated. But I suspect that when you undertake to spread that doctrine all over the world, you are going to run into a bankrupt nation before you get the job done.

The next thing, it is said that this will prevent war. Let me tell you that the people do not believe that. Do not disillusion them any more. They are not in a mood to be disillusioned. They are very disturbed now, and the debate and the facts here show that we do not believe in this bill ourselves. While we are arguing about this bill which you claim will prevent war, in other places here in Washington they are urging large appropriations for national defense. I am in favor of that incidentally. I would like to see a big Air Force built up. It seems to me if the danger of war is so imminent, why not rely upon the only thing that has brought us safely to victory through two World Wars, and that is our own strong right arm? Of course, the people do not believe that this bill will prevent war. You do not believe it and the administration does not believe it.

Now I want to go to another point. They say that this will prevent com-

munism. Many of you seem to assume that. You take it for granted. I have heard no explanation of how this bill will do that, but apparently you accept the philosophy that communism comes from hunger, and that if you are poor and are lacking in worldly goods, then you will be a Communist. If that had been true, Mr. Chairman, the people who built my State would have been Communists, because they had very little to start with. It is not lack of wealth which makes communism but lack of opportunity, and let us not forget that.

For years in this country we have been going down the road toward socialism. Through monopoly in business and labor unions and bureaucracy in Government we have destroyed opportunity for our young people. The lavish spending of Government money in this or any other country will not prevent the spread of communism, socialism, or any other form of statism, unless opportunity is once again afforded to our people.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto with respect to the amount in this title close in 30 minutes.

Mr. CHURCH. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I move that debate on this amendment and all amendments thereto with respect to amount close in 35 minutes with the last 5 minutes reserved to the committee.

Mr. RAYBURN. Mr. Chairman, I would like to have some time on this amendment, and taking into consideration the number of Members who are on their feet who apparently want to speak on this amendment, that limitation of time would certainly cut them off.

Mr. VORYS. Mr. Chairman, I withdraw the motion.

The CHAIRMAN. The gentleman from Oklahoma [Mr. RIZLEY] is recognized for 5 minutes.

Mr. RIZLEY. Mr. Chairman, in this Chamber we have no peers. Some of us are better suited to serve in one capacity, while others are better fitted to serve in another capacity. I, personally, believe with all my heart the statement that this is the greatest deliberative body in the world. I may at times be disappointed in the way some of my friends vote. No doubt my friends are disappointed many times in the way I cast my vote; but I am never critical of them—that is a matter that each Member must decide for himself.

I have heard it said in the past few days around here, that if we were to have a secret ballot here on this bill, there would not be 50 votes for it. That, I don't believe, unless the roll call shall finally determine that to be true. If the statement is true that a huge portion of the membership of this body would cast a different secret vote than they would a public vote—which I again repeat, I do not believe—then God save the country.

It has now been a little over 2 years since the end of World War II, which cost us a million casualties and left us with a staggering debt of nearly \$300,000,000,000. We annihilated Hitler, Mussolini,

and Tojo, and stopped them as the aggressors of their days; but in so doing, we were compelled to exhaust many of our resources, natural and otherwise. The whole thing has caused a terrific impact on our economy. Only an inflated and unparalleled continuance of an abnormal national income can prevent, in my humble opinion, national and personal bankruptcy. Certainly everyone I am sure will agree that in order to finance requested budgets, domestic and foreign, that it can only be done in the event our national income continues at substantially the present level.

We are now threatened—if we are to believe those who know in the executive branch of our Government—with another world war. Another ruthless dictator, one of our partners in World War II, is on the march. We are told, and from every indication, his intentions are to make the world safe for communism and to supplant with it every republican form of government and every representative democracy now in existence.

Every loyal American hates and despises communism. It acknowledges no God except the state, and it respects and recognizes neither freedom nor liberty for the individual citizen.

I am sure that every loyal American wants to do everything he can, regardless of cost, to stop the onward march of those who would destroy liberty and freedom and enshrine in their place slavery and despotism.

We were told and the country has been led to believe that this bill is designed to and would thwart and retard the march of communism by lending and giving economic aid and assistance to 16 countries in Europe who would band themselves together to fight the march of communism. Having been led to believe that this proposed legislation was to afford economic aid and security, and to assist this group of friendly nations in Europe to halt the march of communism, I had purposed in my heart to vote for the bill; but, Mr. Chairman, who do we now find?

This is not a bill to assist the so-called 16 friendly countries of Europe in the fight to stop the spread of communism. This is not a bill to make friends of hungry and naked people by feeding and clothing them. This is not a bill to support private enterprise in the countries of Europe and to assist them in rebuilding their factories.

On the other hand, in its increased and enlarged form this seems to be a bill to subsidize, indirectly at least, some segments of American business, industry, and to some extent American agriculture. You have millions in this bill to subsidize the American tobacco industry. Yesterday we subsidized the corn growers of America. Oh, yes, it is true that we limited it by saying that they could not use the corn to make whisky, but that seems to be the extent of the limitation. Are we going to feed the hungry people in Europe tobacco and clothe the naked with corn husks?

Yes, we are going to bail out in this bill bad and unwise investments of many

groups and individuals here and abroad. We are committing ourselves not only to economic aid in Europe, but to military aid in Europe and Asia. There are no limitations in this bill as to the time, except a minimum of 4 years that we shall continue to donate, nor as to the ultimate amount that we will give away. We are starting on a program which I suspect if we can make it work at all, will ultimately cost us in China alone, \$25,000,000,000.

Now I would not particularly be opposed to that, if the American people could afford it. I do not believe our economy can stand the drain that this bill now contemplates in its enlarged form, without wrecking our own Government and bankrupting our own people.

This bill as now contemplated, will leave us nothing with which to strengthen our own national defenses. If we are to be safe, in my judgment we need to augment substantially our Army, our Navy, our Air Corps, and the entire over-all preparedness program necessary for our own national security and our national defense.

This bill as now written and enlarged, will, in my humble judgment, of necessity require a return to wartime controls, rationing, and the OPA. If this is done, we will not be able to reconstruct our own defense plants and take care of the absolute needs of our people to carry on the industrial pursuits and agricultural pursuits necessary to maintain our economy and give us a national income of sufficient portion and size to pay our bills.

If I should vote for this bill as now written and enlarged, I should certainly oppose tax reduction at this time and should vote to sustain the President's veto of the pending tax bill.

We just cannot have our cake and eat it too.

Mr. CLASON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I intend to vote for this bill, but I shall have to admit that the last hour of debate on yesterday and what has gone on thus far this morning would cause almost any Member of the House to worry about the purposes of the expenditures under this bill. It seems to me that a lot of work will have to be done by the conferees when the bill goes to conference ultimately to have a law that will satisfy the American people; and then we are placing a tremendous burden upon our Appropriations Committee to see to it that only so much money is appropriated for the various purposes as is truly justified. I would like at this time if I could, in view of the serious shortages of fuel oil in Massachusetts last winter, to find out from some member of the committee, the gentleman from Ohio [Mr. VORYS] because he spoke yesterday about it, just what the intention is under this bill with reference to petroleum products.

According to the RECORD, page 3863, it is agreed that \$3,500,000,000 is to be spent on petroleum requirements, petroleum equipment, and tanker shipping in the next 4 years. That would indicate that a billion dollars of this appropriation this year is going into petroleum.

The further statement appears that about 76.7 percent of the petroleum requirements will come from the Western Hemisphere.

I would like to have the chairman tell us whether or not in the determination of the amount of money for this year any thought was given as to how much would be spent next year for petroleum requirements?

Mr. VORYS. If the gentleman was here yesterday, he will remember that the members of the great Interstate and Foreign Commerce Committee submitted a list of questions along this line and I agreed that I would have full answers for them later in the day. That will answer their questions and the gentleman's questions.

Mr. CLASON. In other words, the gentleman does not have the answer for them right now. Is that the gentleman's statement?

Mr. VORYS. I do not propose to take up time while we are debating the amount of this bill in going over, over, and over again the same thing when we are going to clear it up a little later in the day.

Mr. CLASON. Then it looks to me as far as the gentleman's committee is concerned that it is not in a position to tell the Members of this Congress at this time whether the people of western Massachusetts, the people who suffered during this past winter because of failure to receive petroleum products that they needed, whether or not they are going to have it next year and to what extent the future is going to be badly affected by the passage of this bill.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield.

Mr. VURSELL. As I understand from the official figures of the committee, this bill provides for \$3,500,000,000 in the 4 years for petroleum and petroleum products, steel and equipment. If we can cut out of this bill \$1,300,000,000 we will have more oil left for the United States of America.

Mr. CLASON. Mr. Chairman, on the point of cutting the bill \$1,300,000,000, may I say that I am going to vote for the full amount of the bill. I shall hope that the conferees will come out with legislation under which the money can be spent in a manner that will safeguard the interests of our people. I am very frankly disappointed that during the hour of debate yesterday on tobacco, on liquor, and on everything else, no one seemed to be able to give to the House proper answers to questions which were raised here, as I see it, by persons who are anxious to support the bill. I am worried that one-fifth of the money to be spent on this program is to go into petroleum. It seems to me that we ought to have due regard for the interests of our own people. I certainly wish that the committee had reported a bill with the Herter proposal or set-up in it. I believe then we would be assured of a businesslike operation of this act. I am not so certain under this bill that we will have such operation.

Mr. HERTER. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield to the gentleman from Massachusetts.

Mr. HERTER. There are two points. One is the question of our own domestic economy. As the bill is now written the Administrator is instructed to protect our own domestic economy.

On the question of how much oil is to go out of the country, it is my recollection that the estimates of requirements, not what would necessarily be exported from this country, are roughly 100,000,000 barrels. However, there is specific provision in the bill that there is not a single commitment to ship out any commodity.

Mr. CLASON. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I move to strike out the required number of words.

(Mr. JOHNSON of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Oklahoma. Mr. Chairman, I am going to vote against this bill and I do that for one reason only and that is it will not achieve its announced objective of stopping the mad onrush of communism across western Europe. If I thought it would do that I would support the bill.

Mr. Chairman, may I say at this time that I am going to vote for all measures which I think will put this country in the state of preparedness that it should be, whether it be the revival of selective service or building up a 70-group air force. If you will remember, when Secretary Marshall made his Harvard speech, on the basis of that speech this bill was not designed at that time and it was not stated to the American people then that its purpose was to stop communism throughout the world. In fact Russia and her satellite countries were asked to participate in it and they can do that under this bill. But it was found that the bill would not go through on any such basis. So they have now given us this sugar-coat.

All of us, if we thought it would actually result in stopping communism, would vote for it. I listened to the gentleman from Illinois [Mr. DIRKSEN] yesterday, who told us about a laborer over there in Germany, Italy, or France who could not even lift a railroad tie because he was so weak. But how is that railroad worker going to feel when he has to pay black market prices to get this food we are supposed to be sending over there, and which the poor believe will be free? What is the psychological impact going to be on him? You know what it is going to be. In most cases those fellows do not have money to buy food. We cannot get the Foreign Affairs Committee to tell us why they make those people pay for those goods in local currency. They are as silent as a tomb on that. And it costs the American taxpayer just as much as if it were free to those people.

Mr. Chairman, as I have stated before, I spent 2 years in France. I know those people. I paid out millions and millions of dollars of your money over there in foreign claims. I know the psychological

impact of the people of France, Italy, Luxemburg, and Germany when they get American money.

You must always remember this: that you cannot bribe "Horatius to hold the bridge." If you think you can, I say to you that it is a foolish thought. Horatius wanted to hold the bridge. He didn't have to be paid. Let me ask you this: When we were sitting here as we did yesterday, when we were trying to write in the Colmer amendment and had the debate on the Mundt amendment, what did we find? We found the gentleman from New York [Mr. BLOOM] resisting it with all the vigor at his disposal. "Oh, no; we cannot make Russia mad. Russia is a friendly nation." And yet we find that here Thursday, a week ago, the President of the United States came in here and asked us for these three proposals, and telling us what a threat Russia is, and then we find him again last week saying that we have to keep on shipping more materials such as airplane engines to Russia, because she is a "friendly" nation. I ask you, how can we accept blindly such leadership? We have left such shipments to the discretion of the Administrator under this bill. If he is appointed by the President of the United States, is he going to exercise any more discretion than Harriman, than Marshall, than President Truman in allowing war material to be shipped to Russia? Oh, no; they keep on shipping war materials over to Russia, and will likely continue to do so. How many of you listened to the speech of the gentleman from Oklahoma [Mr. RIZLEY] yesterday, and the letter he received from the shipping people in New York showing the war material we are shipping to Russia? I say to you it is wishful thinking that the Administrator under this program is going to exercise any more discretion than Marshall, Harriman, and President Truman have exercised the last 3 months. I say to you that this bill is not designed to stop communism and it will not stop it in western Europe.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from Illinois.

Mr. VURSELL. I think the statement ought to be cleared up. The gentleman comes from an oil State. This bill carries something like \$3,500,000 for oil, to which we are committed, but if we only furnish \$250,000,000 we must buy it from other countries and send it to western European countries at the expense of the taxpayers of this country.

Mr. JOHNSON of Oklahoma. The gentleman is right. But how can you clear it up if the gentleman from Ohio, [Mr. VORYS], who is in charge of the bill, cannot or will not clear it up? They either do not know what is in the bill, or they will not tell us. I will tell you that the housewives, the farmers, the motorists, and the oil companies in this country that are short of steel and who are trying to produce domestic oil, are going to be vitally interested in this bill. The farmers are going to be interested in it when this bill goes through tonight, and they can't get farm machinery. Everybody is going to be interested in

it also about 3 months from now when prices go up and when the OPA controls and rationing are restored. I think, even despite all of the dislocations and hardships that this bill will cause, I would be for it if it would do what it is supposed to do. But it will not. So I shall vote against it. The eighteen billions outlined under the Marshall plan should be used instead to build for us the greatest air force in the world.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. O'HARA. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I hope that there are no delusions regarding where 60 to 70 percent of this money is going. Of this year's appropriations, about the first 60 or 70 percent is going to England, and that has all been agreed upon. If that is not true, will someone on the Committee on Foreign Affairs say so? Hearing no answer, I presume that that is true.

Mr. BLOOM. Mr. Chairman, if the gentleman will yield, I will answer it.

Mr. O'HARA. Very well.

Mr. BLOOM. Does the gentleman mean to say that this bill provides that that amount of money will go to England?

Mr. O'HARA. No; I understand that that is the agreement.

Mr. BLOOM. Well, there is no agreement.

Mr. O'HARA. There is nothing in the bill; no.

Mr. BLOOM. Not anything of the kind.

Mr. O'HARA. There is nothing in the bill, but does the gentleman deny that that is not the agreement?

Mr. BLOOM. That is not the agreement. There is no agreement specifically made for any amount of money allocated any place.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. VURSELL. From the specialists in the Committee on Foreign Affairs, I got the figures that something like the figures that the gentleman gave are supposed to go to England; about 40 or 50 percent of the whole amount, I think.

Mr. O'HARA. Yes.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from New York.

Mr. REED of New York. In view of the fact the gentleman from New York [Mr. Bloom] knows what has been committed and what has not, I wish he would tell us some of the commitments made in the Yalta and Tehran agreements.

Mr. O'HARA. Yes; I would like to find out that information also.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from South Carolina.

Mr. DORN. According to the answer that the gentleman from New York [Mr. Bloom] gave, he does not know what is in the bill.

Mr. O'HARA. I understand they told the Committee on Rules that when they were before that committee.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Nebraska.

Mr. BUFFETT. There is a substantial amount of this money for China. Does the gentleman know whether or not the Committee on Foreign Affairs ever saw the Wedemeyer report?

Mr. O'HARA. I do not know, I am sure. I wonder if the Committee on Foreign Affairs happened to look up the fuel-oil-investigation report by the Committee on Interstate and Foreign Commerce which spent many months last year and this year upon the fuel-oil problem. I wonder, if in connection with fuel oil and steel whether they know, if this bill goes through, that everything that the oil industry has planned is for our own domestic oil and transportation of oil is knocked in the head, and at a time when our own citizens have been severely affected this last winter.

When the gentleman from Massachusetts is worrying about freezing to death next winter, I want to tell him that probably the people of Minnesota and North and South Dakota and a few other places will be freezing to death, too, but is any consideration given to our own conditions? No. We are thinking about all the world and forgetting our own people and our own economy, and the desperate shortage of critical materials.

For something over 6 months I tried to get a farm tractor for a farmer up home who needed it very badly, and I finally got it. We are trying to get fuel oil up there for our tractors now, so the farmers can plow, and we cannot get 120 tank cars. What is going to happen when you take out of this economy of ours all of these things, all of the tractors, trucks, and the other things our own people need? Are we supposed to have a complete destruction of our own economy? Is that the theory upon which we operate as legislators of the United States?

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from New York.

Mr. REED of New York. In a warehouse in Athens there is \$10,000,000 worth of tools shipped over there to UNRRA. They are still there. They were not anything they could use, and they had no facilities to use them. That is one instance and there are many more. Under this bill that sort of thing will go on, and the taxpayers will pay the bill for things that cannot be used over there.

Mr. O'HARA. Then we will have OPA. OPA will tell you when and what you can have. We will have that in this country following this bill. That is as assured as the passage of this bill. The President spoke awhile ago about being opposed to those things which lead up to a police state. When you have OPA and you have the draft and you have UMT and you have the Marshall plan, where have we to go from there? What is there left?

Mr. REDDEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from North Carolina.

Mr. REDDEN. An Associated Press article appearing in the papers recently stated that Poland was shipping to England 400,000 pounds of pork and a million dozen eggs. I just wonder how Poland could be so well off and all the rest of Europe in a desperate condition?

Mr. O'HARA. I do not question the statement the gentleman made.

We are supposed to hurry this bill through so that it will pertain to the election in Italy. Is it expected that we are to influence or buy elections all over Europe? The implications of such a program is amazing.

(Mr. O'HARA asked and was given permission to revise and extend his remarks.)

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I never desire to and I always seek not to give offense, but I have heard some very familiar talk here today. I heard it in 1938, in 1939, in 1940, and even in 1941. We were trying in an appropriation in the late 30's to build 3,500 trainer ships. Some of the men who have spoken here today said, "Why so many airplanes? Whom do you expect to fight with 3,500 airplanes?"

The following year an appropriation was up for 5,500 airplanes.

And those who voted against all of our preparations for war before Pearl Harbor asked that question again. They asked "Whom do you expect to fight? Why 5,500 planes? Why all these trainer planes?" One after another we heard such questions resisting everything that we were trying to do to prepare this country to defend itself. It is a remarkable thing that in the debate on this amendment, I have heard only one Member who has spoken in favor of it even indicate that he was going to vote for any part of this bill.

Mr. Chairman, I was impressed by the statement of the gentleman from Illinois [Mr. DIRKSEN] on yesterday. He said he made mistakes in the late thirties. I think you are making mistakes today. And with reference to all this rot that if you had a secret ballot here this bill would not get 50 votes, in my opinion, and I have watched the House of Representatives for a long, long time—in my humble opinion this bill would get more votes on a secret ballot than on an open ballot. England? You say that some of this money will go to England? Who held the line until we could get ready to defend ourselves? You thought 3,500 airplanes were too much? You thought that 5,500 airplanes were too much? If we had had 25,000 airplanes fully equipped with men to fly them and bombs to fight with, we probably would not have been attacked at Pearl Harbor. Germany and Italy would not have declared war upon us the very next day.

Strip this measure of its humanitarian features. Strip it of the defense feature which to me is the main thing. I am casting a vote today that I believe is in the defense of the United States of America and in defense of our civiliza-

tion. Strip it of such things as the defense of our country and humanity. Get down to the economy of the thing—the dollars and cents. It is as important to the cotton farmers of the Fourth Congressional District of the State of Texas that western Europe be rehabilitated as it is for western Europe itself.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has expired.

Mr. SMITH of Kansas. Mr. Chairman, I move to strike out the last word, and rise in support of the amendment.

Mr. Chairman, I do not think I have my head in the sand, and I do not think my vision is obscured by any European fog. I came back to Congress to represent America and my district.

I have heard a lot of statements that this bill was written by Bevin in England; that it was written by the State Department. I have heard a lot of talk about the fact that we were all confused. But this committee is not confused. They tell you in plain English that anyone who reads can understand what the purpose of this bill is. I want to read it to you. You will find it on page 35 of the Committee on Foreign Affairs report:

The aim of the program is to restore Europe, not to save American interests from the impacts of peace.

I will read it again:

The aim of the program is to restore Europe, not to save American interests from the impacts of peace.

That is not obscure. You understand that. In other times and at other places this would be questionable language for an American to utter. That is the unconcealed purpose. It is for the interest of Europe, and not for the benefit of America.

I yield back the remainder of my time.

Mr. DORN. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to speak for five additional minutes.

Mr. VORYS. I object.

Mr. DORN. Mr. Chairman, I hope the gentleman will withdraw his objection.

Mr. VORYS. I object.

Mr. DORN. Mr. Chairman, I was told last week in general debate on this bill that I would have time to talk about it this week. I think some of the rest of us know something about foreign affairs. Some of us served all the way from the coast of France to Berlin. I only wish I had an opportunity to tell you members of this committee some of those observations.

I listened with interest to the distinguished former Speaker of this House, the gentleman from Texas [Mr. RAYBURN]. I also listened with a great deal of interest to the gentleman from Missouri [Mr. SHORT]. He made a wonderful presentation. I find that one trouble with this Congress is that so few of us have the courage to stand alone. I believe that World War I could have been prevented. I believe that World War II could have been prevented. This Marshall plan will not prevent world war III. I say that for this reason: Even the proponents of this bill admit that the bill is a military measure. Do you think for

a moment that Theodore Roosevelt, George Patton, or Andrew Jackson would support such a diversionary, defensive, such a passive bill? They would have sent word straight to Moscow and asked Joe Stalin to meet them in Paris, or somewhere, and told him in no uncertain terms, "We will prevent you from moving another foot in Europe or anywhere else." This bill is sending your wife out to confer with the neighborhood bully and tell him to please go away.

Mr. Chairman, sometime, some day, somewhere, you are going to have to face the masters of the Kremlin on the field of battle or else in a conference right now and tell them in no uncertain terms.

If you place the national security of this country under the Marshall plan, or the Bevin plan, or whatever you want to call it, it is only stalling for time. Who benefits by this time gained? Does the United States benefit? I rather think it is Soviet Russia, with their undeveloped resources. They are gaining militarily every day. If you pass this plan, in 5 years or 10 years they will be the strongest nation in the world. Today your Nation is the strongest nation. So I say, let us have a show-down now and not throw away this \$17,000,000,000, which I personally believe, from my observation of Europe, Russia is in favor of.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. DORN. I am delighted to yield to the distinguished gentleman from Missouri.

Mr. SHORT. Practically everyone admits that Russian could take all of Europe within a few weeks' time.

Mr. DORN. Yes; certainly.

Mr. SHORT. Why pour \$17,000,000,000 over there, building up a prize for them to get, and sharpening the knife to cut our own throat?

Mr. DORN. The gentleman is exactly right, to gobble up, just as they gobbled up \$300,000,000 of your money in Czechoslovakia.

Mr. Chairman, I talked to Gen. Ira C. Eaker last year, a very great general. He said that Russia could overrun Europe in a few weeks.

This Marshall plan will not stop them. The only thing that will stop them is for America to have the greatest air force in the world.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DORN. I yield.

Mr. FULTON. The gentleman has said that we should send somebody over to talk with Stalin. The gentleman referred to General Jackson and a few others. Would he send Harry Truman to talk with him?

Mr. DORN. I certainly would not as he met Stalin before at Potsdam and was in agreement with him. That is one of the reasons why I am voting against this bill, incompetent leadership. They have reversed themselves, and that includes the Secretary of State. They have reversed themselves on nearly every foreign policy they have promulgated.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. DORN. I shall be delighted to.

Mr. SHORT. We adopted the Morgenthau plan. It was asinine, stupid,

one that every person today repudiates. We walked uphill and we walked down again. We walked up the hill one day and walked down the next on Trieste, on the partitioning of Palestine, and on practically every other thing.

Mr. DORN. Practically every foreign policy they have started they later reversed their positions. And I would like to say this, you cannot create the peace of the world by a vindictive policy such as the Morgenthau plan. They are still destroying factories in Germany and in the same breath say that Germany is the key to European recovery. The leadership advocates this money to fight communism and the same leadership O. K.'s airplane engines for Russia. I wish they would tell in what their foreign policy really is.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. DORN. I still ask unanimous consent to proceed for three additional minutes.

Mr. VORYS. Mr. Chairman, I object.

Mr. DORN. Mr. Chairman, I move that the Committee do now rise, a preferential motion.

The CHAIRMAN. The question is on the motion that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. DORN) there were—ayes 19, noes 173.

So the motion was rejected.

Mr. LODGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman—

Mr. HALLECK. Mr. Chairman, will the gentleman yield to permit me to make an announcement?

Mr. LODGE. I shall be delighted to.

Mr. HALLECK. Many Members have asked me about the possibility of another vote on the tax bill. I take this opportunity to advise the membership that until further notice I think they should hold themselves in readiness to vote on it this week.

Mr. LODGE. Mr. Chairman, I was extremely interested in the remarks of my friend the gentleman from South Carolina [Mr. DORN].

This, Mr. Chairman, is not a simple challenge, it is a complex challenge. We are involved in a subversive war now. This bill is an attempt to respond to one aspect of this challenge. The strategy that we have to resort to now cannot be confined to one measure. So I think it is something of an oversimplification to say that we should forget about this and go ahead wholly on the military tack. We must consider all these elements together. These several segments of our Nation's foreign policy must be advanced on a concurrent front.

Mr. Chairman, it has been suggested by the gentleman from California [Mr. PHILLIPS] that the only attempts to defend this bill have been on an altruistic basis. Curiously enough the attempt of the gentleman from Illinois to diminish the amount in the bill will result in its being nothing but a relief bill because it is that amount over and above the amount for relief, which will enable Europe to recover and take the load of re-

lie off our backs. Accordingly, if we want to do this in the most expensive possible way we should adopt the Vursell amendment, but if we want to enable these countries to recover and rehabilitate themselves, we should adopt the full amount provided in this bill. Of course, the full amount is subject to a great many variables. There is no accurate way that any one can foresee the future. It is based on the balance of payments, it is based on dollar deficits and it is my hope that substantial savings can be effected by the Administrator. On the other hand, there may be a deficiency. The amount expended will depend on prices, it will depend on the extent to which foreign currencies are devalued, it will depend on other things. There are many imponderable, unpredictable factors which enter into this matter. However, there is no question about this fact: If we cut this amount it will be a signal to many people in the world that we were not really behind them. It would be far better for us to pass the full amount now. We should give the desirable psychological impetus at this critical time, especially to those people who are hard up against the gun right now in Italy and who are attempting to withstand the onslaught of Communist tyranny between now and April 18. It is advisable, therefore, that we pass the full amount which, be it said, falls far short of the dollar needs of these people, and will provide at best an austerity diet. If we cut it more we are taking more of a gamble.

The thought has been advanced here that this is a terrible gamble. It is a gamble, of course, but life itself is a gamble. We are taking far more of a gamble if we do not do this. There is no security in that choice. Just consider what will happen if we do not do this. Unquestionably Italy will go under on April 18 if we do not do this. The campaign now on in Italy is being fought mainly around this program; it is focussed on this proposal. What will be the consequences of that? Do we believe for a moment that we can go safely on our way friendless and alone in a world which is subjugated and oppressed by Communist tyranny? Why do we believe that we are so blessed, so favored by the Lord that we are going to be allowed to enjoy our own prosperity undisturbed? Do we think that our particular civilization here is so sacred that all we have to do is to pull in our horns and attend to our own knitting and other people will leave us alone? I am sure that is not the meaning of America, I am sure that is not the challenge of America, I am sure that is not the objective that our forefathers had in mind when they met the great challenge of their day.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from New York.

Mr. JAVITS. Is it not a fact that what we are doing here is only supporting recovery to the extent of 5 percent or less of the whole European economy, which is on a \$100,000,000,000 basis right now, that we are not by any means

supporting the Europeans? There has been so much said about figures that I think they should be clear.

Mr. LODGE. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. DORN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. Dorn moves that the committee do now rise and report the bill S. 2202 to the House with the recommendation that the enacting clause be stricken from the bill.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DORN. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. May I say to the gentleman from South Carolina that I am grateful, and I think the American people will be, that he has used this parliamentary device to get this time to show the Foreign Affairs Committee that the American people in reference to this bill want it thoroughly debated, that there are some Members of this House who might perchance know as much about it as the members of the Foreign Affairs Committee.

Mr. DORN. I thank the gentleman very much. In that connection I will say this, that there is no deadline on passage of the Air Force measures; there is no deadline on other measures and issues before this Congress, which are more important than this bill. You can pass this Marshall bill and you can still lose the national integrity and independence of this country.

I would like to say this: Far be it from me to take up the time of this House frivolously. I regret very much to have to resort to measures like this to get the floor, but I was promised time last week on this bill, and was not allowed to speak in general debate. I was given a few minutes and told to extend my remarks in the Record and that I could have time under the 5-minute rule. I regret to have to do this. I respect this House. I enjoy serving here. But, I do say this, that Europe's trouble is largely moral and spiritual. You cannot save Europe with relief and you cannot buy lasting love with money, and you cannot buy lasting friendship with money. You are trying to buy off the people of Europe to stand between you and the bully that some day you will have to meet some time somewhere.

Now in regard to the military aspects of this bill: You listened to the distinguished gentleman from Texas [Mr. RAYBURN], intimating that you again will have to send your boys overseas. Let me say this, that if you ever send your sons to Europe you will never build as large an army to invade Russia as Germany had on June 22, 1941. She invaded Russia with the largest army and the best equipped army that the world has ever known or will probably ever see again. Where did she get? She reached the gates of Moscow, Leningrad and Stalingrad, which is nowhere. She would have had to advance 2,000 miles further to get beyond the Urals. So when you talk about sending an army to Europe bigger than that, with all of the incidental transportation and equip-

ment, it is too ridiculous to even think about.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DORN. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Let me ask the gentleman from South Carolina this, in response to the question discussed by the gentleman from Texas a while ago. If the President of the United States would present a program calling for \$6,400,000,000 for an air force, I do not think he would find the gentleman from Oklahoma or the gentleman from South Carolina opposing it as we are opposing this bill.

Mr. DORN. We would fight right here for that bill until it was passed, and I believe it would pass. You may remember that Napoleon invaded Russia, too, with the largest and best-equipped army the world had ever known, up to that time and had to retreat in the face of weather and expansive territory. Let us talk about military tactics and military strategy. Your men in Europe today, the 100,000 men, are tactically and strategically in an impossible situation if Russia started to move on land with her great combat armies. So, I say the only sane argument to use with Russia is to tell her that we are not going to permit the world to be swallowed up by them. We could dispatch our airplanes to Le Bourget Field at Paris, to Munich and to Rome and evacuate them in a hurry if necessary, but you cannot evacuate troops overnight. But, an air force could bomb Russia from bases in western Europe, then retire to northern Africa or to England, and strike again. So, gentlemen of the committee, let us look at this thing from a scientific military and tactical standpoint. This bill will not stop communism. This bill will not stop Russia. And, I want this House to know that I am going on record here today as saying that and remember that when you do go into world war III. Yes; I will be enthusiastic again. I will probably volunteer, as I did before resigning from the South Carolina Senate. So did a lot of the boys from South Carolina in 1942. But, let me tell you this. You told us then, that is, the leaders of this country at that time, that the world would be a Utopia if we just got rid of Hitler, Mussolini, and Tojo. But, look at the world today. During the war in France, in Normandy, General Patton's lead tanks wired back saying that they only had 15 minutes of gasoline left and "shall we stand still or fall back?" George Patton said, "Don't do either; you go forward." With that remaining gas they broke through the last German echelons of defense, and the German Army fell back in retreat.

Mark my words, you have a few days left, a few months. If you do not take a stand now it will be too late. You cannot stand still and wait, you cannot fall back. You have only a short time left so let us go forward with an aggressive policy that Russia will understand. This Marshall plan gives Russia the precious time that she needs to get ready then she could take over all Europe, including these billions of dollars.

Mr. FULTON. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I am against the preferential motion and the amendment as well. May I say to my good friend the gentleman from South Carolina [Mr. DORN] that as a member of the Foreign Affairs Committee I had asked for recognition in order to yield 5 minutes of my time to him, because I like to hear him speak. I think he has taken a fine position on having a strong air force so that we in America will be adequately protected.

I disagree with the gentleman on this bill because I feel that the rehabilitation program is necessary. I feel that we have to have the full amount of the bill because we cannot send a boy to do a man's job. We American people are risking only 3 percent of our total income as insurance in a measure short of war. The American Congress must distinguish between war measures and measures short of war. It is often confusing that war measures are both military and economic, and measures short of war are also military and economic. We are here trying to use economic means as far as Europe is concerned, to build Europe up, so that the countries of Europe may take their place with the democratic countries in the system of free nations of the world.

Poverty, disease, and underfed children cause people to turn to alternatives they would not otherwise use. We know these conditions cause totalitarian governments and communistic methods. So that if we build them up above this limit of starvation and above this limit they want to be democratic citizens of the world and we feel that they will again stand beside us.

The thing that worries me as a Member of the Congress is that we are running at the rate of a seven to nine billion dollar deficit in our foreign exchange balance per year. Unless the American people have goods coming back to replace that tremendous deficit, we are going to have a greater inflation than by passing this plan. We intend to spend only about \$6,000,000,000 on this plan, while we are cashing a blank check with nothing behind it for foreign countries at the possible rate of \$9,000,000,000 a year, and we are getting nothing back for it.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Michigan.

Mr. SADOWSKI. Is it not true that the only country that sort of balanced exports against imports last year was Russia? I looked over those figures just for my own satisfaction, and the only country that came anywhere near balancing by giving us something in return for the goods she took away from us was Russia. That has not been brought out on the floor up until now, but that is the truth.

Mr. FULTON. May I say to the gentleman that I am not particularly pleased about the balance of payments in respect to Russian trade because, as it turned out, the United States was very foolishly the largest buyer from Russia in the August fur market. We sent them

industrial materials that add to their war potential and took in return furs for garments. If that is a fair balance of Russian trade, I think somebody in the administration should have his head examined.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I listened to the remarks of my friend from South Carolina. He says he would call a meeting and tell Stalin where he got off. We would have to have something to show if Stalin told us where he did not get off. As a matter of fact, the passage of this bill is very important in that connection. It shows that America intends to use its power affirmatively. It seems to me that the passage of this bill would be consistent with the reasoning of my friend from South Carolina, rather than defeating the bill and then having a conference in our present predicament, because if Stalin refused to cooperate we would have nothing to back up our position.

Mr. FULTON. I agree with the gentleman from South Carolina that we should also have the air force, so that if he did disagree we would be protected.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Florida.

Mr. SMATHERS. The gentleman of course recognizes that Eisenhower, Marshall, and "Tooley" Spaatz are great militarists.

Mr. FULTON. Correct.

Mr. SMATHERS. They are in favor of the Marshall plan not only for the reason that it has an economic benefit but because it has some military benefit.

Mr. FULTON. That is an excellent point, that you have both the economic and the military benefits, because building up the economic potential also strengthens you militarily.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from South Carolina.

Mr. DORN. Did building up the economic potential of Czechoslovakia help stop Russia? They have got every bit of it now. That applies to Tito, too.

Mr. FULTON. I was in Czechoslovakia 4 or 5 months ago, and I have never seen a finer people in the world. The country is much smaller than Russia and the analogy is not appropriate to a program of this size.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from South Carolina.

Mr. DORN. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved to the Committee.

Mr. CHURCH. Mr. Chairman, I object.

Mr. GAVIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with a great deal of interest to our former Speaker, the distinguished gentleman from Texas [Mr. RAYBURN], whom we greatly admire and respect. He was recalling those days back in 1935 and 1936. I too recall those days very vividly because at that time the Congress was controlled by the Democratic Party, and they had a very large majority so that they could put across any legislation that they wanted regardless of what it was. We recall also hearing "rubber-stamp" Congress. So it is ridiculous to charge anybody on my side of the aisle with the responsibility for the events of those days. I also recall those days when we were converting young hogs into fertilizer and distributing the fertilizer to the farmers to increase their yield and production, which was then plowed under. I remind my very good and able friend the gentleman from Texas [Mr. RAYBURN] that in those days with a war around the corner we had the WPA, the PWA, and planned economy, and planned scarcities, and we had various economic movements. We had the flagpole sitters, the goldfish swallowers, and the ballet dancers. So I cannot feel that my side of the House is responsible for anything that happened then. The other side of the aisle was in complete charge. The difficulty today with this ERP legislation is that we have lost confidence in the administration. We do not have the confidence that the people who are going to be entrusted with this program will do the kind of job that we want done to get desired results. Why do we feel the way we do? Well, when we were in Italy last fall, I was down at Nettuno where I saw the graves of 7,499 American dead. Many of them were boys from my part of the country. As I looked over that great sea of crosses, I thought of those kids fighting their way in at the Anzio beachhead at a terrific cost and tremendous price of American lives. I also observed while there that communism was rampant everywhere in Italy. Then somebody decided evidently, to appease, that we should pull our military out of Italy and we did last December. Later we decided to put in two or three hundred million dollars into Italy regardless of the conditions and regardless of the fact that we had settled nothing. The country was rampant with communism. There was no stability anywhere in Italy then or now. So what happened, we released the foothold which we gained at such terrific cost, and at the same time we were sending our troops into Greece and leaving our other flank open. You say why do we take the position we do? It is because of the bungling of the administration in handling these problems. Certainly it is time for good, sound, clear thinking. Certainly we ought to know who is going to handle this program. Certainly it is time to clean out this element who are responsible for the conditions and the chaos that we now find ourselves in. What we should have is clear, sound thinking, practical, realistic Americans, and not appeasers or world thinkers or do-gooders.

We should have sound, loyal, patriotic, dependable Americans who will look after our interests, keen minds to decide policies and programs, if we ever expect to return the world back to stability and peace. So the whole problem has us much confused. We are sympathetic to the whole program. We want to do something to help, but, nevertheless, we do not have the confidence that this legislation will assure us the kind of administration that will give us the results that we anticipate and hope for. Therefore, Mr. Chairman, we are concerned, and rightfully so.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. REED of New York. The former speaker, the gentleman from Texas [Mr. RAYBURN] referred to conditions in 1938 and 1939, but of course there was an election coming, and when somebody—and I happened to be one of them, and there were others—suggested a two-ocean Navy, what did the President of the United States say? "Why, that is just sheer foolishness." But 6 months later it was necessary to start a two-ocean Navy. At that time we were trying to stop arming Japan, but would they stop it? No.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAVIN] has expired.

(Mr. GAVIN asked and was granted permission to revise and extend his remarks.)

Mr. CHURCH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, this bill is a Truman world WPA plan, which will further subsidize socialism in England, communism and other isms other than Americanism.

We are now discussing the Vursell amendment, to reduce the amount by \$1,300,000,000. I hope the committee will accept the amendment and thereby reduce the ERP to which thousands of Federal pay-rollers hope to shift from other New Deal bureaus that are being reduced.

Mr. Chairman, I have these pay-rollers in my district waiting anxiously. I know them. They are waiting to shift to ERP. They are hoping that this measure will pass.

Mr. Chairman, you are tying the hands of our Appropriations Committee to reduce ruinous and costly bureaucracy.

Mr. Chairman, the bill before us, which authorizes an appropriation of \$6,205,000,000 for the so-called Foreign Assistance Program, presents one of the most far-reaching and one of the most momentous questions to be considered by this Congress. During my many years service in this body, which includes the hectic days of the New Deal, the anxious days of the defense program, and the trying days of the war, I do not believe any issue has given me greater concern than that presented by this pending bill.

I have devoted many weeks of careful study and thought to this bill. There are volumes and volumes of official documents, congressional, and departmental, dealing with various phases of the pro-

gram. There is the Krug report, the Harriman report, the report of the Council of Economic Advisers. There are the various reports issued by the Committee on Foreign Affairs and those issued by the Select Committee on Foreign Aid, under the able gentleman from Massachusetts [Mr. HERTER], as well as the extensive hearings held by the Senate Committee on Foreign Relations and our own Committee on Foreign Affairs, not to mention the informative debate covering many days both in the other body and here in the House.

As the committee itself stated in its report accompanying this bill:

The sheer bulk of this material reached proportions probably never before achieved in a congressional study of pending legislation and its brief analysis into simple components has presented great difficulties.

Believing, as I do, that the destiny of our beloved country and perhaps the world may be determined by the action taken on this legislation, I have given much time to a study of all this material, even to the neglect of other duties, in an earnest and sincere desire to reach a sound decision. I have reluctantly concluded that I cannot in good conscience vote for this bill unless the amount is reduced, whatever may be the views of my party leaders and whatever may be the political consequences to myself for the position I thus take. While I do not vainly hope that by what I say here today will persuade someone to my view, I believe I owe it to myself and to the fine people I am privileged to represent to set forth briefly the reasons for my position.

Surely we all recognize that this proposed expenditure of a little over \$6,000,000,000 as provided in the pending bill is merely the beginning of what is intended to be a long-range program involving many billions of dollars. It has been said that the total expenditures envisaged by the Marshall plan are around \$17,000,000,000, constituting a downward revision from the \$22,440,000,000 requested by 16 nations that participated in the Paris Conference. A total authorization of \$17,000,000,000 for the program for the period April 1, 1948, to June 30, 1952, was the amount requested by the President in his special messages to Congress in December of last year.

But, in truth, no one really knows exactly what this program, once undertaken, will ultimately cost. No one knows where and when it will end, nor what the results will be. I venture the ominous prediction that this program, if carried through to its logical conclusion, will cost the American people considerably more than presently contemplated and will involve more than the 4-year period now proposed. As is invariably the case in such spending programs, there will be the unanticipated needs and new demands, and in their support there will be offered the usual and somewhat compelling argument that, having invested so much money in the program, it would be folly not to continue further.

Take, for example, the loan we made to Great Britain of \$3,750,000,000 to assist her in postwar reconstruction. In the first 12 months she used up \$2,450,-

000,000 of that loan, and we shortly heard the appeal for the pressing need for additional financial assistance. It was understood, however, that when the loan was made that it would last for a period of 5 years.

There is no doubt but that the American taxpayers were indirectly underwriting the socialistic schemes of the administration in power in Great Britain. Instead of pursuing policies that would lead to increased production, the British Government pursued policies which represented an additional burden on their national economy and, by their very nature, retarded economic recovery.

I do not intend here to enter into a discussion of the British loan and British domestic policies. My point is that when we made the loan of almost \$4,000,000,000 it was expected that it would be used in a 5-year period and would serve to put her back on the road to economic recovery and stability. But, as it has developed, in a little over a year the loan was exhausted, and now there comes these requests for additional assistance and now there comes the forceful arguments about the need to keep Britain strong in our own self-interest.

To be sure, it is proposed by the pending bill that each year the Congress can take a look at the program as it makes the annual appropriations, and the authorization provided by this bill is intended only for the first year. To be sure, section 122 of title 1 of the bill provides for a termination of the European assistance program on June 30, 1952.

That is the clear and unmistakable language of the bill. But we have had experience with such programs as this, if not internationally at least domestically. Let us be realistic. Such programs of spending always create vested interests, and in time there develops supplements and additions to it. As the expiration date approaches there develops a campaign to extend it for another year and then another.

In other words, Mr. Chairman, while we are today talking about a \$17,000,000,000 program for a 4-year period, if we have learned the lessons of experience, we may well be talking about a program involving many billions more for many years to come. And we are asking the American people to make the sacrifices involved in such a program with absolutely no guarantee of its success.

In considering the vastness of this proposed program, for which the American people will be called upon to pay both in taxes and in high prices of things in short supply, I must take into account the aid which the American people have already extended to other countries and the burden it has represented. During the war itself we extended \$50,000,000,000 of supplies to our friends and allies. And since the cessation of hostilities we have extended foreign assistance, directly and indirectly, to around \$20,000,000,000.

And where are we? What has been accomplished? Indeed, the countries who have received this aid appear to be in worse condition than when the expenditures began. How long can this

go on? Our people now carry a public debt the interest charges on which are \$5,250,000,000 in the next fiscal year. Our people now pay the highest income taxes in history, and we have the largest peacetime budget in history, independent of the foreign-aid item.

The major argument made in behalf of this program is that it is necessary to stop the spread of communism and to prevent another war. If I thought for a single moment that this bill would serve that end I would certainly cast my vote for it. But, in this, as in practically everything else that has been undertaken in the field of foreign relations, we are being theoretical rather than practical.

Russia does not fear our economic aid to other countries. Her propaganda machine has been working day and night against the program. It has furnished her with the opportunity to attack us for imperialistic designs, which all of us know is far from the truth. No matter what we did, even if we did nothing, we can expect such propaganda attacks against the United States. Whatever we did, whatever policy we pursued, Russia would endeavor to attack it to try to discredit the United States in the eyes of other people. That is part of her strategy.

All that Russia fears is military might. And it seems to me that instead of wasting our resources on some such program as this, which may amount to no more than a world WPA project, the expenditures could be put to much better use in strengthening our own national defense. We have recently received recommendations for an increase in the appropriations for military purposes, in addition to the \$11,000,000,000 proposed in the original budget. And the Joint Aviation Policy Board, established by this Congress, pointed out in its report a number of weeks ago the existing inadequacies in our air power.

It seems to me, Mr. Chairman, that we might well heed the words of former Secretary of State James F. Byrnes, in an address he delivered in November of last year at Winston-Salem, N. C. He said:

America must be strong if Americans are to remain free. If a choice ever has to be made between providing long-term economic aid to Europe and providing funds for the national defense, there must be no question that our duty is to provide our armed services. Freedom-loving people throughout the world are just as much interested as are the American people in our maintaining military strength.

And that, Mr. Chairman, is precisely the choice we have to make. We cannot afford to enter upon such a program as this and, at the same time, meet our defense requirements. We cannot do both and remain solvent. If there is anything that would further the cause of communism in the world, it would be for the United States to become economically weak.

I repeat what I have contended many times, both here on the floor and in the public forums, that national defense also involves a strong, productive economy. The last war is conclusive proof of the fact that the power to produce goods to support an adequate Military Establish-

ment is as important as the Military Establishment itself. The size of the standing Army or the Air Force or the number of available ships is not the sole measure of one's military power. A nation's productive facilities and productive power is an important factor.

By entering upon fantastic, experimental programs such as envisaged by this legislation we are draining off much of our economic strength, and we are straining our whole economic structure. We are making ourselves weaker, with absolutely no guarantee, not even a hope as I see it, that our aid will really serve to make our allies stronger.

None of the countries in Europe are strong enough to resist direct aggression from Russia. It seems to be generally admitted that if Russia should decide upon a course of military aggression, in lieu of the indirect methods of taking over control of countries she presently employs, that none of the countries has the military and economic strength to prevent being overrun. And even assuming that our aid will enable them to become stronger, it will certainly be a matter of several years before they will be able to restore their productive power and attain economic stability.

Indeed, if the objective of the Russian Government is to bring the world under her control, as evidently it is, it would be in keeping with that policy if Russia were to wait until the United States has sent extensive supplies to a country and then proceed to take the country. She would thus obtain the benefit of the goods and machinery from the United States in furthering her objective.

It is an unfortunate fact, Mr. Chairman, that the international situation which confronts us today is the direct result of failures and incompetence and vacillations on the part of those who have been charged with the conduct of our foreign affairs in the executive branch of the Government. We are paying a high price today for these follies of yesterday. When we were extending lease-lend aid and when we had the finest Army, Navy and Air Force in the world, this great and powerful country was in a position to insist upon the adoption of principles that would make for a lasting peace. Instead, secret deals were made, probably because they were expedient at the moment, of which the people knew nothing, that are today producing this period of great anxiety, confusion and uncertainty.

The philosophy of the New Deal has always been that whenever any problem presents itself the solution is an expenditure of money for experimental purposes. And that is exactly what is proposed here. Even the proponents of this program admit that it is an experiment. We know that it will involve many billions of dollars, that the people will have to pay for it in taxes and that they will have to pay for it in the prices they pay for goods in short supply because of shipments abroad. I cannot give my support to such a program.

It seems to me, Mr. Chairman, that the best way to combat communism is to make certain that we have an adequate national defense, that we have the

finest and most efficient military machine in the world, in the air, on land and at sea, and that we have a sound national economy to support that machine. That is the first requisite. And that is the way to peace, security, and prosperity which, I pray, the American people will ever enjoy.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as a freshman Member and as one from the Middle Western State of Wisconsin, it might be assumed that I would tend to be as much isolationist as anyone, and certainly as a freshman Member, one whose voice is not as persuasive as the majority of the members of the committee; but I should like to give you my reasons for believing this amendment should be defeated.

I agree with the gentleman from South Carolina that we need a strong Air Force, a strong military arm, but I believe that that in and of itself would not stop the thing that is happening in this world and has been happening since the end of the war. A strong military arm alone right now, possessed by the United States, would not necessarily put us in a position to tell Joe Stalin that the Italian elections, for example, should go a certain way. The Communists do not work in the open, they work by penetration, they work upon the stomachs of the people, they use soap boxes, deceit, and infiltration and other means which the Army cannot reach.

In the program which we have set before us we must implement not merely the military arm but we must implement the economic arm and also the spiritual arm.

I contend that those Members who here today argue in favor of cutting down the program to the point where it will be ineffective, are persuaded primarily by, and are obsessed of the idea that we can lock ourselves up and pay no attention to world affairs. They are the members who within a very short period of time would bring down upon this country expenditures and appropriations far in excess of what we are considering here. They are the apostles of huge appropriations for the future. They are not the advocates of economy, they are the men who fail to see that we would then have to adopt a policy which would be far more expensive than what we contemplate now.

Suppose we did what they want, suppose we adopt a course of historical fatalism and permit Russia to take over the rest of Europe, northern Africa, China, and other portions of the world. Suppose they should reach that position, following the tactics she has already followed—and she moves very cleverly—what kind of appropriations would these gentlemen who now oppose this, be willing to vote for—if Russia stood astride the world and we were then isolated from the world? Mr. Chairman, the kind of appropriations we would then be faced with would be 5 or 10 times what we are now faced with.

Does the gentleman believe that Russia will not in a few years have developed the atomic bomb? Do these gentlemen believe they will not have developed bio-

logical warfare? When they shall have done these things—and they are now in the process of trying to do them—what kind of appropriations would these gentlemen support, when Mr. Stalin, or Mr. Molotoff, or Mr. Zhdanov at the time of a future American election said: "We direct that Henry Wallace be the President of the United States" and be able to implement their desire with sufficient force that even the threat of using it would effect Soviet policy for the United States. We would see repeated here what we have seen in Europe, only worse. Oh, yes; we would then have to have appropriations to move our cities underground. These gentlemen are the apostles of expenditures far beyond the wildest dreams of men now living, many times greater than this appropriation.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MONRONEY].

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, if there ever was a false economy move, this effort to cut the authorization for this year below the necessary level for success of the entire plan, is certainly it.

I really think that the figure of \$5,300,000,000 is even short of the amount necessary to do the job. If you want to insure failure of this plan—to lose the goal we are seeking in helping to contribute to world peace, and to strengthen western European democracies, then vote for the Vursell amendment and defeat the good effects that can come from enactment of this plan.

No one knows exactly what this plan is going to cost, what is going to be necessary to pull Europe out even on the mere basis of existence. It is only if there is enough money in the fund to rehabilitate industry, to furnish the raw materials so they can become self-respecting and self-sustaining nations, can the idea of the Marshall plan work.

By adopting this drastic 33½-percent cut, this reduction, will force the Marshall plan to become only an international WPA because there would not be money enough left to do any general rehabilitation work and only a mere dole of sustaining food can be extended.

Europe needs the tools to do the job of becoming self sustaining, and the Vursell amendment would take the money for tools out of the plan.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. REES. Mr. Chairman, there are some of the items in this bill than can be reduced without any injury to the legis-

lation. For instance, it is estimated that \$900,000,000 under this program will be spent for tobacco alone. Two hundred and sixty-five million dollars has already been earmarked to be spent for tobacco during the next year. As I have said before, why not spend the \$165,000,000 for food. It will do a whole lot more good to help save the lives of starving people rather than help take care of a surplus of tobacco in this country. Why should we send \$7,000,000 worth of tobacco to Denmark in the next year; \$23,000,000 to the Netherlands; \$10,000,000 worth to France. We are even sending \$2,000,000 worth to Ireland and \$160,000,000 in tobacco to the British Isles. All in the name of European recovery.

I should call your attention to another item. Two hundred and eighteen million dollars is to be spent for tractors to farm lands of the European countries under this bill. In the first place, the European farmers are not accustomed to using tractors. The whole thing is impractical because the farms average only from 7 to 20 acres. Why should a farmer who does not know how to run it, have a tractor to operate a farm of 10 on 20 acres which any farmer knows is impractical. Instead of doing this you can use 10 or 15 percent of these funds and buy horses and mules and small implements. In other words, in place of spending \$218,000,000, spend \$20,000,000 for horses, mules and ordinary farm implements and save the other \$200,000,000 for our own farmers.

There is a surplus of horses and mules in this country. They can be bought very cheap. Implements to be used with them are not expensive. As a matter of fact farmers in European countries have quite a supply of implements on hand. As far as feed for these horses is concerned, they will need little grain because horses in those countries live on forage which is in supply. If you will spend \$20,000,000 in this way you can take care of more than a hundred thousand farm units, which is just as much as you will do by spending ten times that amount for tractors. And do not forget, these tractors will use a great supply of gas which is scarce and very expensive in Europe.

Farm tractors are scarce in this country now. Our farmers need them very badly. Why not be realistic about this whole matter. Here is something else. Just as soon as this bill is passed the Department of Commerce is going to issue a statement that commitments under this proposal will take 25 percent of the output of farm tractors and farm machinery during the next year.

The Administrator of this legislation does not have to follow that commitment. I hope he will use a little common sense and be realistic in dealing with this problem.

This legislation calls for \$450,000,000 worth of nitrogen, potash, and phosphate for fertilizer. I am not going to object to some fair division of fertilizer. I would like to call attention to the fact that a considerable amount of nitrogen is going to countries abroad right now. I think you know that with very little

processing it can be converted into explosives. In view of conditions it will be well to give this matter particular attention.

Having said what I have with regard to this matter, I am not unmindful that this program has the endorsement of the strong farm organizations of this country.

I hope these farm organizations will use their influence in seeing that their interests are protected by urging the things to which I have directed the attention of the membership of this House.

Mr. Chairman, the expense of this program can be reduced by several million dollars without injury to anyone. Of course, we want European recovery. In our attempt to render assistance to others we must be extremely careful that we do not weaken America in our attempt to reach this objective.

Mr. Chairman, because this program has the endorsement of many of the great leaders of this country, who have given it a great deal of study and consideration, and because it has the approval of so many of our people who feel it may help prevent another world crisis, and for the reason it carries the hope it may help bring about a better understanding among the nations of the world and prevent the suffering of so many people, I shall support this legislation. I do it with the further hope that it may be administered wisely and that those in charge of its administration will spend the funds on the basis of real need, and with the realization that the funds expended come from the taxpayers of this great country of ours. I regret that I cannot be more enthusiastic with respect to this legislation. Again, I hope the adoption of this legislation will do the things its sponsors believe it will accomplish.

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan.

There was no objection.

OUR FOREIGN POLICY AND THE MARSHALL PLAN

Mr. HOFFMAN. Mr. Chairman, as a boy I was allergic to poison ivy or poison oak or, as the State Department would put it, Toxicodendron radicans. Frequently, after a hunting or fishing trip, I had a very unpleasant time caring for an itching, painful skin. Some folks told me if, after being exposed to poison ivy, I would wash thoroughly and carefully with soft soap, with yellow soap, with tar soap, or rub myself with alcohol, I could expose myself to poison ivy, but it would not take. Those remedies and several others were tried, but I learned that if I did not want to be poisoned, I had better stay away from where the poison oak grew. The lesson finally was learned through repeated, painful experiences. Now I watch my step and avoid contact with the dangerous vine.

The Balkans, sometimes called the cockpit of Europe, and other European nations are, if it may be put that way, the natural habitat of war. For reasons which it is unnecessary to give, the nations of Europe are ever at war.

Our people do not like war. This is especially true of those who have to fight the wars and pay the cost.

There are, of course, a few with ideas of grandeur who like to strut the world's stage; others who are not averse to taking a profit even though it comes from the suffering and the sacrifice of lives of their fellowmen. There are others, kindly, sincere, generous folk unaware of the facts of life, who follow a program which leads to war. But the mothers and the wives—yes, and an overwhelming majority of the young men who have no voice in the question as to whether they shall fight, suffer, and die—are opposed to war.

As a people we know, too, that war seldom settles anything. History teaches that the issue which was supposed to be settled by war lives on and, the disputants being willing, breeds another war. The world knows, too, that hunger, sickness, epidemics, famine, sometimes starvation, always follow war—that it takes years for the nations which engage in war to be rehabilitated, and that to lessen the havoc wrought by war, hard work, thrift, and courage are necessary. This bill asks the American people to assume the burden which should be borne by the nations responsible for the war.

Nevertheless, knowing all these things and disregarding the sound advice of the Father of our Country to avoid entanglement in foreign affairs, we have during the last few years made it our business to, in one way or another, get into two world wars and to set the stage for a third one.

This Nation, if it would, could follow the sane, sensible course I followed as a boy, when I avoided pain and suffering as well as inconvenience by staying away from the poisonous vine, by watching my step, by looking where I was going, and attending strictly to my own business of hunting and fishing. If we would, as a Nation try to avoid settling the quarrels of other nations, we might avoid war. If we send our dollars and our armed forces into areas where there is war, we will be in it.

QUACK REMEDIES

In recent years we have had a foreign policy which is no policy at all, for a policy implies a continuity of consistent action. The present and the preceding administrations have written many prescriptions.

Among them are the following:

We had the neutrality declarations of 1914 and 1917. That was to keep us out of war. Then we had Wilson's 14 points. That was to keep us out of war. Then there was a covenant of the League of Nations. That was to keep us out of war. Then the Washington treaties of disarmament. That was to keep us out of war. The Kellogg pact to outlaw war. That was to keep us out of war. The Dawes plan and the Young plan to keep us out of war. The Stimson doctrine to prevent aggression. That was to keep us out of war. The London Conference. That was to keep us out of war. The Roosevelt Neutrality Act. That was to

keep us out of war. The four freedoms. That was to keep us out of war. Hull's 17 points. That was to keep us out of war. Then came the Atlantic Charter. That was to keep us out of war. Then the Yalta declaration, to keep us out of war. Then there was lend-lease to keep us out of war. Then UNRRA to keep us out of war. And the Potsdam agreement to keep us out of war. And Bretton Woods to keep us out of war. And Dumbarton Oaks to keep us out of war. And Bank for International Settlement to keep us out of war. And Export-Import Bank to keep us out of war. And the United Nations to keep us out of war.

United Nations was given us with a great fanfare of publicity. It was the front page of the papers for weeks, and finally we took it. It was given us with the assurance that it would police the world—prevent war—need I say "Palestine." UN appears to be dead.

Recently, the Congress appropriated \$65,000,000 to build a palace here in America on a bit of what might now be termed—international soil, for the outfit which will administer UN and which we, at great cost, will support—with a few dollars thrown in by other nations. United Nations was hailed as a great adventure. It has been a joy ride for a few, but there has been no profit, either material or spiritual, out of it for our people. It is doubtful, too, whether we have learned anything from this great adventure.

Lend-lease and the other money giving measures were characterized as great speculations. If there was anything speculative about them—and that I doubt—we have on every occasion been on the loser's side of the deal.

A NEW DOCTOR, A NEW PRESCRIPTION

Our past advisers and their prescriptions, having failed to keep us out of

Share in cost of foreign-aid commitments and Marshall-plan proposals—Total aid apportioned on Nation-wide per capita basis

	Population, 1940	Share of foreign aid commitments fiscal 1946, 1947 population times \$183	Share of foreign aid proposed 1948-52 population times \$129	Total share in commitments and proposed aid	Taxes, 1945, at county, township, and village levels
Allegan County.....	41,839	\$7,656,537	\$5,397,231	\$13,053,768	\$678,779
Allegan City.....	4,526	828,258	583,854	1,412,112	155,084
Barry County.....	22,613	4,138,179	2,917,077	7,055,256	399,836
Hastings City.....	5,175	947,025	667,575	1,614,600	162,923
Berrien County.....	89,117	16,308,411	11,496,093	27,804,504	2,436,270
St. Joseph City.....	8,963	1,640,229	1,156,227	2,785,456	472,809
Cass County.....	21,910	4,009,530	2,826,390	6,835,920	376,129
Cassopolis City.....	1,488	272,304	191,952	464,256	14,772
St. Joseph County.....	31,749	5,810,067	4,095,621	9,905,688	647,757
Centerville City.....	812	148,596	104,748	253,344	7,512
Van Buren County.....	35,111	6,425,313	4,529,319	10,954,632	658,352
Paw Paw City.....	1,910	349,530	246,390	595,920	11,982

Village taxes only.

Sources: County populations from 1940 Census, Population, vol. 1; population of county seats from Rand-McNally Atlas; tax data from Michigan State Tax Commission, twenty-fourth report, 1945-46.

The aid which we have extended to foreign nations has laid upon each citizen of the United States a tax burden of \$183.03. But some of us are going to pay more than that. On an evening when you have leisure time, will you sit down with pencil and pad, figure the total number of people who live in your block? From that total, exclude first the children, the sick, then those who

war, having failed to establish freedom anywhere in the world, having failed to give us peace, prosperity, or happiness, it would seem that another physician and new remedies would be welcome. As proof that the New Deal Administration—I will not call it Democratic, for that it has not been—is an utter failure, permit me to quote the former Speaker of the House, the gentleman from Texas [Mr. RAYBURN], now the minority leader, who, on March 24, last, just last Wednesday, from the floor of the House said: "I am more distressed about the world situation today than I was in 1938 and 1939." A frank confession that the New Deal policies, which we have followed since the beginning of the Roosevelt reign, have brought us nothing worth while—on the contrary, have been a positive destructive force—have left us in worse condition than when the first emergency arose.

Notwithstanding the complete worthlessness, the excessive cost, the suffering and the burden laid upon the taxpayer by our present bipartisan foreign policy, we seem determined to insist upon swallowing another dose.

How many are aware that from July 1, 1945, to June 30, 1947, we gave aid to foreign nations amounting to \$24,099,211,087; that the bill, now pending before the House and which today we will vote upon, is the opening wedge for a program under which we will give to foreign nations, before it is finished, at least \$17,000,000,000, and no one knows how much more—who will predict for how long the program is to run?

Just to show the taxpayers of the Fourth Congressional District of Michigan what it will cost each individual if each paid his equitable share—which, of course, he will not—let me read the following figures prepared by the Legislative Reference Service of the Library of Congress:

cannot or will not pay \$183.03. In short, determine in your own way and to your own satisfaction the number of people in your block in your home town, upon whom this tax burden will fall, and I think you will discover that each will pay from two to three times \$183.03.

Then, if your pencil has not worn down, instead of amusing yourself with a crossword puzzle, figure what the pro-

posed Marshall plan, assuming that it will cost no more than the \$17,000,000,000, will cost you. If each citizen of the United States pays his equal share, your share would be \$129. You know, however, that it will be much more than that. But let us assume, for a moment, that each child, patient in the hospital, inmate of any institution, paid his share. Add your \$183.03 and your \$129, and you will learn that this plan of aiding others has or will cost each of us \$312.03.

Nor is that all the cost.

OUR RESOURCES ARE LIMITED

Even the most optimistic supporter of our present foreign policy will confess that no accurate estimate of our national resources, of our ability to pay and do, is at hand. Yet we give billions without a thought as to our ability to give.

A few things we do know. Even the dumbest recognizes the fact that we cannot use the same thing at the same time in two different places.

The housewife knows that if we send food, and money to buy food, abroad, she will find that her present difficulty in feeding the husband who must work and the children who must be fed, if they are to retain their health and grow, has been drastically intensified. Every time the housewife goes to buy an article of clothing, she will find that the price is going up. She will learn that there is difficulty in obtaining what she needs. That is one thing the Marshall plan will give the housewife.

The farmer who is asked to grow food for Europe will learn that the cost of his farm machinery and the labor cost are skyrocketing. He will learn, through bitter experience, that as his farm machinery wears out, he will have more and more trouble in replacing it. He will learn, too, that the price is almost doubled. That, the farmer will get out of the Marshall plan.

The veteran who finds, as time goes on, that his needs have increased, that because of the increased living costs, the allowance which, to him in the beginning, may have seemed adequate or generous, is now insufficient. But when he asks for an increase he will learn that the money which might have been paid to him has been sent to other nations who have used it to purchase and hike the price of the things he needs. He will learn that the things he needs are being given to some of those, and the dependents of those, who, in days gone by, confronted him on the battlefield. Less and less in purchasing power the Marshall plan will give to the veterans.

FEDERAL WORKERS

Yes, wage earners throughout the country, confronted by the increased cost in various items, will learn—and it should not be a surprise to them—that they will pay not only through the tax collector, but every time they go to a store or market for the gifts in higher prices for the gifts which are being made to other governments who, in turn, sell at a profit to the very people we are supposed to be aiding.

And so the story might run on indefinitely, but the foregoing is sufficient to show what will happen, what we will get out of the Marshall plan.

Do we get peace, security, out of this bill and do these other plans, which have been made for us, give us peace and security? Oh, no. During the debate on this bill not one proponent of the bill has given it unquestioned support.

It has been described as a calculated risk, as an experiment, as something we must have. It is a remedy which may, it is said, give us peace.

The proponents of this plan are the same individuals, belong to the same groups, which heretofore have written prescriptions. We have taken their prescriptions, and none has kept us out of war. None has given or will give peace. Now they tell us that, in addition to this gift of anywhere from \$17,000,000,000 to \$20,000,000,000, we should also accept at their hands compulsory universal military training, a renewal of the conscription law which will take the men of this land to fight again on foreign soil.

Yes; those things they advocate, knowing, as they must that every nation which has tried them has been the loser in every war where they have met our so-called untrained soldiers. They still urge these upon us.

There is no necessity for war. Russia is not now able to carry on a war, and she will not for years to come be capable of successfully making war if we will end our policy of building her up. We aided Russia in destroying Hitler, and in the process we created—so we are told—an enemy as strong or stronger than was Hitler.

CONSTRUCTIVE POLICY

And so you ask what policy do I advocate?

As the first constructive step, I would get rid of, lock, stock, and barrel, the present administration and those whose advice we have followed to our sorrow. And with them the Reds, the Pinks—those who seek to circumvent the laws and the Constitution.

Second, I would continue to give aid to the unfortunate in other lands, who need food, clothing, and shelter, but I would give it direct to the people through American administrators and, in return, I would exact work from those receiving aid directed toward rehabilitating themselves and their nation. Under no circumstances would the giving of this aid be permitted to impair our own welfare, and under no circumstances would I give aid to those who insist upon recreating a military machine.

Third, and perhaps most important of all, I would build up here, through every scientific method, our national armament. If there is anything to the talk which we were getting from our Armed Services a year or 2 ago as to the efficacy of the atomic bomb, then we have in our hands and under our control the secret which will enable us to hold all nations at arm's length. Instead of giving money to other nations to arm themselves and to carry on policies of aggrandizement, I would limit aid to that which can be used only to assist them economically.

Then, finally, I would quit trying to, by force, compel other people and other nations to adopt our ways, our policies, do as we wish them to do.

If a program of that kind is followed, we need fear no one.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BRADLEY].

(Mr. BRADLEY asked and was given permission to revise and extend his remarks.)

Mr. BRADLEY. Mr. Chairman, I have spoken against certain parts of this bill, but I want to say now that I support the committee on the measure as it now stands, and I oppose the reduction as suggested in this proposed amendment.

It is generally recognized throughout military establishments that any dictatorial power which controls all Europe endangers all peace-loving democratic nations of the world, and it seems to me that we must do the best we can to preserve the few friends we may still have in Europe. Predictions regarding military operations and regarding future wars are dangerous, indeed. Even the best professionals make lots of mistakes, and today, with submarines, and aircraft, and the atomic bomb, war would be terrible indeed. I think we should do everything honorable within our power to keep the peace. A cold war is a lot better than a fighting war in which hundreds of thousands of people are going to be killed and in which general destruction will be accomplished. I do not want to contemplate the death of those hundreds of thousands, even though they are chiefly the men, women, and the children of the enemy.

I support the measure as it stands.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Chairman, the long debate on this bill has disclosed the lack of wholehearted support of the so-called Marshall plan. Many of us who are voting for it do so with misgivings. However, those of us who want to take positive action before the Eightieth Congress adjourns, on a program that will help to bring peace and stability to the world and give some hope to the devastated, war-torn countries of the Old World that they may be able to rehabilitate themselves and assume normal activities are forced to vote for the Marshall plan or do nothing. We have no other recourse. I am sure the American people want to do their full share in helping to restore the shattered, war-devastated countries of the Old World and to bring about a stable and enduring peace. I pray God that may be accomplished. My mail is heavy with requests to support such an objective. America has always had a sympathetic approach to distress throughout the world. We should provide a springboard for self-help, not a wheel chair for permanent doles. We must, however, bear in mind that our own financial resources are not inexhaustible, and that we now have a debt of approximately \$257,000,000,000, a peacetime budget of

forty billions, with additional billions now being requested by the President. We have the highest tax burden in all our history, and the American people have been pressed to the limit to finance this immense burden thrust upon them. There must be a limit sometime to this exorbitant spending of American tax dollars around the world.

The administration, which has played fast and loose with our foreign affairs, has supported no forthright, effective foreign policy which would result in a solution of the critical world problems facing us. It has been vacillating and has engaged in double talk and appeasement, as a result of which confusion has been added to confusion and a chaotic situation exists in the whole field of international relations. The personnel in the State Department charged with the responsibility of maintaining our foreign affairs, are inefficient, inept, and vacillating and they have failed miserably to effect any solution of these many problems. We were sold down the river at Potsdam and Yalta. The Palestine question has been bungled from the outset, and as a result the administration has not only sacrificed the Jewish people of Palestine, but has gained the enmity of all factions. It adopted the undefensible Morgenthau plan in Germany and forestalled recovery there.

In the Balkan countries, the administration has permitted the iron curtain to be drawn around one nation after another, and has been impotent to protect American interests after having poured literally billions of dollars into these satellite countries which are now under Russian domination. These American funds have gone to build up Russian war power.

Since the war in Europe ended we have sent overseas over \$20,000,000,000 in an endeavor to give relief and help to rehabilitate those countries ravaged by that titanic struggle. During the war, we poured seventeen billions into Europe and Asia. We gave Russia \$11,260,343,603 during the war under lend-lease. Since the war we have given Russia approximately \$168,000,000. We have also contributed \$301,000,000 to Yugoslavia, \$174,000,000 to Czechoslovakia, and \$349,000,000 to Poland, with lesser sums to other Russian satellite countries, thereby swelling the power and military strength of Russia itself.

No one can say that we have not fulfilled our full duty on foreign aid in the past. We have expended overseas, since the war ended, over \$24,000,000,000 for civilian aid. Reports that come to us here in the Congress from our committees and representatives who have canvassed postwar conditions in foreign countries, are to the effect that many of our American tax dollars have been flagrantly dissipated, and poured down "rat holes" with little or no actual aid or relief to the stricken peoples on the lower-income levels who are in dire need of immediate help to prevent starvation. Our foreign-aid program has been shamefully administered and much of the money provided for this program has gone to corrupt politicians, designing civilians and military officials, and others who want to profit from the largess of

America without themselves making any contribution by their own self-help to the welfare of their fellow citizens. Whatever we do in the way of relief and aid for the war-stricken nations should be to help them to help themselves, and must be hedged about by administrative controls that will make certain that every dollar expended will bring a full dollar's worth of value in relief and rehabilitation to the needy recipients of the gifts from our own people. In giving aid, we must not undermine our own financial structure.

Under the Marshall plan we are now embarking on another program of worldwide spending which, according to the planners, will involve an outlay of \$17,000,000,000 at least in a 4-year period. I do not approve a 4-year program, but 1 year only. This stupendous sum is more than the assessed value of the 11 Western States of the United States. Our children and our children's children will be paying on this debt as long as they live. It will be added to an already huge national debt of \$257,000,000,000. If we were assured that the administration would clean house, particularly in the State Department and the Department of Commerce, and would place a conscientious, public-spirited, and efficient American in charge of the expenditures under the administration of this program, we could vote for the plan with more confidence. Judging from past experiences in the spending of the huge sums to which I have called attention, there is little encouragement given that the funds will be conscientiously and honestly expended.

While we are considering this enormous burden to be placed on the American taxpayer, we must not overlook the fact that in the critical world situation now existing and with the threat of war again hanging over our Nation, we must keep our own house in order and maintain our military defenses to full 100-percent strength in the air, on the land, and on the sea. This involves large expenditures and should be one of the first calls upon our resources. We should be strong militarily, not for war, but for peace and the defense of our own country in the event of any emergency. We should not allow our own country to be weakened and its financial resources dissipated, without first providing full, 100-percent national defense.

Mr. Chairman, while I am forced by circumstances to vote for this bill since no other program is offered, I am doing so with the distinct understanding that we are committing ourselves only to 1 year and that at the expiration thereof, or sooner if circumstances warrant, a complete reexamination of the whole problem will be made and a new determination as to what further action, if any, should be taken by the United States to solve these international problems. I am voting for it in the belief we will have a new administration in the White House in January 1949. I am firmly of the belief that we cannot hope for honest, effective, and efficient administration of this program until there is a complete change in the administration from the top levels to the bottom, so that there may be a thorough house-

cleaning in all departments, resulting in the plugging of the leaks which have resulted in profligate spending of American relief funds by irresponsible persons in high places and low.

Mr. Chairman, I am voting for this bill reluctantly only as a last resort.

WHY NOT A MARSHALL PLAN FOR THE AGED OF AMERICA?

Mr. Chairman, when we had under consideration the tax bill, I posed the question "Why not a Marshall plan for the aged of America?" I repeat here some of my remarks I made then. There seems to be no valid reason, while we are planning to spend \$17,000,000,000 more overseas for the relief and rehabilitation of citizens of foreign countries, we should not also at the same time make adequate provision for our own old folks here in America who are in want and without the necessities to keep body and soul together. I refer to the inexcusable failure of the Congress to make adequate provision for the aged of America. I again pose the question, "Why not a Marshall plan for the aged of America?" While we are considering the Marshall plan for Europe, is it not time to adopt some plan for the old folks of this Nation? The proposal of the administration is to spend some \$17,000,000,000 in aid to European countries under the Marshall plan, with an expenditure of \$6,205,000,000 for the first year. This is in addition to the twenty-four billions that have already been expended for European aid since the war ended. I call attention to the fact that some of this huge expenditure will be made available for the needy of the European countries, including the aged. Is it not a decent thing to do, while we are expending such huge sums for foreign aid, to have a Marshall plan for our own old folks in America and give them some help in their distress? You can fulfill this obligation to our old folks by signing petition No. 7 and bring on the floor for consideration H. R. 16 which will give them enough aid to sustain them in their old age.

The Congress, for years, has been considering legislation for its elderly citizens. Throughout my legislative service here, covering almost 10 years, I have urged that the Congress adopt a Federal old-age program which will do justice to the old folks of America.

On the opening day of the Eightieth Congress, I introduced H. R. 16, which is a bill providing benefits to the aged and the totally disabled. This bill does not provide any fixed monthly annuity for the recipients, but it does provide for a tax and the total amount raised thereby will be prorated monthly among those entitled to take under the bill. The experts of the Congress on fiscal affairs should determine the tax necessary so that the bill, when enacted, may provide an adequate annuity to maintain these old folks in decency and health. It would lie within the province of the Congress to change the tax from time to time as conditions warranted. This bill has been gathering dust in the pigeonholes of the Ways and Means Committee. Before we adjourned at the special session, I urged that every Member

of the House interested in the welfare of our old folks sign a discharge petition which I placed on the Clerk's desk. The Christmas season was then approaching and it seemed appropriate as an evidence of good will and sincere interest in the welfare of these old folks that we sign this petition and bring this bill on the floor for consideration. One hundred and sixty-five Members have signed the petition. When 218 Members sign, the bill will come to the floor under an open rule and will be subject to any germane amendment, and the House will be able to work its will and to adopt any amendments it desires in order to make the bill acceptable to the majority of our Members. The exact terminology and provisions of this bill are not the important consideration, but it is important to enact some legislation making adequate provision for our old folks, with an assurance that they will have an ample monthly income during their old age to permit them to secure the necessary medical care, food, clothing, and shelter to protect them from want, hunger, and cold.

The existing social-security law for the aged is an ineffective gesture. Under it, as shown by the reports from the Social Security Agency, the payments the aged are receiving for old-age assistance through the States of the Union, average from \$16.92 a month in the lowest State to \$64.93 in the highest, as shown for the month of November 1947, with a national average of \$36.91. Truly, such allowances to cover food, clothing, medical care, and shelter represent a starvation program. As was recently pointed out by the Administrator, in some areas "contributions by the State and Federal Government are not enough to enable people to maintain an adequate diet, and they are literally suffering slow starvation."

The United States Public Health Service recently reported the results of a long-range survey which shows that about 35 persons per thousand have some chronic illness or major physical disability. A gradual increase takes place to a rate of about 100 cases per thousand at 45. From this point on the curve goes up very rapidly. There are nearly 250 chronically ill per thousand at 60. In the next 10 years the rate goes up to 400 per thousand. At 80 more than half of the group needs the regular care of a physician and at 90 the rate is more than 900 per thousand.

The critical problem facing our old folks in their endeavor to maintain a bare existence is tragically intensified by the high cost of food and other necessities of life in this inflationary period in which we find ourselves. The Bureau of Agricultural Economics has recently announced that the cost of food bought by the average American family increased 25 percent in 1947 over 1946. Dorothy Bovee, Red Cross nutritionist, reports that the cost of a minimum adequate diet for a family of two in the Washington area at this time is at least \$11.60 weekly.

We all know old-age annuitants, with their meager income, could not be able to buy this diet, but would be limited to the

essential staples only, eliminating the fresh fruit, canned goods, and fancy items. For them it would be a luxury diet.

In contrast to the foregoing minimum fare which old-age annuitants are unable to buy with their limited allotments, is the menu of a dinner recently given in the Statler Hotel here in Washington to 100 guests by Mr. Charles Luckman who headed the President's meatless-eggless days' program. Here is the menu: Shrimp cocktail, fried oysters, crabs, shrimp and lobster gumbo, curried chicken, roast turkey, baked ham, roast beef, string beans au gratin, fried apple rings, pickled walnuts, celery, olives, rye rolls, assorted finger rolls, ice cream, and coffee. Mr. Luckman's job was to conserve food for hungry Americans.

Mr. Chairman, how can an old person, who must maintain himself on old-age assistance according to the plan provided in the present social-security set-up, meet his expenses, not only for food but for all other necessities, on an average monthly payment of \$36.91? Is there any valid reason why this Eightieth Congress should not give the right-of-way and green light to legislation for old-age assistance while we are opening the Treasury doors wide for European relief?

We have been concerned in the Congress about the rising cost of living, the inflation spiral, and the added burden placed upon the millions of our workers and the low-income groups who must pay these increased prices for food, clothing, and shelter. Cognizant of these difficulties, the Congress has increased substantially the income of some groups of our citizens, but it has given the old people no consideration. Their meager monthly average of \$36.91 remains the same, while the simple fare they must provide to keep body and soul together has risen in price by leaps and bounds. Many annuitants receive much less than the average of \$36.91. The miserable pittance they were receiving was wholly insufficient to care for their modest needs even before the advent of high living costs.

According to statistics I received some time before the war with respect to the annuitants under the insurance provision of the Social Security Act, 252,000 past 65 years of age received an average of \$23 a month; 74,000 wives of these pensioners 65 or over received an average of \$12.25 a month; widows over 65, totaling 25,000, received only \$20.16 a month; 28,000 parents received \$13 a month; widows under 65, of whom there were 55,000, received \$19.50 a month, and 159,000 children under 18 received \$12.21. Of all persons 60 years of age or over, four-fifths received less than a minimum for decency and health. Before our entry into the war, it was estimated that of the persons 60 years of age and over in the United States, 54.9 percent were supported wholly or partially by public or private social agencies or were dependent on children, relatives, or friends for their subsistence and care. A considerable proportion of the remainder received part or all of their support from

various pension systems—Federal, State, and municipal, industrial or private.

At the beginning of the year 1946, nearly half of all civilian jobs were excluded from coverage under the social-security program, and nearly two in five of all persons employed were neither fully nor currently insured. At best the social-security law we now have is a haphazard program which, in effect, is largely financed by the public generally, but the benefits of which are shared in by only a few selected groups. It encourages inflation by collecting a huge fund currently used for deficit spending. These difficulties would be overcome by the adoption of H. R. 16, which would cover all citizens falling within its provisions, and the obligations and benefits of the program would likewise be shared by all. It would be all-inclusive in its provisions and therefore would obviate the necessity of continuing many social security laws now in existence and would, for the first time, set up in our country an old-age-security program which would insure all of our elderly citizens 60 years of age or over against the hazards of old age. It would build up no reservoir for deficit spending, but the moneys collected would go back into the channels of trade each month, providing local markets for American production and buying power for aged citizens.

On December 31, 1947, there had been paid into the social security fund approximately \$10,524,681,961.55, and \$1,772,431,249.69 paid out to beneficiaries; the balance was spent by the Government for other purposes.

Mr. Chairman, we in the Congress are engaged in a great adventure in human welfare. We are charged with the responsibility of planning and building for 140,000,000 Americans a social, economic, and cultural structure which will assure their welfare. If we omit from our plans the care and protection of the millions of aged citizens who are in want, we will build in vain. We will build a tower of Babel. We must not reject the guiding hand of Providence in our plans; we need spiritual understanding as well as political wisdom. As Benjamin Franklin said to the Constitutional Convention when the great charter of our liberties was drafted:

We have been assured sir, in the sacred writings, that "except the Lord build the house, they labor in vain that build it." I firmly believe this; and I also believe that without His concurring aid we shall succeed in this political building no better than the builders of Babel; we shall be divided by our little, partial, local interests, our project will be confounded, and we ourselves shall become a reproach and a byword down to future ages. And what is worse, mankind may hereafter, from this unfortunate instance, despair of establishing government by human wisdom and leave it to chance, war, conquest.

Daniel Webster, one of our eminent predecessors, said:

Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy to be remembered.

We should not be unmindful of the fact that these senior citizens were the

workers of yesterday. They helped build our cities, our roads, our industries, and helped to clear our lands. They were the trail blazers, the pioneers. They built for us. Now that they are old, we cannot pass them by. They do not seek our charity. They only ask simple justice—a modest share in the fruits of American industry, to the production of which their labors in the past have contributed.

Let us prove to the whole world that these aged American citizens are entitled to, and shall have vouchsafed to them by their country, "life, liberty, and the pursuit of happiness." Let us prove that humanity is still on the march here in America by enacting an old-age annuity plan that will provide for our old people an annuity sufficient to maintain them in decency and health.

I most sincerely urge you, my colleagues, to join us in the petition to bring the old-age security legislation on the floor of this House at an early date, so that it may be enacted into law before this Congress ends, thereby putting America on record as willing to provide reasonable old-age security for our own elderly citizens while we are spending billions overseas for similar purposes. When you have voted for the Marshall plan sign petition No. 7 and bring H. R. 16 on the floor for passage and give our own old folks their Marshall plan to permit them to keep body and soul together.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. JUDD. Mr. Chairman, I ask unanimous consent that the time I had be allotted to the gentleman from Illinois [Mr. DIRKSEN].

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, the amendment that is pending, offered by my gracious friend and colleague, the gentleman from Illinois [Mr. VURSELL], would reduce the direct appropriations to be authorized by this bill by \$1,300,000,000. Stated in another way, my friend from Illinois wants to reduce the bill by one-third. He has in mind then that this becomes not a Marshall plan but a partial plan. Now, if we are going to carry the gospel abroad, let us not carry a thimbleful. Let us not accept the program up to 66 percent and then call it quits. If we are going to do the job, then let us do it right. I said long ago before the Committee on Foreign Affairs, "Let us do it now and let us do it right, and if it is going to be done militantly and aggressively, then let us make sure that there are ample funds for that purpose." Now, I have heard it said this morning that this will lead to bankruptcy. Well, I have made a few statements of my own on that subject over the years, but I say to you in all candor, if it is \$1,300,000,000 that stands between salvation and bankruptcy of the United States, that \$1,300,000,000 will probably not save us, with the debt we have and the national income we have at the present time.

I listened to my friend from North Carolina this morning as he sought to make it appear that this was a measure to prevent war and that it would fail in that objective. It is a hope that we can prevent war. It takes two parties to prevent war. If the Soviet Union and the United States could reach some kind of accord, you may be sure that war would be prevented, but in the absence of that kind of formal accord anything can happen in this world today, and this represents the hope—the prayerful hope—that war may be averted.

Now, is it not strange that men will come into the well of this House and talk about billions for aircraft in preparation for the next war and yet resolutely take a stand against this proposal which might spare the world another bloody struggle. I am willing to spend, if necessary, a lot more than this in order to discourage and avoid a repetition of those dark shadows that we have come through since 1941. Let us not be so niggardly. It is said that this will not prevent communism. Perhaps it will not prevent it in Russia, but as I sought to say yesterday, first we have got to bring some hope to people where there is a chance and where the spark of freedom is still alive, and, secondly, seek to retrieve freedom where it has already been liquidated by this very evil force. Let us not be niggardly. Let us go the full way and travel a second mile and give them the money they need for a decent job. To you on my side let me say to you that we have our responsibility, because we are in charge of this body at the present time. If the program fails because we were too niggardly, it will be our failure.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and forty Members are present, a quorum.

Mr. VURSELL. Mr. Chairman, I ask unanimous consent that the amendment be read for the information of the Members.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. VURSELL: On page 82, line 11, strike out "\$4,300,000,000" and insert "\$3,000,000,000."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. VURSELL) there were—ayes 61, noes 112.

So the amendment was rejected.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 82, line 6, strike out "1952" and insert "1949"; and in line 15, strike out

the sentence after the period and substitute therefor the following: "Nothing in this act shall be construed as placing either a legal or a moral obligation upon any succeeding Congress to continue the present aid program beyond the 12 months herein provided for."

Mr. SMITH of Wisconsin. Mr. Chairman, there has been a good deal of talk on the floor of the House, and I believe a great deal of discussion throughout the country on the question as to how long this program should run. The Members have observed that throughout the bill the date 1952 is used. We ought to be honest with the people of this country and I am giving this body an opportunity to vote for a 1-year program. You can do it by supporting this amendment on line 6 by striking out 1952 and inserting 1949. That will make it a 1-year program. In my opinion the committee itself ought not to object to that amendment. I call your attention to the language in the bill on that same page starting at line 15:

The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorization.

In view of the language contained in the bill, this amendment ought to be adopted unanimously. If you believe that this should be a 4-year program, of course you will not vote for the amendment. Likewise in my amendment I changed the last sentence to read as follows:

Nothing in this act shall be construed as placing either a legal or a moral obligation upon any succeeding Congress to continue the present aid program beyond the 12-month period herein provided for.

I believe that language is stronger and leaves no doubt as to what we are doing here today. We are up against a buzzsaw. Do you want a 4-year program or do you want a 1-year program? I take it that if this program is a success and if it is doing the job that we think it should do we will be in session a year from now and there will be no doubt about it at that time that the Congress will appropriate funds for an additional period if it is necessary. It seems to me that is just common horse sense.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. DAVIS of Wisconsin. Does the gentleman think his amendment will clear up the confusion that exists in the minds of the people of the countries who are the recipients of this aid?

Mr. SMITH of Wisconsin. I do not think there is any doubt about it. The gentleman is right. I feel there would be a very favorable reaction if we adopt this amendment.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. TABER. This amendment will make the bill what it is supposed to be. It says that this is a 1-year bill, and it will make it a 1-year bill.

Mr. SMITH of Wisconsin. That would seem to be the case to me.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this

amendment and all amendments there-to close in 30 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. GRIFFITHS].

Mr. GRIFFITHS. Mr. Chairman, I rise in favor of this amendment.

I think it is about time we found out where we are going, because, wherever it is, we are sure traveling at a very fast rate.

Some time ago I asked members of the committee to tell me the amount of tractors that these people wanted, the amount that had been requested by the different nations. I got my information in conversations down at the Department of Commerce. Greece wants 1,000. France wants 1,100 or more. I find the States of Wisconsin, Minnesota, Michigan, Illinois, Indiana, and Ohio did not have a hundred altogether. So that is one reason why I think we could cut down considerably on this amount. They are only to supply them when a demonstration shows they can be put to effective use. If that is so, I know that a lot of this can be cut down.

Then, of course, last fall, during the interim-aid discussion, we asked how about these war plants; plants for reparations. Two members of this present committee told me that had been stopped. That was last fall. Well, gentlemen, right here I have the figures, and I will show them to any of you. Here is a whole list of plants where this year they are asking now for bids. The last date is March 3. The gentleman from Illinois said, "Let us not be niggardly." I do not want to be niggardly, but I do not want to waste money. I want them to come in here and justify the amount they are asking.

Some few years ago I was just a kid and I was in the Navy. I was in England, and the lord mayor gave us a dinner in Guild Hall. The man in charge was Commander Simms; afterward, during the First World War, he was Admiral Simms. I will never forget what he said. "Oh," he said, "whenever England is attacked, she can depend upon every ship, every man, and every drop of blood of the American people." It seems to me they are surely coming back all the time trying to get that last drop of blood.

I imagine some of you saw last night's paper.

Britain finds action to include Spain very awkward. High British sources express surprise at the vote of the American House of Representatives to invite Franco Spain into the foreign-aid program.

I do not have any objection to that paragraph.

British Foreign Office refused official comment, but one authority termed the American move "very awkward."

I do not have any objection to that, but I do object to the last paragraph, which says:

Whitehall sources take the position that it was up to the 16 Marshall plan nations to

invite whatever other countries were to participate.

In other words, you have got your orders. They will tell you who you can give the money to and how much and where you are going to give it. It is about time we started legislating for America.

I agree with the gentleman from South Carolina [Mr. DORN]. I do not care that the former Speaker of this House says, if you vote against this you are voting against the arming of the country. No, we are not. You bring in a bill for a hundred billion dollars for the Army and the Navy and the Marine Corps and I will vote for it, but I am not going to vote for any more of this stuff down a rat hole. You have got the ERP now, all right. Wait for a week or so and you will get SAP—that is South American Program.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. GRIFFITHS] has expired.

Mr. PHILLIPS of California. Mr. Chairman, it seems to me, as one Member of the House, that this is a most important amendment to the bill. It is necessary to read this bill in several parts of the bill at once to understand its intent.

In colloquies yesterday and the day before, representatives of the Committee on Foreign Affairs repeatedly said that this was a bill limiting aid to Europe and other countries to 1 year; that under no circumstances were we committed beyond a year. The bill does not confirm that statement. The bill denies that statement. The bill states on page 82 that such funds under this bill shall be available "as are hereafter authorized and appropriated to the President from time to time through June 30, 1952"; and on page 97 of the language it again states: "After June 30, 1952"—which is 4 years.

It is true that a very weak attempt is made on page 82 to say that this title is limited to a period of 12 months, but by a strict interpretation that applies only to the authorization of \$4,300,000,000; and, finally, on page 97, instead of saying that this is continued year after year only if positive action is taken, it states that only positive action will stop it. In other words, the bill is exactly the reverse of the committee's statement. So I am very glad indeed that a member of the committee, the gentleman from Wisconsin [Mr. SMITH] has offered this amendment. I have at the desk four amendments which would attempt to clarify the bill, to say what the committee says it says, that is all. Consequently if this is adopted and an amendment were adopted on page 98 changing the figure "1952" to "1949" then the bill would be clear and unequivocal; and the leaders of the socialistic movements in the countries of Europe would not be able to say to their people: "Look at what the United States has said they are going to give us—support for 4 years. Continue to keep me in power and I will continue to get you support, I will get you support for 4 years." We want a clean-cut bill, one

which commits the United States for 1 year and 1 year only.

I ask that the amendment be given an overwhelming vote under the circumstances.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BENNETT of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is apparent that Congress will approve the administration's European recovery plan committing our taxpayers to provide at least \$17,000,000,000 to Europe over the next 4 years. Funds authorized in the pending bill are to be added to twenty-four billions already provided for similar purposes since the war ended. Let us all hope that it brings the results for which it was advertised. Its cost will be high in prices, scarcities, and inflation at home. But if it helps secure the peace and stop communism it will be worth every cent.

Some of us, I hope, can be pardoned if we reserve our doubts about this program. Put over with great fanfare and hysteria, unidentified submarines seen off the coast, and all that, it brings to mind UNRRA, Bretton Woods, the Export-Import Bank, United Nations, the International Bank, lend-lease, reciprocal-trade agreements, the Atlantic Charter, and all the other panaceas formerly advanced in so-called great emergencies, and which, though they have cost us dearly, have failed, thus requiring ERP. What will follow ERP? Well, most certainly there will next be similar programs for South America and Asia. They put the needle in the taxpayer just a little bit at a time. Further, the administration has already frankly told you that Congress will have to reimpose economic controls to combat inflationary effects of this stimulus to inflation given by these vast appropriations. Also, that Congress must now back up ERP with guns, planes, peacetime military conscription, and a revival of selective service. Thus goes the peace and freedom for which a war was fought. I was around Congress when they were getting us into World War II. The path we follow now is just the same. First it is money. Then it is guns. Then it is blood. I have supported all legislation presented here designed to establish peace and security for the world by international cooperation. But we are now far beyond that abandoned effort. Today you talk of cold war. Too few here are of the opinion that a strong and prosperous America well defended is the world's greatest guaranty of peace and freedom. I wonder if we do not play the Communist game by bleeding ourselves white and weakening ourselves at home, leading ourselves to boom, bust, and war? I discussed this matter in some detail in an address I made and which can be found in the CONGRESSIONAL RECORD, January 29. I do not wish to be repetitious here.

That all good Americans favor adequate national defense cannot be denied. Congress is going to provide it. A long series of failures in foreign policy have put us in a position where we have little choice. Who is responsible for these fail-

ures? That is too long a story for this brief opportunity of discussion. However, not the least of those responsible is the American State Department. Hull, Stettinius, Byrnes and Marshall have the greatest records of failure of any secretaries of State in our history. Marshall's failures have been as great as his monumental successes as chief of staff, where at least his failures are hidden by military secrecy and censorship. One of his greatest troubles seems to be a lapse of memory, frequently suffered. For instance, he cannot remember where he was the night of Pearl Harbor. He has admitted that while he attended the Tehran and Yalta Conferences to advise our ailing President, and was at Potsdam to advise Truman who inherited the secret commitments from the former President, he didn't know what those commitments were. The other night, at a dinner attended by 48 Members of Congress, he admitted that he didn't know the Truman-Marshall European recovery plan included \$797,000,000 for Ireland, a country neutral in the war and not damaged by it. Of course, one thing is not generally understood. Marshall, with his great military reputation, is only the front man for the real kings in the State Department. It is these boys behind the scenes who stay and stay while secretaries come and go. They write the program. Sometimes the secretaries read them and sometimes they apparently do not. The ERP plan includes money not only for Ireland, the threat of communism there is hard to imagine, but for other countries which were neutral in the war. For instance, \$38,000,000 to Iceland, where we spent millions on airports they now won't let us use. Portugal, \$150,000,000, a country run by a Fascist dictator. \$700,000,000 to Sweden and Switzerland which sold to both sides in the war and got rich. In those countries the dollar is at a discount in exchange. It is true, however, that most of the money, \$5,348,000,000 will go to Great Britain, which has spent the gift we gave here in 1945, of \$4,400,000,000 to subsidize her experiment in Socialism, reduce taxes and increase old-age pensions and social benefits.

But, to get back to the powers behind the throne in the State Department. Here we have an extraordinary situation. While we are fighting a cold war with Soviet communism, the State Department approves trade treaties with her satellites, and in 1947 alone approved shipment from this country to Russia and the 10 countries in the Soviet bloc \$431,483,000 worth of United States goods, including war supplies. We have given Russia and her friends not only hundreds of millions of dollars since the war, but over eleven billion during the war. Our inconsistent policy toward communism abroad, our coddling of it at home, can only be explained by the large number of Communist sympathizers in the State Department. Congress has, time and again, demanded that they be fired. Only the President can fire them. They are his appointees. The Supreme Court has ruled Congress cannot single them out and cut off their salaries. All we can do is expose them. It should

now be apparent that they are so firmly entrenched they will not be fired by the present administration.

Who are some of these gentry? On March 11, Senator WILSON, of Iowa, put in the CONGRESSIONAL RECORD the names of several hundred people furnished by the Department itself as having had a hand in development of ERP, either as regular Government employees or as consultants. Not all of these people are Reds. Some are just incompetent political hacks and society boys. Our colleague from Georgia [Mr. Cox] has performed a service by identifying some of them. He called our attention to Herbert W. Parisius, a Government employee, appointed to his post by Henry Wallace and still there, spending much of his time soliciting subscriptions to "commie" publications from other Government workers. Then there is Arthur E. Goldsmith, who testified to a House committee that he was a member of two Communist-front groups, denounced by the Attorney General. Kenneth Meiklejohn, head of the Socialist Party of the District of Columbia; Ralph Hetzel, cited three times by the House Committee on Un-American Activities; David Lasser, who headed the Communist Workers Alliance and is listed 13 times in the files of the Committee on Un-American Activities; Thomas Blaisdell, admitted member of two organizations cited as subversive by the Attorney General and the House Committee on Un-American Activities; Felix S. Cohen, leader in the Socialist League for Industrial Democracy and a former instructor at the Socialist-Communist New School for Social Research. And last but not least, Lewis L. Lorwin, who, when kicked out of the University of Montana in 1919, went by the name of Louis Levitski Levine. Russian born, Levine-Lorwin has been a consistent left-winger, friend of Henry Wallace, delegate to Socialist conventions, and visitor to Russia at expense of Moscow. These are the kind of people who have administered foreign relief programs for us in the past and who as long as the New Deal is in power will continue to do it. Why waste the money? We had better spend it on plenty of powder and keep it dry. That is language the Communists can understand. Handouts such as here proposed will fatten up their intended prey but not save them any better than it did poor Czechoslovakia.

Yes, I want to help the poor and suffering, not only abroad but in my own country. I am for getting the Government of the United States out of the red and the Reds out of our Government. This bill for an international WPA is not helpful to that end. I have heard no one in Congress argue that it is. The argument seems to be that a vote for this bill is a vote against communism. Well, my record on that is clear so I do not have to cast a political vote on this measure. I was pointing out the dangers of communism when some of those who speak most loudly against it today were appeasing it. I also am proud of the distinction of having been singled out by the official Soviet Government Communist newspaper, *Izvestia*, in Moscow, November 28, 1947, for abuse which in-

dicates the name of MARION S. BENNETT is high on the Kremlin's purge list, comes the revolution.

(Mr. BENNETT of Missouri asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. CHENOWETH] for 5 minutes.

(Mr. CHENOWETH asked and was given permission to revise and extend his remarks.)

Mr. CHENOWETH. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin.

There is considerable sentiment in this country for a measure which will provide relief and assistance to Europe for a period of 1 year, and 1 year only. It is very obvious in reading the bill now before us that this is a 4-year program. If you will read the debate on this bill as contained in the RECORD of last Monday, March 29, and particularly the colloquy which took place on the floor of the House between the gentleman from Ohio [Mr. BREHM], and the distinguished minority whip the gentleman from Massachusetts [Mr. MCCORMACK], I am sure there will be no doubt in your mind as to the period covered by this legislation. It is proposed to establish a 4-year program. Frankly, I am surprised that the committee would recommend such a long-term project, in view of the world situation today. The bill contains the date of June 30, 1952, in several sections, although the general impression seems to exist that this is a 1-year program. This amendment is necessary to clearly and definitely fix the period for 1 year only. There are those who would support a 1-year program who are not in favor of a longer commitment at this time. I personally feel that it would be a serious mistake to become involved in a 4-year plan.

The world situation is critical. There is a great deal of hysteria in our own country; I do not know how much of this war scare is justified. The administration has been following a secret foreign policy and the American people have not been given the facts. Congress is an independent branch of the Government. We have the authority, the jurisdiction, and the responsibility to implement our foreign policy. We should act absolutely free and independent of the executive. We must exercise our own discretion and judgment as to what is for the best interests of the United States. No one can predict what the world picture will be a year from now. In my opinion, we should limit this program to 1 year. Then there will be no doubt as to our legal or moral commitments. Otherwise, we may find ourselves under moral obligation to continue a program that we would like to abandon. I cannot understand why there should be any objection to this amendment.

Mr. Chairman, it has been argued that this is a bill for peace, and we are buying peace with American dollars. I am reminded that this same argument was made for the lend-lease bill back in 1941. That bill was presented as a measure that would keep us out of war, but had the opposite effect. Since the war we have tried numerous schemes to estab-

lish a just and lasting peace. All have failed, so we should exercise caution in setting up another world organization.

The most important task is to keep our own economy strong. Let us be careful to do nothing which would impair the strength and stability of our country. This is our first obligation. No one can predict what is ahead, and certainly we should not commit ourselves for 4 years.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CHENOWETH. I yield to the gentleman from Wisconsin.

Mr. DAVIS of Wisconsin. Does not the gentleman think this thing could be given a much more fair-minded analysis a year from now and that we can be absolved of any possibility of breach of faith if we make it a 1-year program?

Mr. CHENOWETH. Absolutely; and I do not see how that statement can be disputed, even by members of the Committee on Foreign Affairs. Surely no Member of this House will deny the fact that a year from now the present confused situation in world affairs will either have cleared, or will have become so grave that a program like this would be absolutely futile. I submit we are taking a dangerous step if we commit ourselves to the 4-year program contained in this bill.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. CHENOWETH. I yield to the gentleman from Missouri.

Mr. SHORT. The gentleman is a very able lawyer. He was a distinguished judge in Colorado. Does he think there is any legal or constitutional authority for one Congress to bind another Congress?

Mr. CHENOWETH. No; I do not.

Mr. SHORT. Does he think it is legal for us to vote for a 4-year plan, pledging a Congress that has not yet been elected?

Mr. CHENOWETH. I agree with the distinguished gentleman from Missouri. We have no such authority. I submit that the amendment offered by the able gentleman from Wisconsin, a member of the Committee on Foreign Affairs, should be adopted. At best, this proposal is nothing more than a calculated risk, which should not be assumed for more than 1 year.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. McCOWEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. McCOWEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. JAVITS. May I point out to the Committee that I was very much engaged

in the effort to draft this part of the bill. I was overruled because I wanted a much stronger statement than is now contained in here of our realization that the European recovery was a 4-year program. What the bill contains now is a statement that we envisage this program; we understand this program to be a 4-year program. There is certainly no future commitment expressed in our recognition of the facts about the program.

Mr. Chairman, perhaps it would help the members of the committee if I read a few lines of the report of the 16 nations in the European recovery program as follows:

The effects of the war, which are so clearly illustrated by the lack of balance in the world's trading pattern, cannot be cured in a few months. Nevertheless the participating countries are confident that in 4 years considerable and decisive progress can be made to overcome them. This recovery program can break the back of the problem.

We can do no less if we want the 16 European nations to have any hope for the future. May I ask whether we want a recovery program to help the peoples of the 16 European nations to get off their backs, or just another relief program?

Mr. DIRKSEN. I thank the gentleman. May I say to the membership of the House that the destruction wrought in Europe was not wrought in a day. The bombers and the howitzers and the long-range rifles were at it a long time. In proportion that the destruction was not wrought in a day it will not be repaired in a day or a year.

The net effect of the amendment offered by the gentleman from Wisconsin, of course, is to make this essentially a relief program instead of giving it the continuity that is necessary for a rehabilitation program, to undo the damage which was wrought. When all is said and done there must be well-being in Europe if we are going to do something effective in the field of combatting the onrush of communism. And well-being comes from productivity. Their own economic systems have to be wound up and started all over again. Obviously it cannot be done in a year. I shall never delude anybody about that. On yesterday, when I stood in the well of this House, I envisioned a program that might go even further than 1952. But, the corpse is on the back of Europe, and unless the corpse is removed, unless economic machinery is set in motion once more, how long will these supplications for relief come to this country? So, it is essential not only that there be continuity, but that there be ample time to spell out a rehabilitation program because that is the vitals of the bill before us at the present time. Relief comes first but rehabilitation is the core of this effort, and finally by this and other devices the stemming of the march of Red fascism.

Mr. CHENOWETH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Colorado.

Mr. CHENOWETH. Are we not in a rather awkward position if this program should result in the disastrous failures

that many of its predecessors have, and are we not then in the situation of having a moral commitment for 4 years?

Mr. DIRKSEN. There is at least this about it. There is technically peace in the world that we did not have, for instance, at the time UNRRA was set up. It would go on further under rather turbulent and difficult circumstances, and I hope that this will succeed and succeed abundantly. But, this is a worthwhile chance. Let us not destroy the effectiveness of the program by interfering with its continuity where the stabilization of currency is involved and the machinery for the whole interdependent economic mechanism. We have been in Germany for 3 years and we have not stabilized the currency over there yet. It is not because we have not wanted to, and it is not that Britain has not wanted to or France, but the difficulties in obtaining cooperation have been almost insurmountable, and it may take a while longer. Similarly in other countries, to establish a stabilized currency and reestablish a sound economy may take infinitely longer than a year. So there must be continuity to the program if it is to be effective.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Minnesota.

Mr. JUDD. The Members of this House are greatly saddened by the physical affliction from which the gentleman from Illinois is suffering. We are confident he will have rapid and complete recovery. But would the gentleman, or any of us, like to have a physician who would say to him, "I will treat you for 6 weeks or 6 months, but if you are not cured at the end of that period, then I will not do anything more for you at all"? Similarly a program of recovery like this of necessity progresses slowly. To make sure that we do not waste the money we put in, we must lay out a long-term plan that gives greatest chance of success. We must give the recipient countries the expectation that to the extent they make progress under this program, to the extent they work together cooperatively, the United States also expects to play its part. We make no commitments beyond 1 year. We specifically limit the promise to 1 year. But we seek to give them the maximum incentive to do their utmost as the way to justify us in authorizing and appropriating more each year for a 4-year period. It is to save money, to put it to the most effective use in bringing healing to the sick, sore spots in Europe that we have written the language so as to give hope but without commitment.

Mr. DIRKSEN. Precisely so. I hope the amendment offered by the gentleman from Wisconsin will certainly not prevail.

Mrs. DOUGLAS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record in opposition to this disastrous amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mrs. DOUGLAS, Mr. Chairman, the amendment of the gentleman from Wisconsin would turn this bill into just another provision for an interval of relief.

Aid for 1 year will not be long enough to assure recovery and is not even long enough to justify the term "program."

The amendment by the gentleman from Wisconsin, in other words, takes the European recovery program and strips it of program and recovery and leaves us only with the word European.

Another year of relief is not worth \$5,300,000,000. If Europe can be rehabilitated, however, the investment our taxpayers are making in this bill will be returned manyfold in productive and sound world trade.

It is the essence of a program that it involves a schedule of work looking toward the accomplishment of a pre-defined end. There is a moral commitment in this bill—to do our part for the next 4 years if the European nations in CEEC do theirs. Curtailment of this moral undertaking to 1 year means that there simply will not be a program. Remember, we can stop our aid at any time. Congress must authorize money for this program every year. If sound, economic rehabilitation is being achieved as a result of mutual cooperation between the countries of Europe and ourselves, we will want to continue our aid. It is sound business to do so. We are committed to this program only if it is a success. We are not committed to a failure.

The objective of the European recovery program as originally envisaged was to be the recovery of Europe. If we cut this to 1 year we have tied ourselves down so that we cannot adequately plan or act to insure the supposed objective—the recovery of Europe. We simply have one more phase in the hodgepodge of relief.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I beg the Members to read what is already in the committee bill in lines 11, 12, and 13, on page 82:

Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries.

My esteemed colleague from Wisconsin, however, has in his amendment provided that this bill shall constitute neither a legal nor a moral obligation. I question very much whether the Congress has any right to attempt to legislate moral obligations or absence of moral obligations on the people of the United States or Members of Congress. We are going far afield when we attempt to legislate morals for ourselves or our citizens.

The gentleman's amendment also cuts the whole period of the thing to 1 year.

I want to speak to my Republican colleagues. Brethren, this is it. For years we have thundered against the piecemeal, stopgap foreign policy of the New Deal. We have demanded a long-

range, world-wide policy, and we have got it, here, now formally set down, carefully framed and limited, and largely written by Republicans; and what happens? We find Republicans on this floor who want to go back to the New Deal emergency stopgap year-to-year relief plan.

Of course, I had expected a certain amount of opposition to our policy statement. We are suffering from congressional foot and mouth trouble here. Members who drag their feet and foam at the mouth day after day against anything we are trying to do here, while we try to get ahead with this gigantic and pressing task. They are willing to line up with the New Deal or with Wallace of anyone to oppose what we are trying to do now.

But I am concerned that others, men of good sense and good will whose friendship I value so highly, such as the author of this amendment, hesitate and shudder because they realize this fact: Any long-range policy involves our saying now what we intend to do in the future, whether or not we reserve the right to change our minds later. We want other nations to hold out indefinitely against powerful and terrifying external and internal forces. In order to hold out indefinitely, they must know now definitely what our plans are if they do hold out and do as we suggest.

In the strategy of waging peace, and that is what we are trying to do, a poor plan is better than no plan at all; but this is a good plan. We may find mistakes in it. They will be corrected in the future if we adopt a policy of having a plan. Let us not go back to organized planlessness. Let us not go back to the policy we have criticized for years. Remember, we are deciding on a policy now whichever way we may vote. We will vote either for a definite, written plan and policy, or for a policy of annual emergencies, the policy we have followed so disastrously in recent years.

The committee plan shows that first, we tell the world that we reserve the right to future Congresses to authorize and appropriate each year; second, the world knows we may make other changes in the plan each year as we review the working of the plan in public hearings on authorizations; third, we reserve the right to terminate the plan at any time for any country for failure to comply with our requirements; fourth, we state plainly that at all times continuity of assistance depends upon continuity of cooperation, but, fifth, we state now that our present intention is to leave the plan on the books, subject to amendments, for 4 years, while they work out their 4-year plan which they have said will remove them from any further dependence on us.

Mr. Chairman, we are not used to taking a long look ahead all over the world. We had better start. We made a start in the first 40 pages of this bill. Let us not spoil it now. Let us vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 63, noes 91.

Mr. SMITH of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS and Mr. SMITH of Wisconsin.

The Committee again divided; and the tellers reported there were—ayes 117, noes 127.

So the amendment was rejected.

Mr. PHILLIPS of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS of California. Mr. Chairman, did the vote just cast include a proposed amendment to lines 15, 16, and 17, or was that offered as a separate amendment?

Mr. SMITH of Wisconsin. They were both considered as one amendment.

The CHAIRMAN. The Chair will advise the gentleman from California that the amendment just voted upon did include language substituted for that in lines 15 to 17, inclusive.

Mr. PHILLIPS of California. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California: On page 82, strike out lines 15, 16, and 17, and substitute for them "or countries. No authorization in this bill shall be construed to imply any commitment, legal or moral, to advance further aid after June 30, 1949. Although the bill recites later dates, it is the sense of this Congress that such aid will be extended only if the recipient countries are doing all they can to aid themselves, and if such further aid is justified by the then economic and financial condition in the United States."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. As I understand, the amendment is substantially the amendment that has just been passed upon.

The CHAIRMAN. The Chair is prepared to rule. The amendment submitted goes much further and suggests other conditions, is stated differently, and involves substantially different propositions than the amendment heretofore voted upon.

The Chair overrules the point of order.

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. The Committee of the Whole, having limited debate on this amendment and all amendments thereto, does that limitation apply to this amendment?

The CHAIRMAN. This is not an amendment to the amendment which has been disposed of; it is an independent amendment.

The gentleman from California is recognized for 5 minutes in support of his amendment.

Mr. PHILLIPS of California. Mr. Chairman, as all Members of the House realize who heard the amendment read, this does not make any material change

in the bill submitted by the committee. It strikes out the last sentence on lines 15, 16, and 17, on page 82, and inserts what the committee says this sentence intends to say. It does so, however, in simple, understandable language, which I can understand, which you could understand, Mr. Chairman, which anybody in any European nation could understand: That although this bill does contain, in several times the date 1952, which the committee has just decided to leave in, that it is the sense of this Congress that such aid will be extended beyond 1949 only to recipient countries who are doing all they can to aid themselves, and if further aid is justified, not by what now is, but by what may then be, the economic and financial condition of the United States.

Mr. Chairman, I simply call the attention of this committee, to the fact that by the last vote, this teller vote just taken, we committed the United States irrevocably for 4 years. We permitted the leaders of Socialist groups in Europe to say that the United States was going to support their governments for 4 years. You know exactly what would happen in this country under similar conditions; and so I am trying to say here, as I hope to say again on page 97, something that could be understood by anybody who reads the bill, that it is the sense of this Congress that aid will not be extended under any circumstances beyond 1 year unless certain conditions have been complied with in Europe. That being the case I see no reason why anybody could object to that, if the statements previously made have been true, that this is only a bill for 1 year.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. ROGERS of Florida. Will the gentleman explain who is going to determine whether the conditions have been fulfilled or not?

Mr. PHILLIPS of California. Just the same as before. I am not changing that part of the bill. Whoever was going to determine it before, the Administrator or the Congress, would have to determine it under my amendment, if adopted.

Mr. MUHLENBERG. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. MUHLENBERG. Will the gentleman from California please advise us who is to be the judge?

Mr. PHILLIPS of California. That question was just asked by the gentleman from Florida, and my answer is that I am not trying to change that at all, that whoever would make the determination under the language of the bill would also make the determination under the language of my amendment, only I am making it a little easier for our people to understand, and very much more clear to the Socialistic leaders in Europe.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. MUNDT. It seems to me, if I understand the gentleman's amendment that he is delegating to this Economic Administrator, whoever he may be, the power which should be retained in the

hands of Congress as to whether or not this program is to run one, two, three, or four years.

Mr. PHILLIPS of California. Only if the committee so delegated it. If the committee delegated it, I did.

Mr. MUNDT. Under our version the Economic Administrator has nothing to say whatsoever as to how long the program runs. That decision is kept entirely in the hands of Congress where it rightfully belongs.

Mr. PHILLIPS of California. The gentleman is displaying the confusion which I have previously pointed out which exists in the committee version between pages 82 and 97. I have been arguing just what the gentleman from South Dakota now says, but I was voted down. Now I am giving the committee a chance to say in understandable language what the committee says it means.

When we come to page 97 I will have another amendment. This is a helpful amendment, which I think ought to be adopted.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in two respects this amendment merely brings up points that have already been disposed of. It makes the time June 30, 1949. It also puts in these words: "That nothing shall be construed to imply any moral obligation."

I seriously question whether this Congress has the right to legislate the morals of its Members or the people of the United States as to moral obligations. Then comes this strange language, which will be something new under the sun if we have that sort of language in any bill. Let me read it:

Although the bill recites later dates, it is the sense of this Congress that such aid will be extended only if the recipient countries are doing all they can to aid themselves, and if such further aid is justified by the then economic and financial condition in the United States.

That thought is already written in precise and forceful language in the bill. Let me read from page 49, lines 7 to 14:

Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

Let me read also from page 82:

Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries.

Let me read further:

The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorization.

It is thus made crystal clear we are reviewing this year by year, that we are not legally committed to authorize or appropriate a thin dime to any country. But we certainly do not want to attempt to write into law an express prohibition

of a moral obligation that a United States citizen or a Member of Congress might feel compelled to follow.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from South Dakota.

Mr. MUNDT. We also make it crystal clear that the continued authorizations and appropriations must be made by Congress. The gentleman from California, not intentionally but by the language he uses, delegates that authority to the Economic Administrator. Certainly I do not want to take such a step toward one-man government in this body today.

Mr. VORYS. Mr. Chairman, because of the fact that two of the points in here have already been debated and passed upon and the third point is provided for more appropriately and effectively in the bill, I urge that the amendment be voted down.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. JAVITS. The amendment states: "Such aid will be extended." The gentleman from California is trying to put words in the mouth of the committee. The committee said no such thing. In his zeal to interpret words of the committee the gentleman is saying what the committee would not say in promising to extend aid. For that reason alone the amendment ought to be defeated.

Mr. VORYS. The gentleman is extremely fair in bringing this up because the gentleman proposed a somewhat similar phrase to the committee. He did it, having the purpose in mind that the bill should provide that "aid shall be extended." The committee struck that down and the House has agreed with the committee's position. The gentleman is very fair in pointing that out. We should not do by mistake what we refused to do deliberately. One thing we will have, if this amendment is adopted and anybody can understand this language at all, is a statement in here that "aid will be extended."

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Kentucky.

Mr. CHELF. I want to say that at first blush I thought the gentleman's amendment was the proper thing to do and I was thinking probably I would support it. But the gentleman has explained it and has stated that the language is quite sufficient in the bill as it is, therefore I am against the amendment.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes.

Mr. GOFF. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCORMACK. Mr. Chairman, it seems to me that the gentleman from South Dakota [Mr. MUNDT] has very clearly called to the attention of the Committee of the Whole the main objections to the amendment offered by the gentleman from California. There are other objections which have been referred to but certainly we would not want to take the chance of placing in the Economic Administrator such broad powers as this amendment undoubtedly would give him. It seems to me that the Committee has very carefully considered this question. The language in paragraph (c) page 82 of the bill is very clear and specific. The one thing that it does do, which I think is very important, is that when the next fiscal year comes around, if it is necessary to extend the provisions of this bill through the medium of additional appropriations, that authorization has to be obtained, and that means it will come before the Committee on Foreign Affairs. In that way a regular standing committee of the House will have original jurisdiction, whereas if that language that the Committee has carefully worked out is not in the bill, only the Committee on Appropriations of the House would have original jurisdiction. I think on such a tremendous undertaking of this kind, all of us want to have the powers of our country used effectively, whether one is for the bill or against it. Nobody's patriotism in this body can be impugned. We may have an honest disagreement as to judgment, but whatever bill goes through, all of us want to see the results of the bill used effectively in order to bring about peace and to meet the challenge that atheistic communism is giving to the rest of the world, and in the first instance to those countries who are a part of the western civilization.

It seems to me that the Committee on Foreign Affairs has considered this particular question well. The one important thing that addresses itself to me, looking into the future, into the next fiscal year, is that when additional appropriations are sought, that first there has to be an authorization. That means that the Committee on Foreign Affairs, in addition to the Committee on Appropriations, will retain original jurisdiction over the hearings, the consideration, and the reporting of necessary legislation to the House.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from South Dakota.

Mr. MUNDT. That was done deliberately, because under the provisions of the bill the Foreign Affairs Committee would hold public hearings and the country as a whole would have an opportunity to view the efficacy of this program the next time authorization is up for consideration. On the other hand, our Appropriations Committee has the habit of holding its deliberations in secret sessions.

Mr. McCORMACK. I assumed that, and therefore the language of the committee, I think, is best. It goes to the question of administration. I want to stress to the executive branch of the Government that, when this bill is enacted into law, it be administered right. Con-

gress intends that it be administered in a dynamic manner; that there is to be no appeasement in carrying out the purposes of this bill. As a matter of fact, if I had my way about it, I would have as few career men in connection with the administration of this law as possible; to bring in fresh minds; to bring in men who realize what the purpose of the bill is, men not tied up with diplomatic relationships that they have been associated with for years. That is why I think the language of the committee bill is all-important. It is an additional check on the administration and by the Committee on Foreign Affairs that considers authorization legislation.

For those reasons, I think the recommendations of the committee ought to be approved and adhered to, and the amendment offered by our good friend from California would be very unwise to adopt.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. PHILLIPS].

The amendment was rejected.

The Clerk read as follows:

BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint-recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint-recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and control, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unexpended portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, and (a) providing for a future schedule of availabilities to the United States for future purchase and delivery of a fair share of strategic materials at world-market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the territories and possessions of the participating countries, and (b) agreeing to negotiate suitable protection for the right of access for United States enterprise in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) providing an agreed schedule of increased production of such materials where practicable in the territories or possessions of such participating countries and for delivery of an agreed percentage of such increased production in repayment on a long-term basis of grants or loans made by the Administrator to such countries.

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the 3 months after the date of enactment of this act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to insure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

(e) The Administrator shall encourage arrangements among the participating countries looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title. Such utilization of manpower shall include integration into the various recovery programs of the participating countries of a fair share of displaced persons who are the responsibility of the International Refugee Organization, under reasonable terms to be established in cooperation with that organization, in number and under conditions negotiated by the Administrator with the respective participating countries. The

Administrator will request the Secretary of State to seek to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(f) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

Mr. VORYS. Mr. Chairman, I ask unanimous consent to return to page 67, line 21, for the purpose of offering a quite technical amendment which has been redrafted and is now agreeable to all parties.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS:

On page 67, line 21, after "when issued" insert the following: "shall constitute obligations of the United States and moneys due or to become due under the contracts to which they relate shall be assignable under the Assignment of Claims Act of 1940, and."

Page 67, line 25, following "countries" insert "or by other persons or organizations."

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HOFFMAN. Mr. Chairman, yesterday a certain amendment was offered and was defeated. I understand now that this amendment is being offered in lieu of the one that was defeated yesterday.

Mr. VORYS. That is correct.

Mr. HOFFMAN. The language has been corrected, and it is now what the General Accounting Office and the other agencies want, is that correct?

Mr. VORYS. That is correct.

Mr. HOFFMAN. This amendment having the support of the administration and of the committee, I want to approve the amendment if I may.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Vorys].

The amendment was agreed to.

Mr. COUDERT. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. COUDERT: On page 87, line 2, insert after "country" the following: "other than alien residents of the United States who either have made declarations of intention to become citizens of the United States or have been lawfully admitted for permanent residence."

Mr. COUDERT. Mr. Chairman, this is something of an anticlimactic amendment in view of the wider importance of the two amendments that we have just considered and acted upon, but nothing could be of greater importance to the people involved. No amendment could be more important to the few hundreds or few thousands of individuals whose very livelihood and whose stake in life and existence in the United States

may depend almost entirely upon the acceptance of this amendment.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. MUNDT. I think it is quite clear what the gentleman has in mind concerning these people insofar as the first part of his amendment is concerned.

Mr. COUDERT. Mr. Chairman, I cannot yield further, except for a question.

Mr. MUNDT. I am trying to clarify the gentleman's amendment to see if the Committee can accept it.

Mr. COUDERT. I appreciate that, but of course the gentleman will realize the time is very short.

Mr. MUNDT. I am sorry, but of course it will take a few words for me to do that. I think we understand what the gentleman has in mind when he says he would make this exemption available for foreigners in this country who have qualified or have started the process of taking out citizenship papers. But you have another conjunctive clause there which is not clear to the Committee. What do you mean by residents who are legally in this country but who are not in process of attaining citizenship?

Mr. COUDERT. I mean those foreigners who, taking legal and proper advantage of our immigration laws, have come here under a quota with a legal visa entitling them to permanent residence and who are entitled to make application for citizenship.

Mr. MUNDT. But they have not yet started the process, is that correct?

Mr. COUDERT. May I say to the gentleman that as I understand the immigration law, it is not necessary for a legally admitted alien to file a declaration of intention on the date of his arrival. He need not file for 3 years, and 2 years thereafter he can apply for his final papers.

Mr. MUNDT. The gentleman's amendment is then establishing an escape clause and a cyclone cellar for foreigners who do not think enough of this country to even apply for citizenship, and I shall oppose that part of the gentleman's amendment.

Mr. COUDERT. Mr. Chairman, there are involved in this amendment thousands upon thousands of foreigners who are in this country legally, who have come here permanently to stay and who have cut all their ties with the country of their origin. They may be married to American citizens. They may have businesses in the United States and yet their earnings or their assets could be confiscated under this bill. They may have property in the United States which would be confiscated under this bill. These people pay precisely the same taxes that you and I pay and every other American pays to provide the money for relief programs and other things.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. JOHNSON of California. Does your amendment exclude those who are here temporarily? For instance, like teachers in the Army?

Mr. COUDERT. It does. This does not protect any alien who is not here

under a permanent quota visa, so as to be legally entitled to permanent residence in the United States.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. JAVITS. I was disquieted by the same thing in the committee, but I do not believe administratively it will work out as seriously as the gentleman believes. I think the gentleman should consider very seriously the suggestion made that he eliminate the residence factor and rely upon the citizenship factor, as the committee in that case is likely to accept the amendment.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. BROOKS. Is this an immigration amendment? Is this to bring these people in, or what is it?

Mr. COUDERT. These are people who are presently living in the United States, who are entitled to become citizens, whose property would be confiscated by the United States or their home country, under the operation of this law.

Mr. BROOKS. How is it germane to a foreign-aid bill?

Mr. COUDERT. Because there is a provision here that the property of aliens in the United States shall be used for the purposes of this program, which means it shall be taken away from them by confiscation.

Mr. JOHNSON of California. And they are all quota immigrants?

Mr. COUDERT. They are all quota immigrants, so far as this amendment is concerned.

Mr. JOHNSON of California. That is the important thing. They are under the quota, so that they are entitled to stay here.

Mr. COUDERT. Precisely.

The CHAIRMAN. The time of the gentleman from New York [Mr. COUDERT] has expired.

Mr. MUNDT. Mr. Chairman, I ask unanimous consent that all debate on this amendment, and all amendments thereto, close in 15 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

Mr. TABER. Well, I hope the gentleman will not try to do that. I think this amendment should be explained.

The CHAIRMAN. Is there objection?

Mr. ROGERS of Florida. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have sat here for the duration of this debate. I more or less find myself in the position of Rabbi Ben Ezra, that poem written by Browning, and I am sure the body politic who has heard this discussion or who has read it in the papers is in that same condition.

I desire to quote to you this stanza from this poem:

Now, who shall arbitrate?
Ten men love what I hate,
Shun what I follow,
Slight what I receive;
Ten, who in ears and eyes
Match mine: we all surmise,
They this thing, and I that:
Whom shall my soul believe?

It is a tragedy that we cannot have unity and harmony at this time, in this critical period in the history of this country and of the world. If there ever was a time when we needed harmony and unity and cooperation it is now. Yet the leaders of this Nation in the law-making body of this Nation cannot agree on a program dealing with the situation as we find it now.

It is my thought this plan is in the general welfare and the general national interest of this country. I say that because of the fact that we have as proponents of this measure the leaders from the military, the leaders from the State, the economic leaders, and the political leaders, and the labor leaders; and practically every one who went before the Foreign Relations Committee favored this bill.

If we do not pass it, what is going to be the condition of this country? I think that it means nearer to war. Just consider the action of Russia. She has taken Czechoslovakia, she is in the process of taking Finland, and I see in the paper this morning she is dealing with the Netherlands. The only thing that is holding her back, I believe, is her belief that America is going to get behind Western Europe, economically at least. When I was over in Europe this summer, the talk among the people in Germany was that the Russians were sending out propaganda and saying to the German people: "You might as well come on and be with us. You watch the Americans. Just give them a little time. They will desert you. They will build you up to a certain point, but if it costs them anything in dollars and cents they will desert you. They may send boys over here to sacrifice their lives, but they are more interested in the shekels than they are in the manhood of their country."

And I say to the Membership of this House that if this sum of \$5,300,000,000 could be substituted in lieu of the men we would have to send over there in case of war, and we are going to have to send them unless we can get the cooperation of the nations that have gotten together and say: "We are going to cooperate with you. We need financial aid, we need economic assistance. If you will give us that, we will go down the line for you, and we will kill communism and we will help you build up democracy, and liberty, and the freedom that you Americans love."

Mr. TABER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have not had time since this amendment was offered to make a detailed and thorough study of this language and the amendment, but what I am afraid of is this: When I was across the water last year I found this situation existing in Greece, and France, and other places, that enormous numbers of the rich in those places had gotten their assets out of their own country and were not using those assets for the rehabilitation of those countries. I would hate to see any effort that might properly and legitimately be made by this country to crack that situation or give them a chance to really be pressured into helping rehabilitate their own countries

out of which they really made their own money. I should like to ask the committee what effect this amendment might have along those lines?

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. MUNDT. I expect to follow the gentleman on the floor to discuss that in detail. This would open one additional cyclone cellar into which foreign capital might go in hiding to attempt to escape taxes at home and abroad. They could come over here and continue to escape from taxation. That is why I opposed the amendment and suggested to the author of it that it might be revised so as to protect certain individuals by limiting its exemption to those who have expressed the intention of becoming American citizens and who have actually made application for citizenship in this country.

Mr. TABER. Mr. Chairman, if the amendment is adopted I hope it will be so modified that it will not create a situation such as I am fearful will result from the situation that I found while I was over there last year. As we get into it I hope that action may be taken that will correct it, if the amendment is adopted.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. KEATING. I call the attention of the gentleman to the fact that regardless of this amendment, I have an amendment at the desk to this same section which tightens it up along the lines that the gentleman has mentioned by including among the controls which are to be exercised over the assets of these foreign nationals in this country the establishment of conditions for guaranteeing that those assets be held by the United States as security against governmental credits by this country.

Mr. TABER. I have found the situation in several places where their rehabilitation could be promoted very decidedly if the folks who really were citizens of the country were making a contribution in investments in those countries' merchant marine and trading operations that you would naturally expect them to make. I hope nothing will be done which will prevent an effort to make those people pay something to carry their own burden.

Mr. KEATING. I agree with the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, this is a very technical phase of the bill with which our committee struggled day after day and hour after hour. We are not sure now we have a satisfactory answer. On the other hand, I am quite positive that the suggestion made by the gentleman from New York is not a satisfactory answer because we discussed that in committee. He is trying to do one thing with which I have considerable sympathy. He is trying to find some

way to protect those foreigners who have come to this country under the quota system legitimately, intending eventually to become American citizens, from having their resources in any way recaptured or utilized by the government which they have left. If it is his desire to do that, then he has gone too far by saying that anybody who is in this country legally can have that opportunity. When you go that second step, of course, you provide a great haven over here for rich Greeks, Chinese, Italians, Germans, British, or anybody else to come here with their swag and hide it from our tax collector and from their own as well. I shall resist such efforts.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from New York.

Mr. COUDERT. Will the committee accept the amendment if I confine this to those who have within a reasonable time filed a declaration of intention to become a citizen?

Mr. MUNDT. As far as I am concerned, I would be willing to accept it if the gentleman restricted it to those who have already made application for citizenship. By saying "a reasonable time" that would merely create another Cherokee strip and would in effect provide an incentive so that it would be cheaper to become an American citizen than to remain a Greek, a Frenchman, or an English lord. I want to help the fellow who is over here legitimately, who in good faith came over here and who has declared his intention to become an American citizen.

Mr. COUDERT. Will the gentleman accept 3 months to give those who have bona fide intentions to become citizens but heretofore have neglected to make application?

Mr. MUNDT. It seems to me that you should include in your amendment only those who have made a declaration of intention to become a citizen, those only who have actually applied for citizenship in the United States.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. The difficulty is, if I may suggest it, that up until very recently immigrants coming from certain countries could not even file their first papers under regulations. That has just recently been lifted. During the war they could not apply.

Mr. MUNDT. Yes.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from California.

Mr. JOHNSON of California. My recommendation is that you put in a specific date when they must apply, and that should be now and not in the future. Put in some date like March 31 or June 30 or April 1, some date like that.

Mr. MUNDT. May I say to the gentleman that he should address his question to the gentleman from New York, because personally I am inclined to be against the whole idea. I feel that the fellow who has been a Greek or an Italian

all his life owes a little something to his kinfolk back there or to his country, even though it has been demolished by war. I am not willing to agree to make it possible for him to come over here with his wealth, but I have agreed to compromise to say to those who have declared their application for American citizenship, we will make this concession. That is as far as I want to go and I am a bit reluctant to go even as far as that. I do, however, see merit in giving special consideration to these cases.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from New York.

Mr. JAVITS. I would just like to say that I join with the gentleman in agreeing to this amendment if the gentleman will change it as requested.

Mr. COUDERT. Mr. Chairman, if the gentleman will yield, I ask unanimous consent to alter the amendment by limiting it to alien residents who have made their declaration of intention to become citizens, and I offer the amendment as so amended.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Modified amendment offered by Mr. COUDERT: Page 87, line 2, insert after the word "country" the following: "other than alien residents of the United States who either have made declarations of intention to become citizens of the United States."

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from New York.

Mr. BLOOM. In talking about declarations, that means nothing in this country. An immigrant can come here, and the next day, if he came in legally, he is a declarant, but he is not a citizen. So, I do not think that this means anything at all.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. COUDERT].

The amendment was rejected.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: Page 86, line 25, delete the word "control" and substitute the word "identify."

Mr. VORYS. Mr. Chairman, this is an agreed committee amendment to make it clear that we do not insist on other countries controlling the assets of their citizens, but that they identify them so that they may proceed along the principles set forth in other parts of this section.

Mr. KEATING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEATING. I have an amendment to this section which I desire to offer as a substitute for the committee amendment. Is it proper to offer it at this time?

The CHAIRMAN. If the gentleman has an amendment, he may offer it as a

substitute when the gentleman from Ohio has concluded.

If the amendment of the gentleman from New York is a substitute for the amendment which the gentleman from Ohio has offered, it should be offered before the first amendment is disposed of.

Mr. KEATING. My purpose in offering it as a substitute for the committee amendment is that my amendment tends to strengthen rather than weaken section 4. My analysis of what the gentleman from Ohio seeks to do in changing the word "control" to "identify" is that that is rather to weaken it. Therefore, it seems to me it is appropriate to offer this amendment as a substitute for the committee amendment.

Mr. VORYS. Mr. Chairman, I of course cannot discuss the gentleman's amendment until I know what it is, but may I state to the Committee of the Whole that our committee has worried and fretted over this section and we are all somewhat dissatisfied with it, as to whether it should be a strengthened or weakened, and how much, but one thing that we could agree upon was that we did not want to authorize control. We thought that identification of the assets in this country was a sound principle. Therefore, all I am in a position to do now is to urge the adoption of the committee amendment.

Mr. KEATING. Mr. Chairman, I offer my amendment as a substitute for the Vorys amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING as a substitute for the Vorys amendment: On page 87, line 4, strike out the semicolon, insert a comma, and add the following: "including but not limited to the establishment of satisfactory conditions for guaranteeing that identifiable assets of nationals of such country located in the United States, its Territories and possessions, may be held by the United States as security against any governmental credits from the United States to such country."

The CHAIRMAN. The Chair will advise the gentleman from New York that the amendment as read obviously is not a substitute for the amendment offered by the gentleman from Ohio, which is on page 86. The gentleman's amendment is on page 87. The gentleman may offer his amendment later as an independent amendment.

The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The amendment was agreed to.

Mr. VORYS. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 87, line 6, after "stock-piling", insert "or other."

Mr. VORYS. Mr. Chairman, the purpose of this amendment is to make it clear that scrap iron, which is a strategic material, does not necessarily have to be stock piled when it is brought back to this country under agreements with other nations. It will be needed for use immediately in our own economy. By merely putting in the words "or other" we make it clear that scrap iron is con-

sidered a strategic material and that it does not necessarily have to be stock piled when returned to this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

Mr. VORYS. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 89, line 10, after the comma, strike out the word "and" and insert the word "by" and on line 11, after the word "of", insert the word "minimum." On line 19 after the word "enterprise", insert the following words "as defined in paragraph (iii) of subparagraph (3) of section 111 (b)."

Mr. MUNDT. Mr. Chairman, these are amendments to perfect the language in the provision for acquisition of strategic materials.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

Mr. MUNDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MUNDT: On page 86, line 25, after the word "control", insert "and put into active use."

Mr. MUNDT. Mr. Chairman, I am particularly glad to offer this amendment, because this is one of those times which are becoming increasingly rare, I regret to say, when I am in complete agreement with the Department of State which looks with favor upon my amendment.

If you will look on page 86 of the bill, you will note the handicraft that we have worked upon this important part of the bill. I call your attention to subsection 4 as it now reads. We have been talking about these hidden assets in this country, and the great hoards of money which it is alleged certain French people and certain Spaniards and certain Greeks and Chinese have in America. We changed the language, you will recall, on the bottom of page 86. It no longer says that we shall take measures to locate and control these assets in furtherance of the program. I share with the members of the Committee the feeling we should not set an example in this democratic country of controlling the assets of private citizens. So we backed up, and as usual, we backed away too far. Look at what we have done. We took out the word "control" and put in the word "identify." So now with all the majesty of this great power of Congress, we insist that the foreign governments locate and identify the assets. But that is all. They do not have to use them. They do not have to tax them. Nothing needs to be done about them, but simply to locate them and identify them.

We have taken away entirely the sum and substance of what the Senate wrote in in its legitimate desire to make sure that the hidden wealth of foreigners in this country be utilized in furtherance of this program to avoid the very thing that the gentleman from New York [Mr. TABER], was talking about a few minutes ago. So with the approval of the Department of State and with my own full sup-

port and at my own suggestion, I have offered the amendment which would make this language read as follows at the bottom of the page: "To the extent practicable taking measures to locate, control, and put into active use" the earnings from the assets of these nationals. Therefore, these assets which are now hidden away under this legislation, if they are identified as I propose by this amendment, will be put to use helping to finance the recovery of the country to which such national might belong.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. KEE. The gentleman was reading section 4. That section starts out with the words "making efficient and practical use within the framework of the program." Therefore the language of the gentleman's amendment is unnecessary because the words "making efficient and practical use" are already in the bill.

Mr. MUNDT. May I point out that those words refer to commodities, services, and facilities provided under the title and that the use which I have now injected into the bill at this point refers specifically to money, resources, and wealth which is located and identified.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. JOHNSON of California. If a man has money and has a stake in an industrial corporation, would that be using the money in accordance with your amendment? Would that be such a use as you would contemplate when you use the word "use"?

Mr. MUNDT. That would depend entirely upon the law of the land to which that citizen belongs. If they have a law which taxes incomes, he would have to pay his pro rata share as a taxpayer to France, for example, to help finance the recovery of France. In other words, this compels in brief the nationals of other countries who are living in the United States to share with the citizens of the United States the cost of bringing about the recovery of their own country. It is as simple and as logical and as persuasive as that.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. KEATING. I share entirely the viewpoint of the gentleman and the objective that I am sure he has in mind. I shall support the gentleman's amendment as I hope he will support mine when I seek to add at the end, a statement of exactly what we mean by this, namely, that if conditions can be established, they shall pledge those assets to this country as security for the obligations which this country incurs under this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAWFORD. Mr. Chairman, I take this time to inquire of the gentleman from South Dakota [Mr. MUNDT] as to the meaning of this language in lines 20 and 21:

Within the framework of the joint program for European recovery.

Suppose the gentleman's amendment is agreed to, what can the United States do with respect to these resources, unless it has the cooperation of the country of which the person involved is a citizen?

Mr. MUNDT. Nothing, of course. But may I advise the gentleman, we will have complete cooperation of the country involved, because no supplies, no commodities, no finances from the United States flow to any country under this legislation until an actual contract is written and signed. In that contract we can spell out precisely the type of conditions we desire to follow in utilizing these foreign assets.

Mr. CRAWFORD. Is the gentleman in a position to go so far as to emphatically state to this body that in this agreement which is to be effected between the United States and the affected country, that that country will agree to reach out and take over the dollar resources of their citizens in this country, under that language?

Mr. MUNDT. Many of the countries are very eager to utilize these assets of their nationals, but they need some assistance from us to help locate and identify them before liberating them so that they can have access to them.

Mr. CRAWFORD. Do you mean to say the international situation has disintegrated to the point where England, for instance, cannot locate assets in this country which belong to British subjects?

Mr. MUNDT. Some she can; some she cannot—many foreign nationals have become very adroit at concealing the assets they hold in the United States.

Mr. CRAWFORD. They rely upon this Congress, then, to do the dirty work?

Mr. MUNDT. Great Britain is not one of the biggest offenders in this category.

Mr. CRAWFORD. I would not absolve them from all blame.

Mr. MUNDT. Neither would I, they offend but not as much as nationals from some of the rest of these participating countries.

Mr. CRAWFORD. But you take the position that this language, "within the framework of the joint program for European recovery" is sufficiently broad to put us in a position to substantially force those other countries to join with us first in locating these hidden assets, and second, in putting them to use?

Mr. MUNDT. It is not a question of our authority. Certainly the authority is spelled out definitely in the bill.

Mr. CRAWFORD. Why would it be a matter of discussion and debate when the people of this country are being called upon to finance a program of this kind, and leave the citizens of other countries, who are to be the recipients of this aid, to pass us by, leaving the burden on the people of the United States?

Mr. MUNDT. Which is precisely why I offered my amendment. The gentleman should be in support of my amendment.

Mr. CRAWFORD. The gentleman causes me to doubt the efficacy of his amendment when he says these other things will be done if it is proper to do so.

Mr. MUNDT. That is why I put the amendment in, to make it possible for them to be done in a proper manner.

Mr. CRAWFORD. But your words of reservation make me doubt the efficacy of the amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from South Dakota [Mr. MUNDT] be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There being no objection, the Clerk again reported the amendment offered by Mr. MUNDT.

Mr. MANSFIELD. Mr. Chairman, I have opposed this amendment under a misapprehension. I was told that the word "control" had been stricken out. I find that in the amendment just read the word "control" is left in and that the section itself is further tightened by the use of the word "identify."

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. MUNDT. The word "control" was knocked out by an amendment and another substituted for it by action of the committee.

Mr. MANSFIELD. How long ago was that accomplished?

Mr. MUNDT. About 5 minutes ago.

Mr. MANSFIELD. I did not happen to be on the floor at that time; I was called out.

Mr. MUNDT. It was adopted by the committee.

Mr. MANSFIELD. I rose because of the elimination of the word "control." The gentleman from South Dakota will recall that in the Committee the use of the word "control" was discussed and that the committee by a majority vote decided to retain the word "control," because it would give us some means of being able to get hold of the assets held in this country by foreign nationals, so that those assets could be used in rehabilitating the countries from which the nationals came.

The gentleman will further recall that we had information in the committee that European nationals had in this country between two and three billions of dollars in money, that the Greeks themselves had some hundreds of millions of dollars, and that the Chinese likewise had similar amounts.

It is my belief, my very strong belief, that we should do everything we possibly could to make these foreign nationals who have these assets hidden away here bring them out into the open and use them for the rehabilitation of their own countries. I do not think all the money should come from the people of this country when the nationals of other countries have funds at their disposal.

Mr. MUNDT. That is precisely what my amendment proposes. That is why I was shocked when the Chair said the gentleman from Montana rose in opposition to my amendment, because I am sure it carries out precisely the intention expressed by him in the committee

and that I knew he held. It requires them to put this money to use in behalf of their countries.

Mr. MANSFIELD. May I say to the distinguished gentleman from South Dakota that I appreciate his statement. I believe, however, that the word "identify" is not strong enough. I would prefer to retain the words "control and identify."

Mr. MUNDT. I also voted against the word "identify." The committee overruled us. That is why I am trying to put the other language in the bill to strengthen it more than the words "locate and identify" now define its scope.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the distinguished gentleman from Michigan.

Mr. CRAWFORD. The gentleman has just informed us that information was submitted to the Committee that there was \$3,000,000,000 in one case and several hundred millions in other cases. Where did that information come from, if these countries cannot find out what their nationals have in the United States?

Mr. MANSFIELD. That was not definite information, I may say to the gentleman from Michigan, but it was estimates which were placed before our committee when this matter was under discussion.

Mr. CRAWFORD. By whom?

Mr. MANSFIELD. Offhand, I cannot recall exactly, but I believe it was furnished us by officials of the Treasury.

Mr. CRAWFORD. Yes; but by responsible officials certainly of this Government—the Federal Reserve, and the Treasury. They know and these governments know who has the assets here. They do not use them, however, but come here and ask the people of America to foot the bill.

Mr. MANSFIELD. The Secretary of the Treasury said they were trying to find means by which they could pry loose all these assets for use in some such program such as this.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the distinguished gentleman from New York.

Mr. KEATING. Those powers, if the gentleman will refer to page 77 of the hearings, were the National Advisory Council whose head is the Secretary of the Treasury.

Mr. CRAWFORD. And the Administrator of which is to go on the Advisory Council.

Mr. MANSFIELD. That is right.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment because it strikes basically at the roots of private property in this country. Suppose you lived in a foreign country and had a bank account in which you had placed your life's savings. Now, suppose you are a nonresident of that country, you are a United States citizen. If you went to the bank after you had paid your

taxes, and asked to withdraw your money and were told that you would not be allowed to because your government had taken it over and blocked it, that would be the totalitarian method used by totalitarian states. Those methods have been used by certain European countries.

If you use totalitarian methods by calling the resources of such participating countries in the United States the equivalent of the private property of its citizens, which this section does, you are then using just the same methods. You are then saying that you are a citizen of a country and your assets, your private property, are the assets of that country. Then if the country so wishes, you are saying in effect: "We will not proceed by the ordinary methods of taxation, but we will encourage by this section that outside country to take over the assets of their citizens which are private property for purposes that they could not be taken over in this country."

Under our Constitution private citizens are protected in their property rights without discrimination, and they should be protected whether aliens or citizens. Why in the name of heaven is the United States Government going to say to foreign governments: "Come in here and take over the private assets of your citizens by your own methods."

We should be able to let the participating countries identify and help them identify those assets, but we should not have the word "control" in the provision and allow foreign governments to come into the United States and control the assets of anybody.

We want the rights of private property in this country, no matter who the private property belongs to, to be inviolate and under due process of United States laws. If you permit any minority to have its property taken by outside governments without due process of law in this country, the action must be done by the law of that country, not our country, and it is wrong. The outside country by the nature of things must come in and expropriate here in this country.

Believe you me, I am a Republican, and proud of it, and I hope neither my party nor the Democratic Party in this Congress will permit outside countries and governments to come in here under any pretext and expropriate a private citizen's property, whether he is a resident, an American citizen, or a foreign-born citizen living here.

Mr. JOHNSON of California. Mr. Chairman, I move to strike out the last word.

(Mr. JOHNSON of California asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of California. Mr. Chairman, I agree with what the last speaker said in part, but I think some of the foreigners are coming here with assets and sequestering them from taxation so far as their own country is concerned and also perhaps sequestering some property that should be taxable here. What I would like to know from the gentleman from South Dakota is this: What does he mean by putting the assets into use?

I want to give you a concrete case that came under my observation in 1944. I made a visit to the Westchester Country Club in New York during the war. To my surprise, in a big apartment, owned by that club, I learned that most of the people living there were foreigners. They were paying as high as \$1,000 a month for apartments, and, judging by the luxurious manner in which they lived, they must have had vast assets in banks. They had run away from their own country when the invading armies ran over them. Now, I do not want to mention the country or the particular racial strain. But if that money had been placed in American stocks or bonds would the gentleman from South Dakota [Mr. MUNDT] consider those assets as being put to use?

Mr. MUNDT. Obviously not, because it says "put them to use in furtherance of this program." Since the gentleman has asked the question may I say that it certainly does not mean confiscation. The strong argument put up by the gentleman from Pennsylvania does not apply to this legislation at all. It says "put into active use," not confiscate or commandeer.

Mr. JOHNSON of California. May I ask another question?

Mr. MUNDT. This puts into use the assets of those people.

Mr. JOHNSON of California. If we furnish that information to the foreign country and it had an income tax law, of course they would be allowed to levy a tax on that property or income. Is that correct?

Mr. MUNDT. That is correct.

Mr. JOHNSON of California. With that explanation, I think the amendment is a good one. In other words, you want to take that property, that income, or those assets and subject it to the same obligation that our own people have to accept or that the individual in his own country would have to accept.

Mr. MUNDT. I could not have said it better. That is exactly right.

Mr. JOHNSON of California. And there would be no confiscation?

Mr. MUNDT. No confiscation whatsoever.

Mr. JOHNSON of California. The foreigner is subject to the ordinary government tax and other obligations?

Mr. MUNDT. The reason I did not feel satisfied with the word "control" is that I wanted some other word in there, because I was afraid that control might denote confiscation. That is why I proposed to use this language which says "identify and put into active use." That is the same as if they had their assets in Paris or Athens or somewhere else.

Mr. JOHNSON of California. In other words, the gentleman wants them to share the burden with us.

Mr. MUNDT. That is correct, and the payment of taxes, too.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of California. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Supposing Mr. A, a citizen of Paris, has \$100,000 in currency in a lockbox in the National City Bank

of New York, known to the officials of this country and known to the officials of the Government of France. What are you going to do with that \$100,000?

Mr. JOHNSON of California. That is what I would like to know. Will the gentleman listen to this, please? The gentleman from Michigan posed this question which I would like to have answered. Assuming that a Parisian over here had \$100,000 in a bank in New York, in currency, which might be subject to tax, say, in New York, or subject to some tax over in France, and we find that out and turn the information over to appropriate French or American officials, what would happen, in the gentleman's opinion, under that situation?

Mr. MUNDT. He being a citizen of a foreign country would have to pay the tax that any foreigner would pay his own government.

Mr. JOHNSON of California. Suppose he refuses. What do we do to implement that obligation to his own country? Would we open the lockbox and take the amount of the tax out?

Mr. MUNDT. It would go through a regular procedure. It could be worked out in various ways. It would not be confiscation or taking it away. We agree to cooperate with these foreign nations and help them to tax their nationals who have fled to this country with vast amounts of wealth in order to dodge their local tax responsibility. We agree to aid foreign governments "to put into active use" the assets their nationals have in this country.

Mr. JOHNSON of California. You recognize his right to the \$100,000 and just permit the taking of the amount that he owes to his own country for taxes, or to our country, if this created an obligation to our Government.

Mr. MUNDT. He would pay exactly the same amount as if he kept his money at home in his own country.

Mr. JOHNSON of California. And that would be under contract between France and this country.

Mr. MUNDT. That is right.

Mr. GILLIE. Mr. Chairman, I move to strike out the last word.

Mr. MUNDT. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. GILLIE. Mr. Chairman, I take the floor at this time to make inquiry concerning one of the important aspects of this program, and that is farm machinery. I am particularly interested in this, because we have been holding hearings in the Agriculture Committee for several months on the long-range agricultural program—that includes farm machinery. When our committee was out West holding hearings last week, several witnesses, farmers and big ranchers, spoke to the committee asking about farm machinery. They talked about their wire-bound machinery and wondered whether they were going to get new

machinery this year so that they could speed up their farm operations.

I would like to ask the gentleman from Nebraska [Mr. STEFAN], a member of the Appropriations Committee, how much farm machinery is going to be shipped under this ERP program. I understand there is quite a bit of it that is going to be shipped; can we afford to do that?

Mr. STEFAN. According to the testimony before the Deficiency Committee by the Export Control Division of the Department of Commerce, the first-year operation of ERP will require one-fourth of all the production of farm machinery for exportable purposes. If I was a farmer today, I would start saving up my baling wire and save every piece of machinery in existence on the farm. This information comes directly from the Export Control Division of the Department of Commerce, and the testimony will be in the hearings that are available today on the first deficiency bill, which will follow this bill. If the gentleman from Indiana wants the official information from the Export Control Division of the Department of Commerce, I will read you briefly:

Farm machinery: Requirements for farm machinery at home are currently in excess of the industry's ability to supply. Shortage of materials and components such as sheet steel, power transmission chain, bearings, wheels, radiators, and Diesel engines are causing considerable loss in production. Domestic shortages will be intensified by demands for farm machinery under the European recovery program. In its first year of operation the European recovery program will demand nearly one-fourth of our production annually. Demand for Diesel-powered crawler tractors will be especially heavy, and it is greater than the industry can meet unless production can be greatly increased or the supply of United States farmers drastically curtailed.

They also state in their official justification that unless the producer in America can produce more farm machinery or unless the American farmer voluntarily decides not to use any more machinery, he will just not have enough to produce the food he is expected to produce during the next year.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. GILLIE. I yield to the gentleman from Ohio.

Mr. BREHM. That statement being true, why have the Farm Bureau and the Grange in the congressional district which I represent requested me to support this program?

Mr. GILLIE. I am sure I cannot answer the gentleman's question.

This morning you heard the gentleman [Mr. O'HARA] make reference about tractors that his people in Minnesota wanted to get. He has been trying for 6 months to get a tractor. If we are going to have the same trouble getting machinery we had during the war our farmers are in for a lot of trouble before we can produce enough for our people at home and for the people abroad.

Mr. BREHM. Evidently the farm interests believe the American know-how can solve that problem and produce enough machinery for the American

farmer as well as provide for the farmers abroad to help themselves. I think if that were not true the farm organizations in my district would not be in favor of this program.

We have the know-how, but we do not have the steel to manufacture the implements. This ERP assignment for farm implements will be another severe problem on our farm economy.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The amendment was agreed to.

Mr. KEATING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING: On page 87, line 4, strike out the semicolon, insert a comma, and add the following: "including but not limited to the establishment of satisfactory conditions for guaranteeing that identifiable assets of nationals of such country located in the United States, its Territories and possessions, may be held by the United States as security against any governmental credits from the United States to such country."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KEATING. Mr. Chairman, we have been struggling with this section 4, and I do appreciate the fact that it is a troublesome problem. I am happy over the extent to which the committee has gone toward adopting the viewpoint I expressed in the hearings. The Committee of the Whole has further tightened up this section. But it seems to me that we ought to do what at least many of us I am sure have in mind, and that is provide that these assets of foreign nationals which have been brought to this country, as referred to by the gentleman from New York [Mr. TABER], in many cases in order to escape taxation or other subjection to control in their own countries, shall be pledged to this country in partial security for our advances.

The amendment I now suggest merely provides that satisfactory conditions shall be established for guaranteeing that these assets may be held as security, in order that they may be the first source of income to which each participating country will look before it and we ask our own hard-pressed taxpayers to dig down in their pockets and suffer deductions from their take-home pay to help in meeting the crisis facing that country. The fact that it is also a world crisis, impinging directly upon the lives, liberties, and destinies of every man, woman, and child in America, in no wise lessens our obligation to ensure that every reasonable and legitimate step be taken to minimize the burden on our own people.

On page 77 is set forth a table prepared by the National Advisory Council headed by the Secretary of the Treasury showing the assets in this country of the nationals of those countries who participate in this program. They are \$4,930,-

000,000. It is true that some \$900,000,000 of that money is already up for a loan, but that loan is about \$150,000,000.

My point is that if satisfactory conditions may be established—and perhaps to that extent my amendment does not go far enough, but it was so worded in the hope that it might have some support by at least some of the members of the Foreign Affairs Committee—then the assets of, let us say, French nationals in this country shall be pledged to the French loan or assets of British nationals to the British loan. Certainly, it is possible to work out a plan whereby this can be done in some fair and legal manner.

It seems to me that by simply saying, as we have now, that we will locate and identify and put into active use these assets, we have not been sufficiently definite in designating the steps which we should take.

At least, I feel we should pass upon this question and determine here and now whether we are going to insist that the Frenchmen who have taken their assets out of France and brought them here shall bear the primary weight in meeting their nation's obligations in order to restore and rehabilitate the Republic of France or whether our own people shall have that primary responsibility. If it is the sense of this Committee that our own people should bear it, then let us say so. But we ought to solve this problem now and say one way or the other what our intention is.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield.

Mr. DONDERO. How can we differentiate between a Frenchman who has been living in this country for 10 years and who has not become a citizen who may have accumulated \$10,000 and has it in the bank and a Frenchman who has recently come here and who has \$10,000 which he puts in the bank? Are you going to take it from one and not from the other?

Mr. KEATING. I believe I would answer the gentleman in this way, that anyone who has been in this country and enjoyed the priceless benefits of life here and has taken no steps to become a citizen, certainly has an obligation to some country. If he has not seen fit to accept the responsibilities along with the inestimable privileges of United States citizenship, then he assuredly has an obligation to France or whatever the country of his origin may be.

Mr. DONDERO. I agree with the gentleman on that point.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, when I first heard the gentleman from New York read his amendment, in the heat of debate, I thought I could go along with his line of reasoning, but upon studying it, and I have it now in my hand, I find myself compelled to oppose the amendment. I want to read it to you and then explain why in my opinion it goes further than we, as a free enter-

prise country, can afford to go legislatively, even with the temptation which he places before us to capture for ourselves some of the wealth of foreigners. He says:

Including, but not limited to, the establishment of satisfactory conditions for guaranteeing that identifiable assets of nationals of such country located in the United States, its Territories and possessions, may be held by the United States as security against any governmental credits from the United States to such country.

In other words, it seems to me there are at least two things wrong with the amendment. First, it utterly confuses private wealth and public wealth. It holds that any foreigner who brings to this country his money, his jewels, his diamonds, his furs, anything of value that he brings to this country, are not his, but once he gets here we are going to hold them until the country of which he is a national repays us the money which it owes. I think that is an unfortunate confusion of private and public wealth. It would make each foreign national in this country individually responsible and liable for his country's entire debt to the United States.

The other difficulty is the one brought out by the gentleman from Michigan [Mr. DONDERO]. This would make it impossible for any foreigner coming here on a business trip to bring with him any assets with which to buy South Dakota wheat or Detroit automobiles or radios or silks or shoes or anything that he may legitimately want to buy as the purchasing agent for himself or his company. If he brought any wealth along we would be compelled, under the terms of this legislation, to freeze on to it and hold it until we were sure those countries which owe us will pay those debts, which may run for 10 years. So, for 10 years any foreigner coming to this country would be unable to purchase goods from us. It would dry up completely our legitimate commercial export trade with all of these participating countries.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. MONRONEY. As I understand it, there is no limitation on the amount of time that these investments have been in this country.

Mr. MUNDT. That is correct.

Mr. MONRONEY. Everyone knows that part of the wealth of Europe helped build the transcontinental railroad lines of this country, and our telegraph lines, and they had faith in the industry of America and made those investments. This amendment would allow you to seize those private investments that are still in the hands of foreigners.

Mr. MUNDT. It would require it; yes.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I agree with the statement of the gentleman from South Dakota. Would it not also apply to the residence of a foreign family that might have been here for 20 years and may have earned the money here and put it into real estate?

Mr. MUNDT. It seems to me it is very broad language, which might apply to that situation as well.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. KEATING. I appreciate all the eloquence that has been shown in favor of these foreign nationals who have brought their assets here, but I call the attention of the gentleman and the Committee to the wording which says: "The establishment of satisfactory conditions."

Now, that is one of the matters for the Administrator to handle, and if we can get the kind of Administrator that we want and expect, or at least that we hope for, he is not going to do any of the things that the gentleman from South Dakota has referred to, nor is he compelled to do so under the wording of this amendment.

Mr. MUNDT. I am sorry I cannot yield any further. It is true it says, "The establishment of satisfactory conditions," but read on. Satisfactory conditions for what? Satisfactory conditions "for guaranteeing the identifiable assets of such nationals located in the United States." In other words, we give the Administrator a mandate to establish conditions as satisfactorily as possible for guaranteeing that these assets shall be frozen. It does not apply only to those assets that have been hoarded here for years. It applies equally to a foreign purchasing agent who may be here only on a 2 weeks' buying trip. An agent cannot come here and buy our goods. You freeze trade. Under my amendment, I provide that you put into active use the assets, but I do not go so far as to say that you could confiscate them or freeze them for 10 or 15 or 20 years, so that they could never be used by the foreign national again.

I think we should defeat the amendment.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. MUNDT] has expired.

All time has expired.

The question on the amendment offered by the gentleman from New York [Mr. KEATING].

The question was taken; and a division (demanded by Mr. KEATING) there were—ayes 18, noes 39.

So the amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 87, line 2, after the word "country", insert a parenthesis and add: "Under suitable rules and regulations to protect such citizens as have been admitted to the United States for permanent residence and have in the judgment of the Administrator a bona fide intention to become citizens of the United States and not to conceal their assets from the Government of the country of which they are citizens."

The CHAIRMAN. The gentleman from New York [Mr. JAVITS] is recognized for 5 minutes.

Mr. JAVITS. Mr. Chairman—

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on

this amendment close in 6 minutes, three to be allotted to the gentleman from New York and three to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

The was no objection.

The CHAIRMAN. The gentleman from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. Chairman, the committee has heard this question debated in connection with the amendment offered by the gentleman from New York [Mr. COUDERT]. I had no intention of submitting an amendment on the same general question, but in view of the fact that there is grave disquiet that this word "citizens" in section 115 (b) (4) of the bill, will catch in a net, which it was never intended, the small-business man in this country as a permanent resident, who is very anxious to live and make his living here—as so many millions of our people have—I felt constrained to offer this amendment. We certainly do not want to disturb that kind of foreign citizen resident here, and my amendment is designed to avoid the pitfalls which were pointed out in the amendment offered by the gentleman from New York a short time ago, that an alien could easily declare his intention to be a citizen without any real purpose of finally becoming one. My amendment leaves it to the Administrator to determine whether the particular citizen of a foreign country really intends to become a citizen, and is not concealing his assets from his own government, of which technically he still remains a citizen. It must be remembered, Mr. Chairman, that those individuals who come to the United States as quota immigrants with every intention of remaining in the United States and becoming citizens, technically still remain citizens of the country of their nationality—one of the 16 European countries covered by this bill—until they are naturalized.

If the committee adopts this amendment it will take care of the cases there is no intention of reaching, and get rid of the fear that a net has just been spread to draw in the assets of a lot of people the committee never had any thought of disturbing.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from South Dakota [Mr. MUNDT] is recognized for 3 minutes to close the debate.

Mr. MUNDT. Mr. Chairman, we have discussed this problem very fully in the Coudert amendment. However, the amendment offered by the gentleman from New York [Mr. JAVITS] is infinitely worse than the Coudert amendment. This new amendment leaves the door wide open. Mr. JAVITS simply strikes down language that we have just adopted to put into active use the assets and the earnings of these nationals. To whom does his amendment apply? It applies to any national of any country which national has the remotest, subconscious intention some day of becoming an American citizen. All he has to do is to convince the Economic Administra-

tor that in the dim recesses of his mind he has that intention. Now, if you want to have a loophole in this thing large enough to drive a six-team South Dakota load of hay through, vote for it. Otherwise, vote it down. I suggest that it be voted down.

The CHAIRMAN. The time of the gentleman from South Dakota has expired; all time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The amendment was rejected.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin: On page 86, line 19, strike out the semicolon after the word "country" in line 19, and insert a comma, and add the following: "and in removing progressively the obstacles to the free movement of persons within Europe among the participating countries."

(Mr. KERSTEN of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. KERSTEN of Wisconsin. Mr. Chairman, I am here seeking to include in subsection (3), page 86, in addition to lowering the trade barriers also the lowering of barriers so far as the passage of people from one participating country to another is concerned. In volume 1 of the CEEC reports there are set forth the seven objectives of the participating countries. These objectives were formulated by the countries themselves. One of these objectives is the lowering of trade barriers, another is making sounder financial assistance, and objective 6 reads as follows "to remove progressively obstacles to the free movement of persons within Europe."

In other words, I am simply incorporating in the bill the very language which these countries themselves state as an objective. If we fail to put that in, in my humble opinion, we will be failing in a very important ultimate objective.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from Ohio.

Mr. VORYS. May I say to the gentleman that the committee has gone over this amendment, feels it is in proper form and inserted at the proper place. It does carry out one of the objectives of these countries which they themselves set. I therefore hope the gentleman's amendment will be adopted.

Mr. KERSTEN of Wisconsin. I thank the gentleman. It would be a great mistake to fail to include this amendment.

Mr. Chairman, the most important ultimate objective of ERP is the political integration of the people of Europe.

The bill as it now stands contains the objective of lowering trade barriers for articles of commerce, but we have as yet failed to require the removal of obstacles to the free passage of peoples.

Do you not agree that the lack of obstacles to the free passage of people among the States of the United States is perhaps the greatest factor in effecting a mutual understanding of the people of all the separate States with one another? The fact that a citizen of Wisconsin can readily travel to the State of

California, or vice versa, is the greatest reason why the citizens of these two States would never be brought to the point of war upon one another. If the people of France could readily travel into Germany, and the German people could readily travel into France, would that not be a great means of mutual understanding between two countries that have been involved in conflict for ages?

Mr. Chairman, if this amendment is adopted it will be the greatest step forward to the realization of political unity in Europe. It may be too optimistic to hope for a United States of Europe immediately. But this amendment will help to pave the way in the not distant future.

Unless the aid that the American people are asked to give now at great sacrifice can produce great constructive reforms such as this amendment provides we are then missing a historic opportunity. Now is the time to secure these fundamental improvements in Europe. When was there a better time? When did people more earnestly desire the conditions of peace? When was there a greater necessity for mutual understanding and knowledge of one another by the people of Europe?

In addition to this amendment I would also like to state that I shall support the amendment of the gentleman from Minnesota [Mr. DEVITT] which will be offered later this afternoon. The amendment of the gentleman from Minnesota will assist in the increase of private aid to the stricken countries of Europe, including Germany. It is in the same spirit of increasing understanding among peoples—a major factor in maintaining enduring peace.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KERSTEN].

The amendment was agreed to.

Mr. KEATING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING: On page 92, lines 9 to 12, inclusive, strike out subparagraph (f) and insert:

"(f) The Administrator shall request the Secretary of State to obtain an agreement from any participating country which is still holding prisoners of war that said prisoners of war shall be repatriated prior to January 1, 1949, unless they shall freely elect otherwise, provided such agreement has not heretofore been obtained."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 7 minutes, the last 2 minutes to be reserved to the committee.

Mr. OWENS. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate close in 10 minutes, 2 minutes for the gentleman from Illinois and 3 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KEATING. Mr. Chairman, again I desire to express my appreciation of the extent to which the committee has gone in incorporating some provision in this bill relating to the released prisoners

of war who are being held by some of our erstwhile allies. As the committee knows, on both humanitarian and economic grounds, I have been advocating this principle for month. However, the attention of the committee is called to the wording of subsection (f), as it stands now, reading:

It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

What if our understanding is incorrect? There is nothing in the bill to indicate what happens then. Of course, nothing would happen.

The purpose of my amendment is to provide in so many words just as we have done with regard to other commitments which the participating governments must enter into, namely, that they must agree such prisoners of war will be repatriated prior to January 1, 1949, unless they have already entered into such an agreement.

I have some difficulty in understanding the unwillingness on the part of those handling this measure to accept this language.

Western Germany is included in this program. We all know that the notorious Morgenthau plan is now out the window, and that western Europe will never be completely rehabilitated until the economy of Germany is reestablished, always under proper safeguards of course, to insure that its war potential is in no way encouraged.

We also know that any man is going to do more effective work to contribute his bit toward the over-all rehabilitation of western Europe if he is working in his own country than he is if he is wearing the dungarees of a prisoner of war in some other former enemy country. Self-help, not serf help will save Europe. I am told that there are some seven-hundred-thousand-odd prisoners of war still held by the European countries participating in this program.

In order for all of these countries to get back on their feet, which is what we are seeking here, one of the important factors is to make the best possible use of the existing manpower which we can devise. It strikes me that will not be accomplished unless those individuals, those nationals who want to go to work and who must go to work if this program is to succeed, are working in their own native land.

Now, there is one other difference between this provision and the committee wording. If the Members will note, under the bill as worded, it says that these prisoners of war shall be repatriated if they so freely elect. In other words they must all make an election in order to be repatriated. Now, I do understand that there are a few who do not wish to be repatriated, and in that event, they should probably not be forced to return to their own country, if the country where they now are still wants them.

But, this amendment, as worded, provides that they shall be repatriated unless they shall freely elect otherwise. In other words, the burden should be upon the Government which holds them to

see that they are repatriated, unless they do not wish to be, instead of putting the burden on each prisoner affirmatively to make the election to be repatriated.

I should like to express my appreciation for the great help I have received from the gentleman from Illinois [Mr. OWENS] in my efforts to get this amendment perfected.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. OWENS].

Mr. OWENS. Mr. Chairman, a year ago this month I stood on the floor of this House and called attention to the fact that there were hundreds of thousands of prisoners being held as slave laborers in England and France. I informed you that I had carried on correspondence with the Department of State and with the War Department and promises were made to repatriate these prisoners. They promised that by October 1 they would be repatriated. Now, Belgium and Luxemburg kept their promises. France, however, made an arrangement whereby the prisoners could work for a year or 2 years in that country at a stipulated wage, and they would be released immediately from bondage. So many of the prisoners immediately asked for that privilege that France began to cut down the number so that at the present time they still have hundreds of thousands of prisoners in France who are doing slave labor. The labor leaders of the United States, particularly Matthew Woll, have been complaining about the fact that goods are being shipped over to this country and that we are being undersold because of the slave labor, so that we have that condition, in addition to the fact that it is inhumane and it certainly is un-American. The only real change that is being made here by the amendment is that, where they, the prisoners, have to elect to be repatriated, they are going to be repatriated unless they elect to do otherwise.

I earnestly ask your support for this very fine amendment. If it is not adopted, you will find that on next January 1 that such inhumanity is still being carried on throughout certain nations of Europe, particularly England and France. We now have the opportunity to effectively end such savagery. Should the members of the Committee on Foreign Affairs choose to oppose it, then they have the sin on their heads.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the gentleman proposes to have done in the future something that has been done already. We already have the agreement, which General Clay says should be maintained, to have orderly repatriation of these prisoners. Part of the pressure for that action came from the Congress. But we have got it, and we do not need to write it in in any better form than it is here. Certainly if these prisoners want to stay in the countries where they have made their homes we do not want to force them to go back home.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentlewoman from California.

Mrs. DOUGLAS. The agreements already in force provide that all prisoners of war are to be repatriated by the end of this year. Great Britain and France are the only nations in the ERP who have prisoners of war.

General Clay testified before our committee that because of shortages of transportation and other facilities in Germany they cannot accept war prisoners at an appreciably faster rate of repatriation than they are now receiving them. For instance, France is repatriating war prisoners at a rate of 25,000 a month.

The amendment repudiates agreements to which we are a party. It will accomplish nothing. At the best it can only speed up the return of war prisoners by 2 or 3 months, and the result would be more expensive for the American taxpayer, because added confusion in Germany means added costs for the American taxpayer. Remember we are carrying the burden of the administration in Germany. At the worst, it will force the Schuman government in France to agree to a condition under the ERP agreements which will be highly distasteful to the French people.

Mr. VORYS. The gentleman from New York was a leader in this fight in which we all joined, to secure repatriation of prisoners and the end of slave labor, but he has won his fight and has got his provision in the bill. The agreements are being implemented. We, therefore, do not need to adopt this amendment, which looks forward to something which has already been accomplished.

Mrs. DOUGLAS. Exactly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. KEATING].

The amendment was rejected.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, many Members have asked me about the prospects and intentions with respect to concluding the consideration of the pending measure. Quite some time ago we announced that we hoped to be able to conclude it this evening. I feel quite sure that we can do that, and I am inclined to believe we should remain in session this evening until the measure is concluded. Not only is this matter important in itself, it is important to have its consideration concluded in accordance with the timetable we have set up. Moreover, we have other important matters that should be disposed of this week, and I am very hopeful that we dispose of them as soon as possible. In order that we may expedite our deliberations as much as possible, I make this statement at this time to solicit the cooperation of the Members. There is no desire or intention to shut off unduly or unreasonably any debate in respect to any matter that is properly presented for consideration. I wish solely to advise the Members of the situation to the end that we all may cooperate in accomplishing what, I am sure, would represent the desire of all the Members for concluding consideration of this measure this evening.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 92, line 3, strike out "to seek."

Mr. SMITH of Wisconsin. Mr. Chairman, my amendment aims to correct an abuse which exists in connection with the dismantling of industrial plants in Germany. The people are aroused and insist that this Congress write into this law a provision which will permit a fair measure of recovery for the occupied zone in Germany.

At this time, Mr. Chairman, I shall offer a circular issued by the Department of Commerce, under date of March 11, 1948, which is entitled "Reparations News." I shall also offer a table which indicates that some of the items which are now for sale are also being exported from this country to the bizonal area.

This particular circular describes what is available in reparations in one of the big Krupp plants in Essen. It offers these plants, presumably, for distribution in any of 20 countries, including Russia and Poland, and three other countries, Yugoslavia, Czechoslovakia, and Albania, which are also behind the so-called iron curtain. I say "Russia and Poland" because, although the State Department promised it would suggest the stopping of shipments from the British zone of Germany to Russia, the answer to their suggestion has never been reported. And the continued shipment of plants to Russia from the British zone still goes on. At least as far as this body goes, it has never been denied.

But that is not the most interesting part of this official circular. It lists the serial number of the plant, which is 1009, and then it describes the various shops in the plant which are available for reparations.

1009/11. Shop 48: Forging plant—production of railway axles and similar products of tool steel bars.

1009/13. Shop 74: Spring shop—spiral and leaf springs.

1009/18. Shop 76: Fire brick mill—refractories.

1009/16. Shop 54: Gear shop—gear production.

1009/20. Shop 34: Private railway shop—production and repair of rolling stock for private and colliery railways.

1009/25. Shop 22: Car repair shop and apparatus shop No. 3, repairs to vehicles and machinery.

Now, that is a sample of the railway manufacturing equipment which is being torn down in Germany and scattered all over the world.

The second document is the State Department's estimate of what it intends to ship to western Germany under the Marshall plan.

One item is \$60,000,000 worth of freight cars.

Now, lest it seem too absurd to be true that this economic folly would be seriously proposed for the approval of this Congress, I submit the actual document. It is table 17 in the State Department's Illustrative Composition of Imports of Commodities and Services.

In addition to offering it here for the RECORD, I will also refer those who want

double confirmation of this incredible stupidity to volume I of the Senate testimony on the European recovery program, where it is printed on page 128.

I could go on and cite the whole gallery of economic fallacies involved in our program or lack of program for Germany. But this is enough. It is, as the State Department would say, "illustrative." Here, in the same city of Washington, we have one department of Government giving our conquered plants in Germany away to any and all comers and another department asking for \$60,000,000 to replace their output for a few months.

It is imperative that we stop dismantling in Germany at once. The State Department should obey the intent of the Congress.

DEPARTMENT OF COMMERCE,
OFFICE OF INTERNATIONAL TRADE,
Washington, D. C., March 11, 1948.

REPARATIONS NEWS

I. GERMAN PLANTS DECLARED AVAILABLE FOR REPARATION

The official inventories, listing and describing the general-purpose equipment adaptable for peacetime production in the following two war and industrial plants declared available for reparation from Germany, have been received by the Office of International Trade, Department of Commerce:

Serial No.: 1009.

Plant name: Gusstahl Fabrik Fr. Krupp A. G.

Location: Essen.

Description: Parts plant, for production of armaments and steel products, comprising the following units:

1009/6. Shop 56 (b): Machine shop No. 9. Only general engineering machinery stored but not yet erected is included in this unit.

1009/11. Shop 47: Open hearth plant No. 3 and electric steel plant north—production of Siemens Martin and Electric Steel.

Shop 48: Forging plant—production of railway axles and similar products of tool steel bars.

Shop 49 (a): Forging plant—production of light forgings.

Shop 49 (b): Forging plant—production of medium forgings.

1009/12. Shop 77: Armour plate mill—production of armour and bullet-proof plate.

Shop 77 (a): Armour plate mill—production of armour and bullet-proof plate.

Shop 78: Pressing and drawing plant—production of bombs and pressure bottles for submarines.

1009/13. Shop 70: Testing shop—testing of forgings.

Shop 73: Civil Engineering Department—civil engineering work.

Shop 74: Spring shop—spiral and leaf springs.

Shop 75: Research Department—research.

Shop 76: Fire brick mill—refractories.

1009/14. Shop 79: Agricultural machine shop—production of agricultural machinery.

Shop 81: Fuse shop—detonators.

Shop 82: Foundries 5 to 7—castings.

Shop 83: Printing office—printing.

1009/15. Shop 32: Heat treatment shop—heat treatment of war material.

1009/16. Shop 53: Machine shop No. 6—iron structures for dredgers.

Shop 54: Gear shop—gear production.

Shop 55: Screw plant and machine shop No. 15—instruments and gun parts.

1009/17. Shop 57: Drop forging plant—production of light and medium die-hammered forgings.

1009/18. Shop 41: Machine shop No. 2—Forkard chuck, surgical instruments, and aircraft fittings.

Shop 44: Welding shop—welding.

Shop 46: Machine shop No. 11—electric repairs.

1009/19. Shop 72: Crankshaft shop—crankshafts for high speed, aero, and water-craft engines.

1009/20. Shop 34: Private railway shop—production and repair of rolling stock for private and colliery railways.

1009/23. Shop 24: Union workshops—storeroom for machine parts.

1009/25. Shop 22: Car repair shop and apparatus shop No. 3—repairs to vehicles and machinery.

1009/28. Sheet pressing plant No. 5—pressed steel components.

1009/30. Machine shop—general light engineering work.

1009/31. Iron store—various stores.

1009/32. Border plant for supply of steam to works.

Serial No. 1074, B/S/413.

Plant name: Atlas Werke A. G.

Location: Elmshorn.

Description: Plant for production of sound detection apparatus.

The inventories for these plants are available for public examination in the office of the Chief Reparations Officer, Office of International Trade, Department of Commerce, Washington 25, D. C. *

Expressions of interest invited

This announcement does not constitute an offer of sale. These plants have been declared available for reparation but have not yet been allocated by the Allied Control Authority. American business firms and citizens are invited to express any interest which they may have in the purchase of these plants in the event that they might be allocated to this Government. Such expressions of interest should be forwarded to the Chief Reparations Officer, Office of International Trade, Department of Commerce, Washington 25, D. C., and must be received by April 9, 1948.

For further information concerning expressions of interest, disposal procedure, or inspection of plants, refer to previous reparations news circulars or communicate with Chief Reparations Officer, OIT, Department of Commerce, Washington, D. C.

TABLE 17.—Western Germany—Bizone—Illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949, at July 1, 1947, prices

[In millions of dollars]

Import	Total imports	Possible sources and distribution of financing		
		Bizonal dollar earnings	Sources other than new United States funds	New United States funds
Bread grains.....	284.6	-----	-----	284.6
Coarse grains.....	54.1	-----	-----	54.1
Fats and oils.....	24.5	-----	-----	24.5
Oil cake.....	-----	-----	-----	-----
Sugar.....	27.5	-----	-----	27.5
Meat.....	6.2	-----	-----	6.2
Dairy products.....	9.9	-----	-----	9.9
Eggs.....	-----	-----	-----	-----
Dried fruit.....	5.5	-----	-----	5.5
Rice.....	-----	-----	-----	-----
Coffee.....	2.2	-----	-----	2.2
Other foods.....	23.9	-----	-----	23.9
Subtotal.....	438.4	-----	-----	438.4
Tobacco.....	16.1	-----	-----	16.1
Cotton.....	66.5	-----	-----	66.5
Nitrogen.....	12.0	-----	-----	12.0
Phosphates.....	1.1	-----	-----	1.1
Potash.....	-----	-----	-----	-----
Agricultural machinery.....	8.4	-----	-----	8.4
Coal.....	-----	-----	-----	-----
Mining machinery.....	28.0	-----	-----	28.0
Petroleum products.....	22.5	-----	-----	22.5
Timber.....	-----	-----	-----	-----

TABLE 17.—Western Germany—Bizone—Illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949, at July 1, 1947, prices—Continued

[In millions of dollars]

Import	Total imports	Possible sources and distribution of financing		
		Bizonal dollar earnings	Sources other than new United States funds	New United States funds
Iron and steel:				
Finished.....	-----	-----	-----	-----
Crude and semi-finished.....	-----	-----	-----	-----
Pig iron.....	-----	-----	-----	-----
Scrap iron.....	-----	-----	-----	-----
Iron ore.....	-----	-----	-----	-----
Trucks.....	9.4	-----	-----	9.4
Freight cars.....	60.0	-----	-----	60.0
Steel equipment.....	-----	-----	-----	-----
Timber equipment.....	.3	-----	-----	.3
Electrical equipment.....	5.0	-----	-----	5.0
Other imports ¹	212.4	99.6	-----	112.8
Total commodity imports.....	880.1	99.6	-----	780.5
Net freight.....	134.0	-----	-----	134.0
Other dollar payments.....	-----	-----	-----	-----
Total ²	1,014.1	99.6	-----	914.5

¹ Includes copper, lead, and zinc, \$18,000,000; hides and skins, \$9,000,000; seeds, \$22,000,000.

² In addition to its dollar requirements for imports from the Western Hemisphere, bizonal Germany will have an uncovered dollar deficit of \$200,000,000 with nonparticipating countries outside the Western Hemisphere. This deficit is made up of the following items: Wool, \$71,000,000; hemp, \$6,500,000; lead, \$10,000,000; coarse grains, \$28,500,000; cotton, \$16,600,000; other raw materials, \$26,600,000; freight, \$26,800,000.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. FULTON. Actually were not the agreements for reparations between the countries made at Potsdam and therefore are we not now committed under the agreements that have already been made at Potsdam and if that is the case, how does your amendment change the amounts already in the committee's bill?

Mr. SMITH of Wisconsin. It seems to me that we take a rather defensive position in that connection. Those agreements at Potsdam have been broken a dozen times. We are not bound to recognize them at this time.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. KEATING. I am very happy to support the gentleman's amendment, which is identical with one which I have at the Clerk's desk, except that mine, in addition to striking out the words "to seek" in line 3, also inserts the words "in the opinion of the Administrator" after the word "will" in line 7. I commend to the Senate-House conferees consideration of the inclusion of these additional words for the purpose of clarification, but will not press my amendment. My information is that we have been pursuing a policy of dismantling plants in western Germany at the very time we have been shipping to western Germany the same products as those made in those very plants.

Mr. SMITH of Wisconsin. There is no doubt about that.

Mr. KEATING. Such a policy seems to me inexcusable. All that the gentleman is seeking to do is to make it very clear that the Secretary of State is to obtain these agreements and not just to seek to make agreements.

Mr. SMITH of Wisconsin. That is exactly right.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, I am in no position to resist the gentleman's amendment. I commend him for calling the attention of the House to this situation. As I say, so far as I am concerned, I am not in a position to oppose the amendment since I am in favor of it. I yield to any member of the committee who wishes to oppose it.

Mr. LODGE. Mr. Chairman, I think it would be a mistake if the words "to seek" were deleted from this subsection. I am in substantial agreement with the gentleman from Wisconsin [Mr. SMITH]. As to the advisability of revising the agreements made with respect to reparations and dismantling, I have so advocated in numerous speeches. We gave a great deal of attention to this whole question in committee. This language was worked out by the gentleman from Connecticut and some of the committee's assistants. The fact is that dismantling is being carried on at the moment under agreements made in August 1946 in Paris. I believe that we should seek to obtain a revision of those agreements in order to bring them in line with the major intentions of ERP. We can even tell these nations that we feel that since we are extending this aid to them, the whole question of German reparations and dismantling should be revised in the light of these new circumstances. It seems to me that that is the most that we can do. To do any more than that would be regarded as a breach of faith with respect to these agreements. To do any less than that would be entirely unrealistic. I cannot see what more is accomplished by taking out the words "to seek," except to embarrass the Secretary of State and the participating countries which are members of the Interallied Reparations Agency. All the Secretary of State can do is to seek to obtain revision of agreements already made. He should, in my opinion, seek to obtain those revisions.

Mr. VORYS. I yield to the gentleman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, I wish to oppose the amendment, and I support what the gentleman from Connecticut [Mr. LODGE] has just said. I go even further, to say that I object to the bill as it is now written in this respect. We say, "The Administrator will request the Secretary of State to seek to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as

reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program."

Evidence before our committee and the Senate committee showed that the dismantling of German nonwar plants is consistent with the European recovery program. Those plants cannot be put into operation in Germany within the next 3 or 4 years because of shortage of materials, transport, and manpower and other factors. On the other hand as rapidly as this industrial capacity is being transferred to claimant countries it is being put into immediate production, thus aiding the rehabilitation of these countries. Never forget that these countries which are claimant for German reparations are today devastated because of the war which Germany forced upon the world.

The expenditure of the billions authorized by this bill is necessary as the direct result of the actions of Germany whose habit it has been to overrun Europe every generation. We may easily forget that all-important fact, since we have escaped direct injury in two world wars. But the victims of Germany in Europe cannot forget so easily. They are the beneficiary parties to the Paris reparations agreement. We cannot overthrow that agreement by a unilateral act. It ill becomes us to attempt to try to do so.

One more point. So much of the discussion on this floor links reparations to the Morgenthau plan. The reparations program is unrelated to the Morgenthau plan. It seems to be forgotten that reparations out of German capital plants were undertaken only as an alternative to the plan as attempted after World War I of collecting reparations out of current production.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has expired. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 69, noes 53.

Mrs. DOUGLAS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. SMITH of Wisconsin and Mrs. DOUGLAS to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 88, noes 55.

So the amendment was agreed to.

Mr. HESELTON. Mr. Chairman, I move to strike out the last word.

(Mr. HESELTON asked and was given permission to revise and extend his remarks.)

Mr. HESELTON. Mr. Chairman, at this time I want to refer to a series of questions I asked the acting chairman yesterday afternoon with reference to the construction of subsection (b) of section 112 which we have passed, of course, but which has to do particularly with the uses of petroleum and petroleum products in the 16 countries.

At that time I also called attention to the report of the Interstate and Foreign

Commerce Committee on the fuel investigation dated February 27, 1948, House Report No. 1438, which indicated a tremendously large increase in the prospective demand for gas, Diesel and fuel oils in these countries, and set forth certain specific examples of conversions.

The acting chairman was good enough to suggest that I place those questions in the Record and indicated that he would be glad to give the answers at the proper time today. He has indicated to me that he would be glad to have me repeat the request at this time.

I now yield to the acting chairman of the committee.

Mr. VORYS. Mr. Chairman, I will say frankly that I am not very well satisfied with the information we have been able to obtain and am inclined myself to concur in the criticisms which were contained in the Herter report on petroleum and in the report from the gentleman's committee dated February 27, 1948.

As the gentleman knows, the amount for petroleum in the ERP figures is \$651,000,000 for the next 15 months, and I assume a similar amount will come the next year. As the report of the Committee on Interstate and Foreign Commerce shows more brilliantly than I can point out, we produce and consume about two-thirds of the world's petroleum.

It is to our interest not only to have Europe consume petroleum from the Near East but to save our own supplies and to secure some from the Near East also.

There are two specific protections in the measure in addition to the one the gentleman has mentioned, which may give the administrator not only discretion but strong advice to protect the economy of this country, which would protect domestic consumers.

As to the delicate balance between when it is wise to furnish machinery over there to increase their production and what we might best use here, I have puzzled over a way to draft a provision to take care of that, but have been unable to do so. I feel that with the provisions in the bill it is a matter that we must leave to the discretion of the administrator. He is enjoined, however, by law to protect the economy of the United States.

Mr. HESELTON. I appreciate the difficulty of the problem. I want to re-emphasize my own deep conviction that the key to the success of this plan lies in our own productivity, and unless we are willing to assure the American people and American industry that they can expect the full extent of their needs will be met, we cannot hope to succeed. With this bill now keyed to the report of the Herter committee and the report of the House Committee on Interstate and Foreign Commerce to which we have both referred, I think the best possible safeguards have been taken and that our domestic consumers, and our domestic industry, can feel a great degree of assurance that they are going to be protected in large measure as to their vital requirements of petroleum and petroleum products.

Mr. VORYS. It is my hope that the Administrator, when he is appointed, will

read this colloquy and be reminded of the sections of the law, and the various reports to which we have referred.

Mr. HESELTON. I thank the gentleman. I have every confidence that the Administrator will accept that advice and will be guided by the constructive suggestions contained in those two reports in making decisions as to the matter we have discussed.

Mr. SADOWSKI. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the matter of fuel oil and steel pipe was brought up yesterday afternoon just before the committee rose by the gentleman from Arkansas [Mr. HARRIS] and the gentleman from Massachusetts [Mr. HESELTON]. All of us on the Committee on Interstate and Foreign Commerce have been very deeply disturbed about the fuel oil situation. In the city of Detroit last winter our plants were closed down for a period of over 3 weeks because of the shortage of fuel oil and natural gas. Our people were cold. They shuddered with cold. Today you are making them shudder with fear, so that they shall continue to shudder from cold next winter.

I want to have some assurance from the committee now that this fuel shortage is not going to happen again this winter. I may say to the gentleman from Ohio that we do not want some pretty words spoken here or a general sort of a statement to preserve our oil and gasoline supplies for our own people. The language should be mighty strong to give full assurance to our people that they will not go through the fuel shortage they went through last winter.

The gentleman has stated that he hopes this act will be expedited dynamically. That is the whole trouble. I am sure that this program will be expedited dynamically. They expedite these things so dynamically because of the profits that are involved in the goods that are shipped to Europe that they just take everything away from our own people, and then we have these shortages. That is why we have shortages of steel. I have plants closing down in Detroit because they cannot get 18- and 20-gage steel to make cabinets and to make deep freezers. I just got a letter from one of our big manufacturers last week saying that he cut down his deep-freeze production to one-half because he cannot get 20-gage steel, and he is asking me to find some for him. Well, I cannot find any. I am sure you have the same experience.

Now, if language is not put in this act right now to guarantee to our own people that these shortages will not occur, then watch out what those people are going to do to you in November, because they are not going to be bothered with your explanation of how you voted for this plan in order to save the world, because they will say, "How about us back home." Another thing, what assurance have they that we are not going to take away their gasoline this summer. It was brought out before the Committee on Interstate and Foreign Commerce that we will have a shortage of gasoline this summer and this fall. Now, if they are going to raid the gasoline market and

take our gasoline away, as they certainly will do, you will be held responsible. Of all of the gasoline going to Europe, 75 percent is going to come from United States resources. What situation are we going to face domestically here? Are we going to have gasoline rationing before November? As far as I am concerned, I warn you gentlemen that this bill should not go through unless there is positive protection given to our people that domestically we will not face a gasoline or fuel-oil shortage this fall. Do not go home and say, "We did not know about it," or "I did not anticipate this," but make sure that we will protect our people and that they will not suffer these shortages.

Mr. SMITH of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: Page 95, line 13, after the period, add the following: "Whenever the Administrator finds that any country receiving aid under this act transacts any business or has any relations with the Union of Socialist Soviet Republics, Yugoslavia, Rumania, Czechoslovakia, Bulgaria, or any other Russian satellites, they shall forthwith be denied all further such aid."

Mr. VORYS. Mr. Chairman, a point of order. That part of the bill has not yet been read for amendment.

The CHAIRMAN. The point of order is well taken. The point of order is sustained.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word.

(Mr. JENKINS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. JENKINS of Ohio. Mr. Chairman, this proposed legislation has been greatly improved over what the State Department and the administration proposed originally. The amount has been reduced from the tremendous amount of something over twenty-five billion. The bill has been changed so that the State Department has been practically eliminated from the active control of the administration of the functions to be performed under this legislation.

Likewise, the bill as it now stands provides for a one-man administration with advisory assistants. In other words this bill as it now stands contains several recommendations made by the Herter committee. In fact the important provisions of this bill are largely based on recommendations made by the Herter committee. I am naturally favorable toward the recommendations coming from the Herter committee because I am a member of that committee and I know the diligence with which the committee worked and I know its fidelity to the best interests of the country.

I shall support this legislation because I feel that it will be a relief measure and more than that it should be able to assist these foreign countries to help themselves. It will strengthen the weak governments and will stabilize the currencies of these several countries whose financial structures are so weak that it is impossible for them to engage in trade and commerce with other countries.

If we are to have any trouble with any foreign country from a military stand-

point it may be to our advantage if we are engaged in activities that will further our military advantages. For instance, Greece now has an army of 125,000 men who have been provided with all their clothing and shoes and with their arms and ammunition by money furnished to Greece under the loan made by the United States to Greece less than 2 years ago. Why not keep this army on a fighting basis rather than permit them to disband and then send our own men to do military duty in Greece to hold back the bandits that harass the inhabitants of Greece.

If we are to have trouble with the Communist countries we had better have as many countries on our side as we can have.

I am moved to support this measure because I think it will be for the best interest of our country.

I voted to amend this measure by reducing the total amount provided herein by more than a billion dollars. I am sorry this amendment failed. I have also voted today to reduce the time during which this law shall operate from 4 years to 1 year. I felt that we could try this plan for a year and then if it proved satisfactory we can extend it further. I am sorry that this amendment failed.

I feel that since we have taken this matter out from the control of the State Department and have placed its administration under a single administrative head with proper assistants, and since we reduced the time and the amount to be spent that this bill that we are about to vote on is a bill that the people will quite generally approve. At any rate the Congress will have the whole matter under its control and we can amend it as future events may suggest.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the balance of title I be considered as read and open for amendment at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

WESTERN HEMISPHERE COUNTRIES

SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

OTHER DUTIES OF THE ADMINISTRATOR

SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, and increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation

of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title may be used, in the discretion of the Administrator, and under rules and regulations prescribed by him, to pay port charges in the United States and ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe; or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. The Administrator may make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph (6) of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee.

(d) The Administrator is directed to refuse delivery to participating countries of commodities or products which go into the production of commodities or products for delivery to any country which has announced its intention to attempt to prevent the success of the European recovery program, which commodities or products would be refused export licenses to those countries by the United States.

TERMINATION OF ASSISTANCE

SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section

104 (e), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

UNITED NATIONS

SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

TERMINATION OF PROGRAM

SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, which ever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the 12 months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such 12-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the 12 months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

REPORTS TO CONGRESS

SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed,

shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEPARABILITY CLAUSE

SEC. 124. If any provision of this act or application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

Mr. VORYS. Mr. Chairman, I understand there are nine amendments at the desk. I ask unanimous consent that all debate on title I and all amendments thereto close in 54 minutes, with 3 minutes allotted to the proponent of each amendment and 3 minutes for the committee.

Mr. GOFF. I object, Mr. Chairman.

Mr. HERTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall not take the entire 5 minutes, but I take this time in order to ask a question. There appears in the section that we are just finishing up now a provision dealing with the local currencies which are deposited as a counterpart for the grants-in-aid that are made to these various nations. I have always felt, and the Select Committee has always felt, that the constructive use of these local currencies could, perhaps, be one of the most important functions performed in the entire bill looking toward the recovery of the various nations.

I want to compliment the committee on the very good wording with which they have handled this matter; very much better than in the bill as it came from the other body. But, I do want to ask the chairman of the committee this one question: In view of the fact that the final disposition of these currencies as provided for in this section must come by concurrent action of the two branches of the Congress, does not the chairman of the committee assume that the United States Government either has title to those currencies or joint title to those currencies, in order that the Congress may have a say in the final disposition thereof?

Mr. VORYS. Answering the gentleman's question specifically, may I say somewhat with regret that the provision as drafted does not vest legal title to these funds and control of their use solely in the United States, but does provide for the establishment of a special account in each country subject to joint control of its disposition.

May I say without telling tales after school that I as one of the members of the Herter committee felt exactly as the gentleman did as to the use of these currencies. Language was proposed which would carry out more fully that viewpoint, but that language was not adopted. However, there was compromise language adopted which I feel is an improvement on the Senate language

but which does not provide clearly that title is in the United States. As a technical legal matter, I would say it does leave title in the other country subject to joint control and veto by the United States.

Mr. HERTER. Nevertheless, the gentleman would agree that there is an implied joint title, or else the Congress cannot assist in making the final disposition.

Mr. VORYS. I agree to that.

Mr. HERTER. Mr. Chairman, I do not want to delay the proceedings any longer, but I feel that I ought to say a word or two in regard to the select committee. When this bill has been disposed of, the purpose for which the select committee was appointed will have been accomplished. I think it is only right before we finish our consideration of this bill to pay a word of tribute to the hard work, the diligence, and to my mind the very able and effective way in which the members of that committee contributed in their reports to the knowledge of the Members of the House of the over-all subject we have been discussing. A very large number of the recommendations, not in legislative form but in general form, that were made by that committee are contained in this bill. In view of the fact that that was a committee selected for one purpose only, and is now shortly going out of existence, I wanted to utilize this occasion to express my appreciation as the acting chairman of that committee overseas of the very fine service the members of that committee, in my opinion, rendered to the House as a whole.

Mr. DEVITT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEVITT:

Page 93, line 14, strike out "may" and insert "shall."

Page 93, line 14, strike out the comma after "used", and strike out "in the discretion of" and substitute therefor "by."

Page 93, line 15, strike out the first "and."

Page 94, line 4, after the period add "Where practicable" and strike out "may" and substitute therefor "is authorized and directed to."

Page 94, line 11, after the period add the following: "The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages. The execution of such agreements by the participating countries shall be a condition precedent to the receipt of assistance under this title."

(Mr. DEVITT asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, may I say to the gentleman from Minnesota [Mr. DEVITT] that I understand from members of the committee who have studied his amendment that there is no objection to it.

Mr. DEVITT. Mr. Chairman, this amendment is intended for two purposes. First, to make it mandatory for the Administrator of the Economic Cooperation Act of 1948 to provide ocean-free transportation and to defray port charges on relief supplies furnished by voluntary nonprofit relief agencies and on individual relief packages from the United States to Europe, and to make mandatory the execution of agreements between the Administrator and the recipient countries by the terms of which moneys in the so-called revolving fund shall be used to pay the transportation charges for such supplies and relief packages from the point of arrival in Europe to the place of residence of the addressee. The objective is accomplished by substituting the word "shall" for the word "may" and the expression "is authorized and directed" for the word "may" in the pertinent places.

The second objective of the amendment is to require the Secretary of State and the Administrator to make agreements with the participating countries for the free entry of such supplies and packages, and to make the execution of such agreements a condition precedent to the receipt of relief by the participating countries.

In support of the first purpose, it is urged that the principle of encouraging the giving of individual relief through private relief agencies and through the sending of gift packages is a sound and meritorious one and will contribute much to international good will. At the same time it will lighten the relief burden of the Government of the United States by shifting a part thereof to the shoulders of the people of this country. This carries out my concept of the humane obligation of the peoples of the United States to help their brethren in need in the devastated countries of the world.

Many Members of the Congress have introduced bills to provide proposals such as this. If the principle is a sound one, the Congress should not leave it to the discretion of the Administrator as to whether or not the principle should be made effective. Under the terms of the bill as drafted, the Administrator is vested with discretion. Hence the use of the word "may." I believe the Congress should express itself as being unequivocally in favor of the injection of this principle into the relief bill.

The second purpose sought to be served, that of making it mandatory to make the entry-free agreements, is prompted by the action of many of the 16 ERP countries in recently raising their barriers against the free entry of articles normally shipped by private relief organizations and usually contained in gift packages. It is appalling to note the extremely high import duties imposed even on the necessities of life, such as food, clothing, and medicines. By way of example, it should be pointed out that Great Britain imposes a 20-percent ad valorem tax plus a 33-percent purchase tax on all used cotton, wool, linen, and articles of clothing. Even used silk and rayon is taxed the sum of 20 percent. One carton of cigarettes

is taxed at the rate of \$6.50 a carton. Ordinary kitchen soaps are taxed from 15 to 25 percent. Why should the recipients of relief packages be obliged to pay such onerous taxes as a condition to receiving them from their American benefactor?

In the Benelux countries many recent changes in their laws and regulations will have the effect of making it prohibitive for people in need in those countries to receive gift packages because of the huge taxes that must be paid. On January 1 of this year the Benelux tariff act went into effect. An import tax of 6 percent is charged on the landed-cost value of the packages sent, increased by the amount of the import taxes. The import taxes vary with the articles contained in the packages. The governments of these countries are generous enough to waive the import tax in the case of a gift package of the value of \$1.90 or less.

A tremendous number of relief packages are being sent to Sweden and Norway, but still those two Scandinavian countries do not have any specific law or decree permitting the free import of gift packages. In the case of Norway, the only duty-free articles are "natural curios, globes, planetariums, books, and picture books not printed in Norwegian." What good would these items be to persons in need in Norway? Rayon stockings are taxed \$1.08. Roasted coffee is taxed 9 cents a pound. Printed cotton fabrics are taxed 15 percent. Wool stockings, scarves, and sweaters are taxed 30 percent. In addition to these taxes, excise taxes and surtaxes are applied in many cases. Approximately, the same is true in Sweden. It should be remembered that thousands of pounds of parcel post gift packages are sent into these countries every month. For instance, in October of 1947, 4,826,684 pounds of parcel post were dispatched to civilians in Great Britain. During the same period Norway received 336,302 pounds and Swedish citizens received 255,055 pounds from generous benefactors in the United States.

It is suggested that some of the European countries have recently raised their import duties and taxes for the selfish purpose of protecting their own markets. One of the very purposes of the ERP bill is to tear down the tariff barriers between countries; we have urged the formation of customs unions between the European countries. For us to acquiesce in this conduct to the detriment of our own citizens who are generous enough to send relief packages and supplies would be inconsistent and in derogation of the principles of the whole international relief effort.

For the United States to provide some \$6,000,000,000 of relief to these European countries and then at the same time to permit the governments of these countries to charge such burdensome taxes on the sending of essentials to life in gift packages to those countries, is an anomalous situation. I propose by this amendment to require that the recipient countries, as a condition precedent to the receipt of relief, execute agreements with the Secretary of State providing for the

free entry for such supplies and gift packages of such size, weight, and contents as the Administrator shall prescribe. Mind you, this is not a provision for a blanket entry of goods into these countries, but rather the granting of an authority to the Administrator to execute agreements for the free entry of necessities and essentials of life so that the pauperized recipients will not be burdened with the payment of taxes on their gift parcels.

I urge that the amendment be adopted.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DEVITT. I yield.

Mr. FULTON. In order to clarify this, you are by your amendment on line 14 saying that the funds made available for the purposes of this title shall be used by the Administrator under rules and regulations prescribed by him to pay for port charges and ocean freight transportation on these packages that will be sent abroad.

Mr. DEVITT. The gentleman is correct.

Mr. FULTON. Those of us on the committee who have studied the gentleman's amendment agree with it. But I would like to ask if you would add a definition of what those port charges are in the United States by inserting on page 93, line 16, after the words "United States" "including handling costs from the post office at the port terminal to ship's side."

Mr. DEVITT. I have no objection. I will agree to the definition of port charges.

Mr. FULTON. The committee, then, has no objection to the gentleman's amendment.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. DEVITT. I yield.

Mr. KEATING. I commend my able colleague for having introduced this amendment which I know will go far toward helping those who are seeking to assist their friends and relatives overseas. I had a similar amendment at the Clerk's desk which I am very happy to withdraw in order to lend my support wholeheartedly to the effective effort which my good friend from Minnesota is making by his amendment toward achieving an objective for which he has labored with such zeal.

Mr. DEVITT. I appreciate the gentleman's remarks.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. DEVITT. I yield.

Mr. REES. This same subject matter has been before our Committee on Post Office and Civil Service. I hope the amendment that has been offered will take care of that particular problem. I, too, had an amendment at the Clerk's desk, but in view of the fact that this amendment has been agreed to by the committee, I shall withdraw mine in favor of the amendment offered by the gentleman from Minnesota.

Mr. DEVITT. I thank the gentleman. I should probably say to the gentleman from Kansas that in addition to the ocean-freight transportation, this amendment also provides that as a con-

dition precedent to receiving relief, these foreign countries shall agree with the Administrator and the Secretary of State to waive all charges and import fees which are usually charged.

Mr. REES. Will this permit individuals as well as groups to send these packages?

Mr. DEVITT. That is correct.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. DEVITT. I yield.

Mr. SADOWSKI. This means that there will be two classes of citizens in the United States, those who will send free packages to their relatives in Germany and those of our citizens who will not be able to send gift packages postage free to their relatives in Warsaw, Czechoslovakia, and Yugoslavia, is that right?

Mr. DEVITT. That is a situation over which I have no control, I might say to the gentleman.

Mr. SADOWSKI. Do you think that is good American legislation, making class distinctions among your constituents and saying to the needy recipients or rather to the constituents who would send these packages to these needy recipients, "You can send gift packages," and then to another group of your constituency saying, "You cannot send packages"?

Mr. DEVITT. Mr. Chairman, I cannot yield further to the gentleman. I understand the gentleman's question. I am sure it would not be germane to this subject if I were to include in this bill provisions for countries which are not included under the Marshall plan. These provisions are limited only to the 16 countries coming under that plan. As the gentleman from Kansas, the chairman of the Committee on Post Office and Civil Service, has advised there is in his committee a bill which would cover the other countries. This bill only covers the 16 European countries.

Mr. SADOWSKI. Those benefits should be extended alike and equally to all destitute people. There should be no question of class distinction.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DEVITT. I yield.

Mr. FULTON. The committee has prepared an amendment to take care of just such a situation. It will be offered by the gentleman from Ohio [Mr. Vorys] so that under it CARE packages can be sent to all countries and so we do help them. So the gentleman's comments are not quite accurate. There is no distinction between any classes of citizens who might send relief under the CARE amendment which is to be submitted by the committee.

Mr. DEVITT. May I say I read the gentleman's amendment, and I wonder if it only pertains to the participating countries.

Mr. FULTON. Not the CARE packages. They can be sent any place, even outside of the participating countries.

Mr. Chairman, in view of my previous remarks, I ask unanimous consent that the gentleman's amendment may be amended to include inserting a comma and the words "including handling costs

from the post office at the port terminal to ship's side."

With that amendment, the committee has no objection.

The CHAIRMAN. Does the Chair understand the gentleman's statement to be a unanimous-consent request to modify the amendment?

Mr. FULTON. That is correct.

Mr. DEVITT. I agree to the modification, Mr. Chairman.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

On page 93, line 16, after the words "United States", insert a comma and the words "including handling costs from the post office at the port terminal to ship's side."

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question recurs on the amendment as modified.

The amendment, as modified, was agreed to.

Mr. GATHINGS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Chairman, it was my distinct privilege last fall during the recess of Congress to go to Europe in company with five of my distinguished colleagues on the Agriculture Committee. We were privileged to travel widely and, in the course of our committee work, we talked to many, many people and made countless first-hand observations.

On the basis of what I saw, heard and felt, I returned home believing that this country was under a great misapprehension as to actual conditions in Europe. A blanket of sentiment, which was inspired either by propaganda or by the simple generous impulses of the people of this Nation, has descended on this country and we were weeping national tears for the plight of the "starving Europeans."

On the basis of my observations on the continent of Europe, I could not follow this sentiment. Europe, as I saw it, was not starving, or naked, or cold—not to any degree which could rationalize the mass hysteria of tears which was being stimulated. It is true, conditions in the occupied zones were still far from happy and in some instances they could be classified as critical.

Given a good crop year, a mild winter and other conditions of agriculture normalcy, the countries of Europe, I felt, could repossess themselves of their national vitality and struggle to their feet, without any coddling from our own country.

I reported these conditions as I saw them to the people of my district. I took the case directly to them and gave them the situation as I saw it realistically. I told them that I was opposed to any costly relief program and thought that it was not needed and that the interests of this country could best be served by rigorous attention by the Government to

shortages which have been hampering our farm production for many months.

I told the people of my district frankly that I did not believe that this country could buy the friendship of other nations. I still believe that and I shall oppose any attempt on the part of this Nation to woo with dollars the affections of a foreign nation. Dollars will not purchase friendship.

At the time of its inception, the plan proposed by the distinguished Secretary of State, General Marshall, had the color and odor of a financial romance. We were proposing to buy the affections of distressed—but recovering—Europe with an outlay of dollars never before dreamed of in peacetime. We were told that \$18,000,000,000 to \$20,000,000,000, over a period of approximately 5 years would be the price of sealing this friendship.

Every observation which I made in Europe has turned out to be accurate. Europe's food, health, and food problems—to quote the most recent press dispatches—are in better over-all shape than at any time since hostilities. And that is before one penny of permanent Marshall-plan funds are expended. This condition, of course, has been aided by a mild winter, but there is no denial of the fact that conditions generally improving in a gratifying manner.

Since my return from that trip, however, a great and terrible force has begun to spread over the continent of Europe, crushing nation after helpless nation and thrusting into despair others that, so far, have been spared the iron hand of the aggressor.

I now feel that this country can no longer take the risk of a slow, if normal, recovery of the remaining free nations of Europe. The process of recovery must be speeded up so that it can keep pace with, or, under better circumstances, surpass the rapidly spreading menace of Red Russia.

It seems to me, therefore, that it is incumbent upon this Nation, in the name of salvation, to assist the free nations of Europe to combat the Soviet disease. It must be recognized, in the light of the swiftly moving events now going on in Europe, that such is the only course of enlightened self-interest.

We have observed with what deadly accuracy, and ease, the Soviet aggressor swallowed up the free nation of Czechoslovakia in recent weeks. Already its bloodless conquests of Poland, Bulgaria, Yugoslavia, and Rumania have become almost forgotten incidents. Now we see the Russian bear poised to move into little Finland when the moment suits its purposes. We are fearful of the situation in Communist-ridden Italy.

Sweden, Denmark, and Norway, already heavily under trade pacts with the Soviet Union, may yet find that you can no more do business with Stalin than you could do business with Hitler. Little Austria teeter-totTERS to keep its head up against the communistic flood. Part of it is already lost.

Yes; the events of the past months and the dreadful promise of even more of these terrible events makes decisive action by this country imperative. The

Marshall plan, I have sincerely concluded, is our one major hope of salvation for what is left of free Europe and for our own country.

There are two reasons which prompt my support of this plan. First, I believe it has now become necessary to stem the tide of communism in Europe. Second, I believe that the economic welfare of the farmer of this country is dependent on the export market which we hope can be kept alive by constructive economic assistance to the nations that would share the bounty of the Marshall plan.

Farmers of this country have already been hit by the scarcity of dollars abroad. This cannot continue. To him, the farmer, the loss of his European markets for cotton, tobacco, wheat, flour, corn, hogs, and fruit would be a catastrophe. To lose the market still to be had in Europe would greatly depress prices for those major commodities.

Under normal conditions, Europe is responsible for half of the world's trade. Out of that percentage, directly and indirectly, the farmers of the United States prosper. Thirty-five to forty percent of the goods we sold abroad in 1938—the last normal year—went to the 16 countries that will share in the Marshall plan.

The National Cotton Council recently pointed out that—

The people of the Cotton States have an interest in this program that is * * * direct and immediate. We are now producing exportable surpluses of both cotton and cotton goods. If the countries of Europe and Asia are not put on their feet so they can continue to take these products, surpluses again will start quickly piling up to plague our industry.

I believe that this plan, properly administered, has the possibility of spelling the difference between peace and democracy and war and communism in Europe. If it is carried out as it should be, it holds the promise of bringing about a world stability without which our own country stands first to lose its own economic prosperity and, second, our peace.

If we couple this program with a strong air force, a system of universal training to give us a strong reserve of manpower, and if we once and for all serve notice on the Soviet Union that her aggression must cease, then, I believe, in years to come it will be called the creator of peace and prosperity—at least in our time.

I should like to repeat the words of the distinguished senior Senator from Michigan, the Honorable ARTHUR VANDENBERG, whose efforts have made the writing of a sane and sensible bill possible. Senator VANDENBERG has declared of this measure:

It is a plan for peace and stability and freedom. As such it involves the clear self-interest of the United States. It can be the turning point in history for 100 years to come. If it fails, we have done our final best. If it succeeds, our children and our children's children will call us blessed.

Mr. GOFF. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. GOFF: On page 99, between lines 1 and 2, insert the following:

"JOINT CONGRESSIONAL COMMITTEE

"SEC. 124. (a) There is hereby established a joint congressional committee to be known

as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), and to be composed of seven Members of the Senate to be appointed by the President of the Senate, and seven Members of the House of Representatives to be appointed by the Speaker of the House. In each instance, not more than four members shall be members of the same political party. A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The President of the Senate and the Speaker of the House, acting jointly, shall appoint a chairman and a vice chairman from among the members of the committee.

"(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this act.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such time and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditure as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and, clerical and stenographic assistants as it deems necessary and advisable.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman."

On page 99, line 4, strike out the number "124" and insert the number "125."

Mr. VORYS (interrupting the reading of the amendment). Mr. Chairman, I think this is the same text as is set forth in a similar section in the Senate bill, and I therefore ask unanimous consent that it be considered as read and printed in the RECORD at this place.

Mr. GOFF. That is true. These are the identical words found on page 45 of the Senate bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

(The Clerk concluded the reading of the amendment.)

Mr. GOFF. Mr. Chairman, the entire Senate bill was stricken out. You will notice at the bottom of page 44 of the printed bill, section 23 of the Senate

bill provides for reports to Congress and that section 24 provides for a special joint congressional committee.

Before I proceed further let me state that I am in favor of the bill that has already been read, and I expect to vote for it. I feel there is a good chance we can insure the formation of a military and an economic front in western Europe against communism. I want to congratulate the members of our Foreign Affairs Committee on the excellent job they have done under very difficult circumstances. I do not agree with everything in the bill, but I expect to vote for it. You will note that the House committee left out the Senate provision for a special joint committee while adopting the other provisions of the Senate bill at the end of title I.

Mr. MacKINNON. Mr. Chairman, will the gentleman yield?

Mr. GOFF. I yield.

Mr. MacKINNON. The gentleman's amendment in effect sets up a watchdog committee, does it not?

Mr. GOFF. That is right; this is the watchdog committee referred to in the Senate bill, and I think that all of us here see the value of the excellent services rendered by the Herter committee. The gentleman from Massachusetts stated this afternoon that his committee was in effect discharged. I think the House, on a matter as important as this, could well keep some substantial special group in addition to our regular committee looking over the shoulder of this new executive agency that we are setting up.

It seems to me that this House has profited by the work of this committee outside of the regular Foreign Affairs Committee and that the doubts in the minds of many in voting for this measure are due to the fact that many of us are worried about the administration.

This is the identical provision found in the Senate bill. Although I hesitate to do so, I would suggest that the Speaker might well appoint the gentleman from Massachusetts [Mr. HERTER] on this committee, and might select the gentleman from Georgia [Mr. COX], who has some doubts about the communistic tendencies of those who might serve under the Administrator. I feel that this House has profited from the general dissemination of knowledge that this House has received from the select committee that has studied our foreign-aid program and could well adopt the Senate proposal.

Mr. Chairman, I yield back the balance of my time.

Mr. EATON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, under the Reorganization Act under which we are now operating, it is provided that each committee of this House which is a constitutionally recognized agent of the House shall follow up its legislation and shall see that it is properly administered. I object with all my strength to the appointment of a watchdog committee to take from the various committees of this House their constitutional functions and their rights.

This legislation when it is passed will be followed up by the Committee on Foreign Affairs, as our foreign program

has been; and that is the only observation that is required.

We do not need a watchdog committee composed of folks from the other end of the Capitol as well as here. We are responsible people. Let me read the provision of the Reorganization Act under which we are operating:

Legislative oversight by standing committees (sec. 136 of Reorganization Act):

To assist the Congress in appraising the administration of the laws and in developing such amendments or related legislation as it may deem necessary, each standing committee of the Senate and the House of Representatives shall exercise continuous watchfulness of the execution by the administrative agencies concerned of any laws the subject matter of which is within the jurisdiction of such committee; and for that purpose shall study all pertinent reports and data submitted to the Congress by the agency in the general executive branch of the Government.

We are operating under the Reorganization Act, and to appoint a watchdog committee is uncalled for. I do not like the name to start with. It is a reflection upon our integrity and our intelligence. I am strongly opposed to the adoption of this amendment and I hope it will be defeated. I would like to call attention to the fact that in all legislation I have endeavored to protect the dignity and constitutional functions of the Appropriations Committee, of the Foreign Affairs Committee, and of the entire House of Representatives. I, therefore, hope that the amendment will be defeated.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it seems to me that the able argument of our distinguished friend from New Jersey [Mr. EATON] is very convincing. Let me read one part of this amendment. How generous it is on the part of the Special Joint Committee on Economic Cooperation:

Upon request, the committee shall aid the several standing committees of the Congress.

Mark you how generous they are. Look at what it does to every standing committee. It puts this special committee over and above every standing committee of the House. That includes not only the Committee on Foreign Affairs and the Committee on Appropriations, but it might include the Committee on Ways and Means, it might include other committees.

In other words, this is a supercommittee over every other standing committee of this body that might have anything to do with the administration or consideration of this law. It seems to me that is very, very far reaching.

We have provided in this bill that each year there shall be appropriations. There would have to be an authorization in order that the Foreign Affairs Committee in addition to the Appropriations Committee retain original jurisdiction as a matter of right, not as a matter of sufferance. Under the legislative reorganization bill all that is to be done is for the Committee on House Administration upon request of the Committee on Foreign Affairs to appropriate money for the Committee on Foreign Affairs to continue a check, and I think that should be done, operating as a full committee or through subcommittees. So this di-

vests the Committee on Foreign Affairs of its rightful jurisdiction.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not also true that this special committee would have no power to bring in legislation and all of the work would have to be done twice?

Mr. McCORMACK. Exactly.

Mr. JUDD. Then it would be turned over to the standing committee to deal with the matter.

Mr. McCORMACK. Yes.

Mr. GOFF. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Idaho.

Mr. GOFF. It seems to me there are some people here whose feelings are too easily hurt. Certainly there was no intention on my part to reflect upon the committee. It does seem to me that a matter as important as this is the House is entitled to advice when there are agricultural matters and when there are so many other phases to this great recovery program. We are entitled to this information and the committee should welcome the advice and service of this special committee provided for in the Senate bill.

Mr. McCORMACK. I agree that the gentleman did not intend to offend, but we are considering results. I had not even thought about the Committee on Agriculture being involved, but I find it is. So this committee will have more far-reaching jurisdiction than I thought.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Is it not a fact that that a vote for this amendment would be as a matter of fact a vote of no confidence in the standing committees of the House? There are certain overlapping duties of committees, but we are meeting that confusion and overlapping. There is the Committee on Full Employment that is taking jurisdiction of matters over which the Banking and Currency Committee has jurisdiction.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. VORYS. On this question of thinking we can improve things and venting our feelings and voting our lack of confidence in standing committees by creating new committees, it is just like the statement "Officer, call a policeman."

Mr. McCORMACK. I can imagine this supercommittee going to my friend the gentleman from New York [Mr. TABER] and saying: "We will aid you." I can imagine JOHN TABER looking them in the eye and saying: "You will not. We will do our work ourselves."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, can you imagine a joint committee of 14? I have served on joint committees more or

less for the last 20 years. Frankly, except for the bringing out of certain information of a general character that the Byrd committee brings out, I have never known joint committees to accomplish any effective results. The more committees you have involved in doing a job of this kind, the more opportunity there is for the Committee on Foreign Affairs to feel that it has no responsibility and that it does not pay any attention to its job, and the more you have of other committees butting in, the more you make the Committee on Appropriations feel that it has no responsibility and does not have a job to do.

Let me say to you that when this thing comes to me after this bill is passed, I intend to go into the need of every nation before recommending funds to the House. I intend to go into the capacity of the United States to provide for this program, and I am going to give you an illustration of how that might work. There is no individual today who can tell what we can possibly provide for the countries across the water on a wheat basis. It is probable that the budget will not be up here on this proposition before the middle of April and that we cannot conclude our operations on the budget estimate and have the bill in here much before the 10th of May, no matter how hard we work. Around that time we will be able to learn something about what the wheat crop is going to be, and make an intelligent recommendation as to what this country might be able to provide. Today we cannot. I hope that the membership realizes the importance of that statement and how necessary it is that these things be kept in mind when the final appropriations are provided. It is very important. If we are going to do that, we will have to take the responsibility for it, and whether we do it right or not, is up to us. We cannot do it and have some other committee running around trying to follow it up.

Mr. EATON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. EATON. It would be impossible for any sane man to imagine a better watch dog than JOHN TABER. He would have to be a thoroughbred, and he has not been bred yet anywhere in the world.

Mr. TABER. I thank the gentleman. I do not claim any greatness. I do not claim anything except a willingness to try to do the best I know how and work just as hard as I can to protect the people, and the Treasury of the United States, and that I intend to do if this responsibility comes to me as the result of the passage of this bill.

I intend to do what is the job of the Appropriations Committee, and I am sure that the Foreign Affairs Committee and the Members of this House expect us to do it. I hope the thing will not be muddled up by putting in a super-joint committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. GOFF].

The amendment was rejected.

Mr. VORYS. Mr. Chairman, I understand there are six amendments to this

title on the Clerk's desk. I ask unanimous consent that the debate on this title be limited to 6 minutes on each of those amendments, 3 minutes for the proponent of the amendment and 3 minutes for the committee. May I say that we have other legislation to complete this evening in addition to this, and we must proceed with the greatest of speed.

Mr. PHILLIPS of California. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I so move.

The CHAIRMAN. The question is on the motion offered by the gentleman from Ohio.

The motion was agreed to.

Mr. PHILLIPS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California:

Page 97, strike out lines 12 to 24, inclusive, and on page 98 strike out line 1, and insert in lieu thereof "SEC. 122 (a) The powers conferred upon the Administrator by or pursuant to (a) of section 111 of this title expire June 30, 1952, and must be renewed by concurrent resolution of the two Houses of Congress before June 30, 1949, and annually thereafter, unless the two Houses of Congress, by the passage of a concurrent resolution, declare that the powers conferred upon the Administrator by subsection (a) of section 111 are no longer necessary for the accomplishment of the purposes of this title; except that during the 6 months following such date, commodities and services with respect to which the Administrator had, prior to June 30, 1949, authorized procurement for, shipment to, or delivery in a participating country, may be transferred or delivered to such country and funds appropriated under authority of this title may be obligated during such 6-month period for."

Page 98, line 8, strike out "12 months" and insert in lieu thereof "6 months."

Mr. PHILLIPS of California. Mr. Chairman, I am still trying to prevent the very unfortunate situation which would exist 1 year from today unless, in my belief, and I think the belief of other Members here, some change is made in the wording of the bill. There are two parts in this suggested amendment. Let me say, in order to save my time and the time of the committee, that this bill goes from this House into conference, and any changes in the language would unquestionably be supported by this House and by the Senate. What I want to talk about is the intent of the amendment. I am not attempting to reargue the question of whether it should be 1949 or 1952. The House has decided that. I am trying to put into the bill now these two changes so that a year from now, if the situation internationally is not satisfactory, this House will not have to take affirmative action to stop aid, but will just let the bill die out without action. In other words, I am saying in this amendment that in order to continue the aid under this bill beyond June 30, 1949, and up to June 30, 1952, an affirmative resolution of the Congress is necessary. You know very well that if this is not adopted and if a year from now, we should desire to stop aid to any country or to all countries, those countries would simply look at the action today and say "You promised us aid

until June 1952, and you are reneging on the firm promise of the United States." I am trying to prevent that. That is the first part of the amendment.

The second part of the amendment is one which I consider of very minor importance. I think it is desirable, but if there is any argument over it, I would simply strike it out of the amendment. The second part of the amendment says that instead of having a year after the expiration of the time under the bill to continue to send things abroad which we had agreed to send abroad or started to send abroad, that 6 months is adequate time. If this bill operates for 1 year and then stops, it seems to me that we could get all of the commodities abroad that we had agreed to send abroad, in the following 6 months instead of a year. Remember, the only time we would want to exercise that provision would be if we were not satisfied with the conditions in those countries.

Mr. Chairman, I think this is an important amendment in view of the conditions that exist today, and the conditions that may exist a year from today.

We should make the continuance of this aid depend on affirmative action.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment, but also in admiration for the gentleman's persistence. This is the third time this afternoon that we have passed on this one. It is another 1949 amendment except with some new trimmings and attachments which would cause a will-we, will-we-not state of utter confusion if it should be adopted. If the next Congress wants to repeal this law, they can do so. But let us not try to put in a half-and-half repealer or extender such as is proposed here. We voted on this twice before. I urge that the amendment for the third time be voted down, and I hope for the last time this afternoon.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. PHILLIPS].

The question was taken; and on a division (demanded by Mr. PHILLIPS of California) there were—ayes 47, noes 78.

So the amendment was rejected.

Mr. MUNDT. Mr. Chairman, I offer a committee amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MUNDT: On page 94, line 12, strike out subsection d.

Mr. MUNDT. Mr. Chairman, the reason I am striking this out is because we wrote this language in earlier in a slightly revised form as you will recall, yesterday, as a substitute for the Colmer amendment, and this will simply clean up the bill so that the same amendment does not appear in different language in different parts of the bill, although it has the same intent. So I ask that this perfecting amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The amendment was agreed to.

Mr. HARRIS. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HARRIS: On page 94, line 12, add a new section:

"SEC. (d). The Administrator is directed to refuse delivery from the United States to participating countries any materials or money therefor, for the development of petroleum resources unless and until the Secretary of Defense shall have certified to the Administrator in writing that such delivery is necessary and desirable in the interest of national security."

Mr. HARRIS. Mr. Chairman, this amendment grew out of a colloquy on the floor yesterday between myself and the acting chairman of the committee and others who participated in the issue raised as to the utilization of this fund for the development of the petroleum resources in the Middle East particularly. This is a question of steel being made available for development and if we are going to give it to British companies. I have endeavored to get answers to my questions. The gentleman from Ohio [Mr. VORYS] has sought to obtain information. I think he has some information, the best he was able to obtain, and I now yield to him for the purpose of giving whatever information he has.

Mr. VORYS. Mr. Chairman, my information is that the total petroleum equipment askings or requirements from the European countries is \$2,120,000,000, of which \$1,260,000,000 is to be available from the said countries, and the balance, \$860,000,000, is to be supplied from the United States.

No list of this equipment has as yet been received by our officials, and no amount has yet been approved to go for such equipment. I am further informed of the fact, that has been brought out so well in the report of the Interstate and Foreign Commerce Committee, dated February 27, that the United States is now producing and consuming, roughly, two-thirds of the world's total petroleum supply, and that under these conditions the primary problem for the United States is to shift European consumption, as far as possible, from the rapidly draining resources of the United States and the Western Hemisphere, to the Middle East.

Mr. HARRIS. That is the objective and in order to meet that situation with reference to the allotment of the available steel for the development of petroleum resources, this amendment was offered. After discussing it with the gentleman from Ohio [Mr. VORYS] I understand he has no objection to it.

Mr. VORYS. I hope this has come out of the gentleman's time, because I find myself in this position: I myself have no objection to the gentleman's amendment. I do not think it is necessary. I understand there may be others on the committee who do object to it, and I would not want, in the confusion, to foreclose them of an opportunity for presenting their views.

Mr. HARRIS. I appreciate that.

Mr. VORYS. But I have no objection.

Mr. HARRIS. The only thing I am trying to do is to clarify the controversy as to availability of goods to develop petroleum resources in order that petroleum, through the regularly established

industry procedure, may be developed in order to save the European countries in this recovery program.

I hope the amendment will be accepted.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MONRONEY. Mr. Chairman, I rise in opposition to the amendment.

We are about to do something in the closing minutes of this debate on the bill, 3 minutes' debate, which I think will seriously jeopardize the success of the entire Marshall plan.

I come from an oil-producing district. I know that we have oiled two world wars with Western Hemisphere oil, and we are running out. We have to go down to 12,000 and 14,000 feet now to get a decent oil production.

This effort in the Marshall plan, this \$800,000,000 earmarked for oil-production machinery, is to help Europe produce some of its own oil, and stop draining the Western Hemisphere oil. Now, let us be reasonable and honest. This is an embargo, actually, against all oil machinery.

Mr. HARRIS. This is not an embargo on oil equipment for the development of petroleum resources, this is merely an amendment which says that these funds cannot be spent for equipment to be sent to the British concessions in the Near East for British development at American expense.

Mr. MONRONEY. All right, I will take the gentleman's word that none of these funds can be expended, which means you cannot make an Export-Import Bank loan, you cannot have any money under the Marshall plan.

We are talking about a plan to make up the deficiency of the balance of payment. Yes; the British oil companies are rich in pounds sterling. The Dutch Shell is rich in guilders, but they are all poor in American dollars. They cannot buy this equipment without help under the Marshall plan or under the Export-Import Bank.

The United States is the only country that makes oil-well equipment, drilling equipment. It is sold only for dollars—not pounds, francs, or guilders.

We can either export our own oil over a long sea lane and further reduce our own supply or we can let them have a little of this oil equipment and develop some of their own resources. In Holland they have same small oil wells which could be developed.

These countries need to be able to buy with their own Dutch guilders of French francs or British pounds sterling their own oil and to develop their own indigenous products.

We should make it possible for them to do this and save the drain on our own natural resources, our own dwindling supply of oil. And also to save the drain on their very scarce supply of American dollars.

Let us be reasonable and look at this thing a while longer so that we may know exactly where we are going.

I ask that the amendment be voted down.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired, all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. HARRIS) there were—ayes 14, noes 59.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Vorys: Page 94, line 11, after the period insert the following: "The Administrator is authorized in his discretion to reimburse United States voluntary nonprofit relief agencies which are registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe and which deliver relief packages from stock piles abroad, in the amount, or any portion of the amount, of the expense of furnishing the delivery service for such packages to stock piles abroad, and the Administrator may make an agreement with any participating country in which the voluntary relief agencies above described function for the use of a portion of the local currency deposit above described, for the purpose of defraying the cost of furnishing the delivery service for such relief packages from the port of entry in such country to the place of storage therein, and to the designated shipping point of the consignee therein."

The CHAIRMAN. The gentleman from Ohio is recognized for 3 minutes in support of his amendment.

Mr. VORYS. Mr. Chairman, we have a Subcommittee on Voluntary Relief of the Foreign Affairs Committee.

I will ask the gentleman from New York [Mr. JAVITS], who is a member of this subcommittee and who has conferred with CARE and with the State Department officials and is very well prepared, to explain this amendment.

Mr. JAVITS. Mr. Chairman, the purpose of the amendment is simply to clarify the situation with respect to a magnificent American agency called CARE which efficiently stockpiles packages for the relief of individuals overseas at an economy to those who purchase those packages in this country, and then delivers them out of stock piles overseas.

The committee will notice that by the section which is now sought to be further amended it is already provided that the Administrator will take care of some of the charges of individual shippers who are shipping relief packages abroad, and we have also provided for United States voluntary, nonprofit relief agencies, which make the same kind of shipments.

CARE operates in a unique way in the sense that it does not ship each individual package from the United States but ships the packages in bulk for stock piling; hence it is essential to give them some consideration because they do not fit into the pattern which is laid out in this section of the bill for other voluntary agencies and individuals. The Administrator is to work out with CARE how much of the cost of the delivery service is to be borne from the United States to the place of stock piling, then where the stock piling takes place in such countries as are participating in the ERP, to work out the amount of local currency deposits to be used to cover the cost of the delivery service. It helps CARE to do the same job which we want the other American voluntary

agencies and American individuals who are shipping packages today, to do, and tries to work out some basis of accommodation with these other agencies by the terms of the amendment.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. As chairman of the Subcommittee on Voluntary Aid of the Foreign Affairs Committee I also believe that in this legislation we should take care of that good, efficient agency, CARE. CARE has done a magnificent job and has been able because of its policies, to ship at lower cost than ordinary individuals sending packages over there. Also this amendment will broaden the scope of assistance for shipments abroad as shipments may go to wherever CARE is operating.

Mr. VORYS. With this amendment added to the language in the bill it will facilitate as far as is possible the sending of private packages over there, either individually or through reputable agencies?

Mr. FULTON. Yes. It will give them every help.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the last word. If it were not for this amendment CARE would be required to make a revolutionary change in its shipping arrangements. For this reason I am very happy that the amendment has been offered and hope it will be adopted.

Mr. JAVITS. The gentleman is quite right.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Michigan.

Mr. DONDERO. I desire to ask what amount CARE has taken care of by way of packages sent to foreign people that will aid them, either in tons or number. Can the gentleman give us that information?

Mr. JAVITS. I am advised by CARE that the business that is being done by it is approximately \$30,000,000 a year; and in the 2 years they have been in business they have delivered over 4,000,000 packages. It is doing a magnificent job.

Mr. HAYS. The amount of private contributions to Europe over a period of time has been almost 2 billion dollars, a magnificent record.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New York.

Mr. BUCK. Is this restricted to participating countries or does it also apply to countries behind the iron curtain?

Mr. JAVITS. It covers everywhere that CARE operates, except as to the local currency-deposits provision, where it only applies to participating countries.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The amendment was agreed to.

Mr. SMITH of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: On page 95, line 13, after the period add the following: "Whenever the Administrator finds that any country receiving aid under this act transacts any business, or has any relations with the Union of Socialist Soviet Republics, Yugoslavia, Rumania, Czechoslovakia, Bulgaria or any of the Russian satellites shall forthwith be denied all further such aid."

(Mr. SMITH of Ohio asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Ohio. Mr. Chairman, the question is whether this Congress means business or whether it does not; whether or not we are going to have a foreign policy that makes sense and is really in the interest of this country. Unless a restriction is placed in the bill limiting the aid provided under it to countries that have severed all relations with Russia and her satellites, much of the goods we supply them will find its way into those areas; or what amounts to the same thing, goods produced in the recipient countries will go there.

There is no question about it. Has not the United States already done enough to strengthen Communist Russia? It was a fatal mistake to provide her with lend-lease without attaching to it those conditions that a sovereign nation demands, and we are paying the price for that folly now. Shall we run the risk of further enhancing the power of Communist Russia? Let the RECORD show that not all Members are blind to this grave danger. My amendment would protect the United States against making the same colossal blunder this body made in providing Russia with lend-lease without attaching thereto conditions vital to our preservation.

I ask: Are we in earnest? Are we opposed to communism, really, or are we not? If we are, let us take a stand on the side of those countries that show a willingness to cut loose from Russia and communism and socialism and refrain from helping any political authority based on collectivism.

Mr. DONOHUE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Massachusetts.

Mr. DONOHUE. Can the gentleman advise the House if Russia at the present time is expecting reparations from any one of the 16 countries which will participate under this program?

Mr. SMITH of Ohio. Is she exacting reparations?

Mr. DONOHUE. Yes; war reparations.

Mr. SMITH of Ohio. I think she is exacting some war reparations.

I believe if every Member of this House would inform the citizens of his district of the cost to them of this \$17,000,000,000 Marshall plan it would not pass.

The scheme will cost the taxpayers of my district, the Eighth Ohio, \$28,210,798. Mine is a typical district, mixed urban and agricultural. It consists of Crawford, Hancock, Hardin, Marion, Morrow, and Wyandot Counties. The cost of the

Marshall plan to each of these counties will be as follows:

Marion County.....	\$6,914,292
Hancock County.....	6,282,122
Crawford County.....	5,477,934
Hardin County.....	4,167,394
Wyandot County.....	2,959,572
Morrow County.....	2,409,484

And this is just a starter for another foreign give-away scheme.

When UNRRA was first being considered it called for an appropriation of \$1,350,000,000. We were told that would rehabilitate the European countries. I told the committee that had the bill under consideration no one should be surprised if the cost to us for rehabilitating Europe would reach 5, 10, or even 20 billion dollars. Already roundly \$25,000,000,000 has been provided for that purpose.

So the \$17,000,000,000 Marshall plan should be considered as just another shot in the arm to be followed by more and bigger United States taxpayer dollar injections as time goes on. If the cost to the Eighth Ohio Congressional District ultimately reaches \$40,000,000, or \$70,000,000, or \$100,000,000, no one should be surprised.

My conscience would not possibly let me vote to fasten this additional tax burden on the backs of the people that I represent, especially when you stop and think the Eighth Ohio Congressional District's share of the \$255,000,000,000 national debt amounts to \$448,000,000, or \$2,450 for every person in my district.

This scheme will not only fail to halt communism in Europe or anywhere else but will definitely have the effect of promoting it abroad and at home as well.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BATES of Massachusetts. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts.

There was no objection.

Mr. BATES of Massachusetts. Mr. Chairman, as we near the close of this momentous and dramatic debate, on the European-recovery provisions of this bill, the eyes of free and democratic peoples the world over look longingly to Washington, and await with confidence our decision to take definite action for the American people in the name of peace, stability, and freedom.

There can be no doubt as to the realization by the Congress of the monumental problem ahead, of its responsibility in the world economy, the burdens that will be placed upon our peoples. These and many other phases of the task facing us have been clearly brought forth during the past few days and weeks, during which the world pattern has seen striking changes, new frontiers, and further clashes in ideologies, that have brought us close to the path of a new and terrible conflict.

In my opinion, the paramount need for the European recovery plan is that it be a cooperative effort to deal with the basic causes of tyranny and war, in a Europe

which is still submerged in a state of disruption and where wars have smashed the vast and delicate mechanism by which its countries made their living.

While the Kremlin strives to spread its iron curtain and tyrannical tentacles the world over, we seek through the European recovery plan to maintain our own welfare and security by assisting nations to feed themselves and aiding them to reestablish their economic health and thereby save themselves from the yoke of communism.

Sixteen European nations have already taken steps to help themselves, and the record of the western allies, in earnestly attempting to find a secure foundation for such common action, is convincing testimony to their good faith and their sincerity of purpose. The European recovery program is the lift that we feel will help put across the drive to reestablish Europe and pave the way to permanent peace and prosperity.

In the light of the magnitude of the program of European assistance and its cost on the American taxpayers, we must assure Americans that the plan is not being used to aid any governments whose economic theories and practices do not conform to our ideal of free enterprise; we must insist on a continuing check to make certain that nations being helped are meeting their pledges of self-help; that funds are not corruptly or improperly used; and that goods do not flow into the black market. Further, that efficient and businesslike methods of operation are pursued by those governments. I firmly believe that the plan should be administered by an independent agency of the government and composed of top grade businessmen, the best that can be found available for the job.

The United States has already spent billions to fight totalitarianism. The job is still unfinished, and we must decide whether to stop or carry on. In my opinion, the grave decision behind the European recovery plan is whether the United States is prepared to help western Europe attain an economic stability which will enable it to resist Communist pressure and violence, or whether to leave these nations to division and conquest.

There can be no doubt whatsoever that if we fail to make possible the return of western Europe to self-support, then the free peoples of western Europe will be forced to turn in large part to the east for survival. Do nothing, and you will encourage hunger, poverty, desperation, and chaos, upon which communism feeds.

Communism seeks world domination. It knows no boundary lines. It cares not for our principles, ideals, and American way of life. The threat to Europe today may be the threat to America tomorrow, unless we have the vision and foresight to act now. It is in the interest of our own security as we look ahead over a period of years, that this bill should be enacted into law.

Mr. MUNDT. Mr. Chairman, unfortunately the gentleman from Ohio who just spoke was not in the chamber yesterday when we had our long debate on this very issue, and after which action

was taken which goes about as far as we can now go to correct what has been a bad situation.

I do not believe anybody is going to accuse me of being pro-Russian. I do not think that my record of service on the House Committee on Un-American Activities would indicate that I have been in favor of communism. Many will recall that just a week ago today I took the floor for more than 30 minutes and exposed the shipments they were loading on a Russian freighter at Jersey City, N. J., for Russia, which I ardently opposed, because they were war potentials and machine tools. But this amendment offered by the good doctor from Ohio does not deal with war potentials.

Here is what this amendment says. It says that the Administrator will have to deny aid to any of the participating countries which transact any business or have any relations with the Soviet Union. In other words, if some citizen of Paris should by accident write a letter to a citizen of Moscow and, perchance, get a reply, or even without a reply, he would invalidate the whole French community from partaking in the program. It is an effort to do something which we did, I think, in a rather intelligent manner yesterday, Doctor. We passed an amendment here which prohibits the reshipment of any of these supplies from participating countries to Russia if they are of such a nature that we in turn deny them to Russia from here. In addition, we give to the Administrator veto power to carry out the intent of Congress that from this country there shall not go to Russia anything of a war potential. I see no reason to discourage peaceful trade with Russia in supplies which are definitely not adaptable to military uses.

Mr. SMITH of Ohio. The gentleman used the word "legerdemain." What does the gentleman mean by that?

Mr. MUNDT. If the gentleman has violent opposition to the term "legerdemain" I will be happy to withdraw it and just refer to legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SMITH].

The amendment was rejected.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. PLOESER. Mr. Chairman, I look upon the European recovery program, not as an insurance premium against communism or war in Europe, but as the payment of loss for the grievous errors of our foreign policy management. To this loss we have become morally committed. Regardless of the wording of this bill I accept that commitment for 1 year and here and now state my reservation beyond that period. I accept such commitment for 1 year and with reasonable amount feasible within our economic ability until a change in administration can bring sound thinking and more noble action. If the payment can in a measure prevent further de-

terioration of our foreign relations in Europe, I hope to find full justification for my vote. All in all it is the bitter cost of incompetency in high places in our Government. But then we have been forewarned for years by the blunders of one President compounded by his successor.

Mr. DONOHUE. Mr. Chairman, the principal reason, as I see it, why we must advance aid for an economically stable Europe is that it is a prerequisite condition to the maintenance of the civilization in which the American way of life is rooted. This reason is the controlling one and the one which must determine whether or not the United States is to embark on a program of aid of sufficient magnitude to enable the attainment of a real European recovery.

I do not believe any voice here will dispute the truth of Gordon Sewell's statement that:

Europe is a spiritual conception. In the rich pattern of this culture there are many strands—the Hebrew belief in God; the Christian message of compassion and redemption; the Greek love of truth, beauty, and goodness; the Roman genius for law.

After our hairbreadth rescue of the soul of Europe from the menace of Hitler's deadly attack, we cannot now allow her collective Christian consciousness and personality to disintegrate and in desperation yield to the aggressor from the east.

The economic illness of Europe, and the prolonged inability of the peoples of Europe to see clearly in the future a time when economic health and hope will be restored, have served to intensify a political struggle between those who wish to remain free men living under the rule of law and those who presume that tolerable living conditions can only be regained by ruthless subjection of the individual to the omnipotent state. There is no doubt that the 16 countries which participated in the Paris Conference on European Economic Cooperation want to preserve their heritage of free political institutions and the rule of law. To do so they must recover from the economic and social effects of the war.

The next few years can determine whether the countries of Europe will, in fact, be able to hold to their heritage. Economic collapse, spreading through Europe, may persuade the peoples of these countries to accept the counsel of despair that their basic wants of food and work can be met only by the subjection of their rights under law to totalitarian control. The countries of Europe are not yet in a position to fill for themselves their essential needs for food and fuel and the materials to enable their industries to function adequately. They cannot produce all these needs in Europe. Their exports cannot yet pay for them. They cannot purchase them from their depleted or exhausted capital reserves. A large part of the basic requirements for the western European countries can at this time only be met by United States aid. This presents to us a responsibility and a challenge. Western Europe looks to the United States for the extraordinary yet temporary support needed dur-

ing these critical years to permit it to regain economic vitality and an environment in which free institutions can persist.

It must be observed that our adoption of this proposed recovery program can do no more than provide the promise of recovery; it cannot assure recovery. The assurance of success rests primarily on the determination of Europe to work out its salvation with such help as we give. There can be no success without whole-hearted effort on the part of the western European peoples themselves.

The program admittedly faces many risks. Those who believe that they stand to gain politically from unrest and chaos in Europe have openly declared their intention to use all means at their disposal to cause the failure of any program of European recovery based on American assistance. Such a design, were it to succeed, would result in the demoralization of a continent. It would postpone and endanger peace. It would destroy the present hope of an ultimate world rule of law under the Charter of the United Nations.

The United States has taken a leading part in the creation and evolution of the United Nations. The goals of the United Nations Charter are, in fact, the goals of United States foreign policy. It is the firm intention of our Government to conduct its foreign policy in accord with the Charter of the United Nations.

In no respect is this more true than in proposing support to a cooperative endeavor for European economic recovery—an endeavor which was open at the start, and remains open, to all European nations prepared to work fully toward the common goal. Meanwhile, the United States has been and is supporting fully the efforts going forward in the United Nations and its related agencies to assist the economic recovery of Europe.

The very structure of the United Nations requires the economic well-being of the countries which participated in drawing up a program for European recovery. These 16 nations number among them two of the five great powers with special responsibilities under the Charter for the maintenance of the peace, and smaller powers which have contributed most vitally over the centuries to the very concept of peace under a universally accepted rule of law.

The stake of the American people in the success of the European recovery program is great. A small fraction of the vast quantities of the resources of the United States which were expended in the conduct of two successive world wars, ventured now in a cooperative endeavor of free and vigorous peoples, offers the high hope of achieving through European recovery that climate of world peace and stability with justice which was not achieved by the material and human sacrifices which brought military victory in those two wars.

While the risks are real, they must be faced with courage and boldness. Without an essential margin of American assistance, western Europe cannot be expected to achieve economic and social recovery, the foundation for the main-

tenance of the institutions of freemen. The rise of totalitarianism would not be stemmed; it would be fostered by economic want and desperation. If totalitarianism were to sweep Europe, its repercussions throughout the world would operate slowly but inexorably to compel adoption by the United States, in its own defense, of measures inconsistent with American traditions and the opposite of American hopes. With the persistent slow progress of freemen thus brought to a pause, there could in the future be little justice, no stability, hazardous and transient peace, and the ultimate degradation of the subordination of men to state.

Because of the reasons I have just outlined, Mr. Chairman, and with the sincere conviction that this European recovery program is a measure to prevent war and preserve peace, I am going to vote in favor of this legislation.

At the same time I wish to emphasize to my colleagues that while we are proposing to meet the challenge abroad, we must not neglect our duty and responsibility to our own people here at home. Our aid to afflicted Europe will only be effective in accordance with the measure of the good spirit and sacrifice of the American people behind it.

If we can afford to entertain such a large-scale program for European relief, we surely can and must work out the solution for our many domestic problems. The veteran in whose ears the turmoil of war is not yet dimmed, and who is again facing the possibility of recall, is still without a home for himself and his family. What can we ask or expect from them, and the rest of our people, if we do not provide them with adequate housing? What enthusiasm can we look for from the average working man and woman unless we raise their minimum wage to a reasonable cost-of-living level? With what enticement shall we exhort the great army of labor, that performed so magnificently during the recent war, to rally to this cause if we continue to surround them with legislative restrictions inciting difficulty and discord? There is crying need for extending through our social-security system enlargement, such help as will enable our handicapped and aged citizens to face their lives with hope and confidence. The tax measure we recently voted on is in substance only a reminder that our whole tax structure is in desperate need of study and revision to correct existing inequities. The cost on too many of our basic products is exaggerated and unjust.

Mr. Chairman, I do not desire to take up any more time at this period, but I would have felt remiss in my responsibility if I did not dwell for a moment on the vital needs of our own people in the midst of this debate on the proposal to extend substantial recovery aid to Europe.

I wish to reemphasize with all the energy I can command that unless we devote ourselves, without delay, to a full program of relief from the burdens now resting heavily upon our own citizens, our saving gestures toward Europe shall be made in vain.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members

may have five legislative days in which to extend their remarks at appropriate places in the record of this great debate, provided their insertions do not impinge upon the remarks already made.

The CHAIRMAN. That permission will have to be given in the House.

Mr. VORYS. May I say to the Committee that I shall obtain that permission in the House. The question about extensions of remarks has been asked me a number of times.

Mr. Chairman, I ask unanimous consent that the reading of the remainder of the bill, titles II, III, and IV, be dispensed with, that these titles be printed in the RECORD, and that they be open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio? There was no objection.

Titles II, III, and IV are as follows:

TITLE II

SEC. 201. This title may be cited as the "International Children's Emergency Fund Assistance Act of 1948."

SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title, and (b) from funds made available pursuant to the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, 80th Cong.), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

- (1) 50 percent of the total resources contributed after May 31, 1947, by all governments for programs carried out under the supervision of such fund; or
- (2) \$100,000,000.

SEC. 205. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, unless, at the time of such contribution, governments other than the United States Government have provided for use in the world program for the special care and feeding of children under the supervision of the fund at least 20 percent of the total resources contributed by governments for such use after May 31, 1947.

SEC. 206. Funds made available pursuant to such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

SEC. 207. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

TITLE III

SEC. 301. This title may be cited as the "Greek-Turkish-Chinese Assistance Act of 1948."

SEC. 302. Paragraph (2) of section 1 of the act entitled "An Act to provide assistance to Greece and Turkey" (61 Stat. 103), is hereby amended to read as follows:

"(2) by detailing to the United States Missions to Greece or Turkey or China under this Act, or to the governments of those countries in implementation of the purposes of this act, any persons in the employ of the Government of the United States; and

while so detailed, any such persons shall be considered, for the purpose of preserving his rights and privileges as such, as an officer or employee of the Government of the United States and of the department or agency from which detailed. Traveling expenses of such personnel to and from the place of detail shall be paid by the Government of the United States. Such personnel, and personnel detailed pursuant to paragraph (3) of this section, may receive such station allowances or additional allowances as the President may prescribe; and payments of such allowances heretofore made are hereby validated. No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State under this act until such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: Provided, however, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be temporarily assigned to duties under this act for the period of 6 months from the date of the enactment of the Greek-Turkish-Chinese Assistance Act of 1948. The preceding sentence shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate."

SEC. 303. Paragraph (3) of section 1 of the act entitled "An Act to provide assistance to Greece and Turkey" (61 Stat. 103), is hereby amended to read as follows:

"(3) by detailing to the United States Missions to Greece or Turkey or China under this act, or to the governments of those countries in implementation of the purposes of this act, a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such act, as amended, shall, except as otherwise provided herein, be applicable to personnel detailed pursuant to this paragraph."

SEC. 304. (a) Subsection (a) of section 4 of the act entitled "An act to provide assistance to Greece and Turkey" (61 Stat. 103), is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000 to carry out the provisions of this act in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the act entitled "An act to provide assistance to Greece and Turkey" (61 Stat. 103), is hereby amended by deleting "\$400,000,000" and inserting in lieu thereof "\$675,000,000" and by inserting after the word "repaid" the following: "without interest."

(c) There is hereby authorized to be appropriated to the President not to exceed \$150,000,000 to carry out the provisions of the act of May 22, 1947 (Public Law 75, 80th Cong.), as amended, in relation to China.

SEC. 305. The act entitled "An act to provide assistance to Greece and Turkey" (61 Stat. 103), including the title thereof, is amended by inserting before the word "Greece", wherever appearing therein, the following: "China,," *Provided, however*, That this section shall apply neither to the preamble of such act nor to the amendments to such act made by sections 302 and 303 of this title.

TITLE IV

SEC. 401. This title may be cited as the "China Aid Act of 1948."

SEC. 402. Recognizing the intimate economic and other relationships between the

United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic and political conditions and for stable international economic and political relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided*, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further*, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China.

SEC. 403. In addition to the amount authorized by section 11 (a) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), appropriations in the amount of \$420,000,000 are hereby authorized for assistance to China under such act until June 30, 1949, and such act is hereby amended accordingly: *Provided*, That—

(a) paragraphs (1), (2), and (3) of section 4, section 10, and section 11 (b) of the Foreign Aid Act of 1947 shall not apply with respect to China;

(b) the agreement provided for by section 5 of the Foreign Aid Act of 1947 (1) shall, to the extent practicable, make appropriate provision for the matters covered by paragraphs (1), (2), (4), (5), (7), (8), (9), and (10) of subsection (b) of section 115 of title I; and (2) may contain such other undertakings by China as are necessary to improve commercial relations between China and the United States, consistent with the purposes of this title: *Provided*, That the provision for the disposal of any unencumbered balance of local currency deposits provided for in section 5 (b) of the Foreign Aid Act of 1947 shall not be effective with respect to China until September 30, 1949;

(c) the authority to procure or provide for the procurement of commodities for China shall include authority to procure or provide for the procurement of such other commodities and services in addition to those specified in section 3 (a) of the Foreign Aid Act of 1947 and for the furnishing of technical assistance as the President deems necessary for the accomplishment of the purposes of this title;

(d) without regard to the provisions of section 5 of the Foreign Aid Act of 1947, assistance under such act may be provided for China during the 3 months following the date of enactment of this act when the President determines it to be essential in furtherance of the purposes of this title;

(e) the provisions of sections 104, 105, 107, 110, 111 (c) (1), 112, 113, 117, 119, and 121 of the Economic Cooperation Act of 1948 shall be applicable to the furnishing of assistance for China under the Foreign Aid Act of 1947 in the same manner and to the same extent as such provisions are applicable to the furnishing of assistance to participating countries under the Economic Cooperation Act of 1948;

(f) when it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator for Economic Cooperation shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. The bank shall deposit into the Treasury of the United States, as miscellaneous receipts, amounts received by the bank in repayment of principal and interest on any such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended;

(g) notwithstanding the appropriation made by the Third Supplemental Appropriation Act, 1948, for foreign aid, the provisions of section 11 (d) of the Foreign Aid Act of 1947 shall be applicable for carrying out the provisions of this act;

(h) not less than 5 percent nor more than 10 percent of the funds made available for the purposes of this title shall be used to carry out the purposes of section 404.

SEC. 404. The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction. *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

SEC. 405. There shall be established in China a special mission under the direction of a chief who shall be responsible for assuring the performance within China of operations under this title, and who shall take rank immediately after the chief of the United States diplomatic mission in China. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. He shall keep the chief of the United States diplomatic mission

in China fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission; and the chief of the diplomatic mission in China shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the special mission shall also keep the Administrator, the Secretary of State, the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, and the House Appropriations Committee currently informed concerning his activities. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign policy objectives of the United States in China and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign policy objectives, he shall so advise the chief of the special mission. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

Mr. MANSFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MANSFIELD: On page 101, line 3, to page 104, line 5, strike out all of title III.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. VORYS. I object, Mr. Chairman.

Mr. MANSFIELD. Mr. Chairman, I rise at this time in support of the amendment striking title III from the measure now before us.

After reviewing the European situation very carefully—both in person and as a result of committee hearings—I have come to the conclusion that the Marshall proposals offer a possible solution to the difficulties of western Europe. I have based my decision, in this respect, on three factors: one, it is a humanitarian measure which will provide relief to peoples who are subsisting on a near or semistarvation basis and are not in a position to help themselves; two, it will provide for the economic rehabilitation of Europe, allow those nations to take their rightful place in the world's economy and give employment, hope, and security to their populations; and three, it is necessary in the interests of our own national security to take this "calculated risk" so that these countries will not, on the basis of insecurity, hunger, and chaos move into the satellite area through pressure and intimidation from minority groups whose real loyalties lay not with their respective countries but with the U. S. S. R.

This program, as it applies to western Europe, does not offer an assured success. It is, I repeat, a calculated risk and we stand to appropriate a sum of between fifteen and twenty billion dollars over a 4¼-year period in the hope that it will succeed. The alternative to this proposal is the loss, by default, of all of western Europe and the isolation of our country.

What will this alternative, this isolation, mean to us? It will mean that we shall have to spend much more than con-

templated under the Marshall proposal in strengthening our own defenses; it will mean that our natural friends in western Europe will be lost to us, perhaps irretrievably; and it will mean depression at home, the possible rise of a state-controlled economy, and the loss of many of the privileges which we, as Americans, have always felt were rightfully ours.

On the basis of these arguments and because the 16 nations of western Europe have made a real effort to evaluate their needs on a cooperative basis and because I feel this program offers a road to a real peace, I support the proposals of Secretary Marshall and the recommendations of the American committees which have considered and approved this program.

For 7 weeks we held intensive hearings on the program for western Europe. Then, after we had finished with ERP—the European recovery program—we held hurried hearings on military assistance to Greece and Turkey, economic assistance to China, and additional assistance to the occupied countries. On at least three occasions the Democratic minority tried to report out the European recovery program, but on every attempt we were voted down on a straight party basis. It was the contention of the Democrats that we had spent enough time on the European hearings and that, because of the urgent necessity for immediate action, we should report this measure out, get it passed, and then begin considered hearings on Greece, Turkey, China, and the occupied areas. The Republican majority, however, was determined to bring out a package bill, and, after deliberating 5 minutes on the children's fund, 35 minutes on military assistance to Greece and Turkey, and 2 hours and 10 minutes on economic and military assistance to China, the present bill was reported out.

It is my belief that the committee has reported out a bill about which too many of us know too little. It is my belief, also, that title III, dealing with military assistance to Greece, Turkey, and China, should be stricken from this measure and separate hearings held thereon. The Democratic members of the committee were opposed to a package bill and were also against combining military-aid proposals with legislation for European economic assistance.

This measure is a perplexing combination of economic and military assistance to countries scattered all over the world, and I predict that it can, and will, be used as a precedent to extend our aid to countries, such as Iran and others, not now receiving it.

We are now faced with a dilemma, and we will have to decide the relative importance of Europe and the Far East in our diplomacy. We will have to recognize the fact that our resources are limited and that we will have to decide—as we did during the war—where to place our emphasis and greatest effort. Secretary Marshall has faced up to the same decision he encountered during the war, and has stated that in his opinion western Europe is the most important, and, that while economic assistance should be sent to China, military assistance should

not. Just as in the war, the Secretary has had to put up with special pleaders for special areas, and just as his judgment was sound then, so do I think it is now. First things must be met first, and China in the present instance is not first.

In my earlier remarks I stated that ERP was a calculated risk with no assurance of success but only a reasonable possibility. Do we want to include the rest of the world and thus make way for the stretching of our lines on an extremely thin basis with the possibility of failure on all fronts rather than our possible success in Europe? Do we have the resources to carry on a world-wide program as contemplated in this measure?

Proponents of the China program have merit on their side when they cite the fact that the Communist leaders of China—Mao-Tse-tung, Chou En-lai, Chu Teh, and all the rest, are out and out Marxian Socialists and intend eventually to create a Soviet state. They do not, I believe, have as much merit on their side when they compare China with Greece and say that because we have gone into the latter country we should, for the same reasons, go into China. In Greece we have a small country and a small population; in China we have a country one-third again as large as the United States and a population of 475,000,000. Our policy in Greece is costly and far from successful; our policy in China will, if enacted into law, be far more costly and will have much less chance of success. I do not agree with those who always find fault with our State Department or with Secretary Marshall in their China policy because they are interested in their country's welfare and are doing the best job they can in behalf of the United States. They are fully aware of the possible costs of a China adventure; they have no illusions about what may happen if we embark on this policy; and they know, that once started, the drain on us will be terrific and will have a snowball effect as the years go on. We should be under no illusion that we are supporting a democratic regime and we should realize that many of the Chinese in Kuomintang China will not look upon us as deliverers nor will they welcome our participation in their affairs.

Our study of China should not be on a partisan basis. I should be more than happy to consider a China policy based on the Marshall program which would have a reasonable chance of success and which would give to the Chinese people hope in their national future and security in their daily lives.

In my opinion, too many of those who stand for all-out aid to China are motivated by emotion and not by facts. Too many of these people think the solution to China's problems is a matter of money. Too many of them think the China problem is simple of solution.

The Chinese National Government itself has not come forward with an answer to its problems but has, in effect, adopted a fatalistic point of view. Pei Tsu-yee, a Chinese banker sent to Washington to explain China's needs to the United States Government, stated, "Whatever is given, it will not be

enough." Truer words were never spoken.

Recently J. Franklin Ray, Jr., former UNRRA Director for China, compiled some figures for the Foreign Policy Association showing the total American funds spent in China since VJ-day. The total amounted to \$2,000,278,000 and was itemized as follows: \$844,721,000 for military aid, \$907,107,000 for relief, rehabilitation, and trade development, \$155,000,000 for fiscal aid, and \$30,450,000 for educational and philanthropic aid. These figures must include, in addition, large quantities of surplus properties and a nucleus of 271 small ships for the Chinese Navy.

The Chinese Government is operating under the double handicap of a civil war and a badly shaken, deteriorating economy. These difficulties cannot be overcome by help from the outside alone but must be met and conquered largely by the Chinese themselves. Any American aid should be conditioned by adequate reforms instituted in fact, and not on paper, for the benefit of the Chinese people. This, in turn, will strengthen the Nationalist Government, give the support needed to win the civil war, and thereby bring about the creation of a strong and united China.

Much has been made of the statement that you cannot make the Chinese do anything, and criticism has been leveled at General Marshall because he tried to make the Nationalist Government do certain things. Certainly we should have the right to lay down conditions in China, Greece, and elsewhere if we want to see the greatest good come from our contributions.

Secretary Marshall and every student of China knows that the present Kuomintang government has become conditioned to a constant expectation of continued American aid. This conditioning breaks down the initiative of any government and makes it more dependent than ever on outside assistance for survival. Furthermore, it all too often holds back the reforms in behalf of the people which should be expected of any good government.

Many Americans have recognized the bad psychology of this type of dependence. Nevertheless, and in spite of the record, the Republican Party in this Congress has shown a great inclination to break up any effort which might cause the Kuomintang any anxiety. This inclination extends even to the Republican candidates for the Presidency, all of whom are for aid to China with no questions asked and no obligations expected. Even if conditions were attached to this aid the real political and economic reform will ultimately have to come from the Chinese themselves. To date little has been done along these lines.

American businessmen in China are in an unhappy situation. They have to contend with state-controlled or powerful family-controlled businesses, and they have to depend on a commercial treaty which offers them no protection nor guarantees security.

It has been stated that with additional American help the Kuomintang could

win the civil war. This, I believe, is open to question. American-trained Chinese divisions have been wasted; political incompetents have been placed in charge of Chinese armies, and good military commanders have been deprived of their divisions. Furthermore, much American material has found its way into the hands of the Communists; and, perhaps in the last analysis, we will find that indirectly we have supplied a large portion of the war material they have used. The questions in my mind are: How much of our munitions and planes supplies to the Kuomintang have been put to good use, and how much more can we afford to waste?

The situation in China is not a pleasant one. We can argue here in this Congress from now until doomsday about the merits and demerits of the Chinese problem but we will have to admit eventually that the solution of China's ills will have to come from the Chinese themselves. When that day comes the United States then can embark on a program of aid and assistance which will have some hope of success. Then, on a mutually co-operative basis, the Governments and the people of both countries will be able to respect and assist each other in the maintenance of peace in the Pacific and throughout the world.

In conclusion, I want to say that the European recovery program is based on the carefully worked out plans of free nations for their own economic revival and is not, as is the case in China, a hit-or-miss proposition with little assurance of success. The time has come to decide whether the policy contemplated in this Congress is to be applied on a world-wide scale with little possibility of victory or if it is to be applied to western Europe where we have a reasonable chance for success. The choice is ours.

Mr. Chairman, under unanimous consent granted to me earlier in the day, I am inserting at this point in my remarks a copy of a speech made by me before the Academy of Political Science in New York City on November 12, 1947. The title of this speech is "The Chinese Policy of the United States."

THE CHINESE POLICY OF THE UNITED STATES

Misunderstanding of our policy in China arises largely from a failure to understand the nature of American foreign policy itself. Therefore, I think it essential, at the outset, to consider briefly the substance of policy in terms of three components: objective, pattern, and technique. Without a clear comprehension of these distinctions and their respective characteristics, it is difficult to grasp the implications of our China policy or to relate that policy to our activity in other parts of the world.

Let us bear in mind that the objective of American foreign policy is indivisible and constant. Our Government seeks the same ultimate ends whether its policy is operating in Europe, in South America, in Asia, or in the United Nations. Furthermore, the objective has remained unchanged since the dawn of the Republic. It is, in the words of the late President Roosevelt, "to defend the honor, the freedom, the rights, the interests, and the well-being of the American people." An essential corollary to our objective, however, is that, again in the words of Mr. Roosevelt, "We seek no gain at the expense of others. We threaten no one, nor do we tolerate threats from others."

In contrast with the fixity and the universality of the objective, the pattern of Ameri-

can policy, which finds its most vivid expression in our great state papers, is gradually evolving. It is the broad blueprint for action which represents the accumulated wisdom of countless American minds. It is the product of the interests, the hopes, and even the fears, of our whole people.

The slow evolution of the pattern of policy is everywhere in evidence. In Latin America a hemispheric solidarity emerges from the earlier foundations of the Monroe Doctrine. In Europe we move from a concept of isolation to a deep concern in the political and economic fortunes of that Continent. And in Asia, too, there is the same gradual flux of the pattern in the interest of the objective.

The third component of policy—technique—concerns the instruments we use within the pattern to achieve the objective. It consists of all the measures—diplomatic, political, cultural, and economic—that are employed in meeting the exigencies of international relations. In the last analysis, it includes, too, military measures—whether force, threat of force, or the acquisition of strategic bases. In contrast to the fixed objective and the evolving pattern, the technique of foreign policy must remain flexible, and responsive to changing conditions. Any other course, in a complex and unstable world, would be an invitation to disaster.

With these three distinctions—objective, patterns, and technique—in mind let us examine the historical development of the Chinese policy of the United States. The objective of our policy in China does not differ from the over-all objective of American policy. We are concerned as much with "the honor, the freedom, the rights and interests, and the well-being of the American people" in our relations with China as we are in our relations with Britain, with France, or with Russia.

However, as our interests have broadened and our world responsibilities have increased, the pattern of Chinese policy has undergone a slow evolution. During the early period of our relationships with the Manchu Empire, China was still too remote, too unknown a factor, to loom largely in the thinking of the American people. The initial pattern of government policy reflects largely concern for our shipping interests and the safety of our missionaries. We wanted equal commercial opportunity with European merchants for our traders. When the British opened Chinese ports to their citizens, ours also gained entrance. And when they established extraterritoriality, we did the same. In this early period we avoided annexation of alien territory, resorting primarily to a technique of diplomacy to secure our objective.

By the turn of the century, however, there were indications that equal commercial opportunity was inadequate in the face of mounting imperialistic pressures on China. It was at this point that John Hay circulated his now famous open-door notes among the great powers. And when it became evident that even this step was unlikely to stem the predatory tendencies of other powers, especially Japan and Russia, we expanded the open door to embrace the principle of maintaining the independence and integrity of China. But we soon discovered that diplomacy could operate as a technique for fulfilling this pattern only if there existed a balance of power in the Far East. This balance was upset by the First World War. From that conflict, Japan emerged as a dominant force in eastern Asia.

Nevertheless, at the Washington Conferences of 1922, an attempt was made to maintain the open door and China's independence and territorial integrity through normal diplomatic methods. We sacrificed a part of our military potential in the Pacific, in return for Japan's pledges to forego further expansion. Under the pressure of its military leaders, Japan in 1931 turned from the ways of peace.

For fully another decade, however, we sought to preserve the pattern of the "Open Door" and of China's territorial integrity without resort to military techniques. We wrote notes. We engaged in conversations. We spoke angrily. We spoke softly. But the Japanese military machine rolled onward into Mongolia, North China, the Yangtze Valley, and South China.

By 1940, with Japanese armies straddling the coastline of east Asia from Korea and Manchuria to Indochina—and spearheaded deeply into the body of the continent—and with Europe set aflame by Germany, it had ceased to be a question of maintaining the pattern of our policy. The American people were faced with the inexorable reality of a free American standing alone in a hostile, totalitarian world.

American public opinion began to shift rapidly. So, too, did our technique of policy. To the exhausted diplomatic measures we had taken against Japan, we added economic measures in the form of aid to China and restrictions on trade with Japan. We extended lend-lease to the hard-pressed Chinese and with the Flying Tigers, spread an air cover over their defenseless cities. Finally we reached that point in the tide of history when a reassertion of the pattern of our policy in China and the Far East, coupled with our activities elsewhere in the world, offered the last hope of defending beyond our shores the honor, the freedom, the rights, the interests, and the well-being of the American people.

The complexities of the war involved the United States in the affairs of China to an unprecedented degree. Economic and military problems of the joint struggle against Japan forced our Government to take an increasing concern in the internal problems of China—a course which we would normally have avoided. The United States dealt officially only with the National Government of Chiang Kai-shek to which, theoretically at any rate, the Chinese Communists adhered. Vital considerations connected with the war, however, made it essential for us to try to forestall a rupture in even the theoretical unity of Chinese resistance—a rupture which conceivably could have lengthened the war. There is nothing contestable in this approach. It was essentially the same technique that was employed in France, in Italy, and in Poland. It was predicated on a recognition of the hard reality of the cost of the war in terms of American lives and resources.

While aiding China internally to maintain its unity and to remain in the field against Japan, we were seeking also to build up China's international position in order to prepare the Chinese for a possible expansion of their role in the postwar world. First of all, we recognized China as one of the Big Four of the war against the Axis. In 1943 we abandoned extraterritoriality and wiped out the stigma of Chinese exclusion. At the Cairo Conference, in December 1943 we endorsed the principle of the return of all Chinese territory seized by Japan. Still later we acknowledged China as one of the five great powers in the United Nations. Throughout the war our assistance went exclusively to the central government and we interfered as little as circumstances would permit in internal Chinese affairs. In line with the traditional pattern of American policy, we desired an independent China at the end of hostilities, not an administrative and military appendage of the United States.

But peace found us, notwithstanding our desire to the contrary, deeply enmeshed in Chinese affairs. It was impossible to extricate ourselves immediately with the firing of the last shot. We faced a drastically altered situation in the Far East. The shattering of the Japanese Empire had left a huge vacuum. Into it had rushed new power from Soviet Asia, through Manchuria to Dairen and Port Arthur, and over the border into Korea to the thirty-eighth parallel. On the

other hand, American forces occupied Japan, the Ryukyus, and southern Korea. Between these new frontiers of power lay the seething uncertainty of China; a China on the verge of economic collapse and already in the first throes of renewed civil war.

In this chaotic situation, the need for redefining the pattern of our Chinese policy became imperative. It was forthcoming in President Truman's policy statement of December 16, 1945. Linking the Chinese situation to our faith in the future of the United Nations, the President declared that, "it is the firm belief of this Government that a strong, united and democratic China is of the utmost importance to the success of this United Nations Organization and for world peace." Let us consider, for a moment, the implications of this statement. Is it in accord with the fundamental objective of our foreign policy? It is. The defense of the well-being of the American people is inextricably bound up with the question of the maintenance of peace. Peace, in turn, will be influenced profoundly by the international position and the internal conditions of China. Is it a natural extension of the historical pattern of our policy in China? It is. We have come a long way from the "equal commercial opportunity" through the "open door" and the "maintenance of China's independence and territorial integrity," to the present "strong, united, and democratic China." But this logical and inevitable evolution has developed through the interrelation of our expanded interests, our world position, and our power and the great political changes the world has undergone.

The President's December 16 statement contains two factors that warrant careful examination. There is, first of all, the frank acknowledgment of our obligations to the National Government of China. And secondly there is the whole body of measures and methods with which we hope to realize the pattern of our present policy. It was absolutely essential to aid the Central Government in the transportation of its troops to disarm and to evacuate the Japanese, if for no other reason than that we had committed ourselves to do so. We extended this help in spite of strong counterpressures at home and in the face of violent opposition from the Chinese Communists. We extended it even at the cost of American lives. We would have preferred to help an internally unified China. But in the absence of unity we aided the Central Government exclusively—the Government we had dealt with throughout the war; the Government we recognized as the legal authority of the Chinese nation.

Let us now consider the methods and measures through which we hope to see realized the pattern of a strong, united, and democratic China. I must stress that these measures and methods concern the technique of foreign policy and, consequently, there is no virtue per se in their consistency. Rather, within the limits of our moral and ethical concepts, these measures and methods must remain flexible and adaptable, to meet everchanging problems. I emphasize this because those who delight in pointing out the inconsistencies of our foreign policy usually are thinking in terms of its technique.

Paramount among our methods in China is continued recognition of the National Government and cooperation, internationally, with that government. One need not have access to secret State Department documents to recognize that this procedure is still being followed. In the international field, our support of China's National Government has been imposingly steady. We have backed Nanking officially on the reparations issue in Manchuria, and we have sought by diplomatic pressure to assist in the restoration of Chinese administration to Dairen and Port Arthur. Still another evidence of

our support for the National Government was given by Secretary Marshall at Moscow in the spring of 1947. He refused to permit the discussion of the China question without the consent of the Chinese. The effectiveness of this measure was attested to by the approving demonstrations which greeted it in Nanking, Peiping, and Shanghai.

Our technique with regard to the internal situation in China is also clearly indicated in President Truman's statement. He has placed primary responsibility for the establishment of peace and unity on the Chinese themselves, and asserted that we will not intervene to influence the course of any civil strife. At the same time he has pointed out that our interest in the peace of the world gives us a concomitant interest in a peaceful China. Therefore, he suggested that the Chinese take certain steps to promote internal stability. Among these were the cessation of hostilities, the convening of a national political conference to solve the problem of internal unity through a modification of the one-party dictatorship, and finally the integrating of all Chinese armed forces into a national army. To help bring about these changes, the President dispatched General Marshall to China. Further, he held out to a unified China the offer of reasonable aid in economic rehabilitation and assistance in the reconstruction of its military organization.

How adequate is this technique? At first, it seemed on the verge of success. A delicate settlement covering all the major problems of unity was put together with infinite care. Bitterness and hatreds and suspicions of 20 or more years' duration were reconciled at least temporarily. Success was never a certainty. That it had ever become a hope was a remarkable tribute to the pertinacity and wisdom of General Marshall. The shattering of that great hope as you will remember, came in the spring of 1946—at the very moment of fruition. General Marshall had returned to America to report to President Truman. Within a week of his departure from China the Communists were accusing the Nationalists of failing to relinquish one-party control of the Government. And the Nationalists were charging the Communists with attempting to set up a puppet regime in Manchuria.

Actually it matters little now who fired the first shot. General Marshall later blamed the extremists of both parties for the failure of mediation. What is significant is that the most determined efforts of one of our ablest officials had been insufficient to halt the recrudescence of strife. In effect, the break-down of peace condemned the Chinese people to an indefinite continuation of the miseries of the previous 8 years. The vision of peace, which had flared so brightly in the spring of 1946, dimmed steadily during the late summer and autumn. Occasional contacts of opposing forces gave way to skirmishes. Skirmishes grew into pitched battles. Chinese again killed Chinese, and in ever-increasing numbers. We had little to show for our efforts except mounting hostility from large sections of the Chinese people. They vented the bitterness of their frustrated hopes on the peace-makers.

Almost a year to the day after his first pronouncement on China policy, President Truman acknowledged the failure of our efforts to quell the civil war. On December 18, 1946, he issued a second statement indicating that while the basic pattern of our policy still remained, some of the instrumentalities with which we sought to operate would have to be held in abeyance. Since the return of General Marshall, and following the rapid withdrawal of American military forces during the early months of this year, there has been no significant change in our methods of dealing with the Chinese situation. The pattern remains the same: a

strong, united, and democratic China. We still actively support, internationally, the sovereignty of China and the government of Chiang Kai-shek. But with regard to the internal situation we have, in effect, retired almost completely to the side lines to wait further developments. If there is a clear indication that out of the chaos there is emerging a hope for the development of peace, unity, and democracy, we are pledged to move in actively with any economic or other aid necessary to support that hope. To date, that hope has not emerged. Civil war now rages throughout North China and Manchuria. Other areas are in a state of incipient separatism. The Communists are resorting to their old extremist tactics of brutal terrorism. And the administrative machinery of the national government, as General Wedemeyer has recently pointed out, is bogged down in a mire of unparalleled corruption.

That we regret this situation, that we sympathize with the Chinese people goes without saying. But it is equally true that there is little we can do, as our experience has shown, to alleviate their difficulties. Nevertheless, powerful and capable voices are heard in the United States urging us to project ourselves into the middle of this problem of China. Let us, for a moment, consider the views of those who object to the abayant state of our policy in China. Many Americans have a deep and sincere affection for the Chinese. Among them there are those who point out that it is ignoble of us to forsake our wartime allies in their hour of need. Therefore, they insist, let us do something for China, and let us do it through the living symbol of China's resistance, Chiang Kai-shek.

Let me, first of all, make clear the extent of aid already made available to the National Government. I have alluded to the postwar military and international assistance which we have tendered to President Chiang. Mention should also be made of the American Army and Navy missions still in China to help establish a truly national military organization. Since 1941 total aid in the form of loans and grants is in the neighborhood of \$2,500,000,000. In addition, we have transferred extensive quantities of surplus property at a fraction of original cost. We have also turned over 271 naval vessels. This year the United States foreign-relief program probably will allot \$30,000,000 in medical supplies and food to China.

Furthermore the United States stands committed to provide additional assistance for noncivil war purposes as the circumstances permit. When there is some assurance that instead of adding to the wreckage of civil war and to the private fortunes of corrupt officials, our aid will assist in the restoration of the well-being of the Chinese people, its flow should increase. Those who are sincerely distressed over the plight of China, need have no fear. The United States Government will do all in its power to lessen the sufferings of the Chinese people, but will resist firmly all ill-considered efforts to have it add to their distress. The great shortcoming of many who insist, vaguely, that we "do something" for China is that they fail to realize the limitations as to what we can do. We can stand beside the Chinese as sympathetic friends. We can help them through our private charities, our Christian missions, our educational and cultural endowments, and through governmental grants or loans to meet their most pressing needs. All these measures we have taken and will continue to take. But we cannot supply the spiritual spark which will release the capacities of the Chinese people and channel them into a reconstruction of their noble civilization. That spark can—and will someday—come only from the heart of China itself.

Before concluding, I should like to discuss briefly another line of thought in opposition to the present relative abeyance of our Chinese policy. I am fully aware that there is a growing advocacy in the United States for action to halt the spread of communism in China. Briefly, it consists of several fundamental assumptions; that we cannot permit any foreign power to dominate China; that it is futile to halt communism in Greece and not to halt it in China; that unless aid, both economic and military, is extended immediately, the Central Government of China will collapse; and finally that such aid will be much cheaper than grandiose Marshall plans for Europe. One of the most disturbing factors in the views of those who insist on positive action is their assumption that the United States Government is unaware that China and Russia have a common border of several thousand miles. I wish to reassure these people.

The Government is not only aware of the existence of this boundary but has been considering it in terms of the ultimate objective of American foreign policy for more than half a century. Let us, then, at least concede a measure of validity to the decisions which grow out of this experience and the day-to-day reports of trained observers in the field.

I shall avoid a detailed discussion of the problems, both military and economic, which would be involved in positive action in China. Suffice to say, despite specious arguments to the contrary, that they would be monumental. As an instance, let me recall the widespread hostility demonstrated just a year ago by the most politically-conscious elements in China—the students—against the continued presence of American troops in China. And those troops were there with the peaceful intent of attempting to maintain the Nationalist-Communist truce. What would be the reaction if they were in China for the express purpose of assisting one section of the Chinese people against another? Those who advocate a return of American forces to Chinese soil in large numbers—and a program of positive action would ultimately involve precisely that—show an abysmal or arrogant indifference to one of the most powerful forces in Chinese life today—nationalism. They would take on for America the same heritage of hatred that the Russians are now busy constructing for themselves in Dairen and Port Arthur.

Finally, let me point out the fallacy of assuming that since we are taking positive steps to aid Greece and western Europe, we must take similar action in China. The pattern of our Chinese policy is concerned with the establishment of a "strong, united, and democratic China." Obviously such a pattern cannot prevail if China is dominated by an outside power. I think it legitimate to assume that our Government is capable of making this simple deduction and therefore may be counted upon to apply measures necessary to support China's sovereignty. But the United States, in selecting the methods for implementing its policy in China, must weigh all the factors in the world situation against the resources it has available. In the pursuit of our objective in Asia we must not permit ourselves to be hastened into any action which would result in a partial fulfillment of our objective elsewhere or even in China itself. We must bear in mind what we desire is a strong, united, and democratic China. Omission of the third adjective could have tragic consequences in terms of the ultimate, over-all objective of American foreign policy.

No one is more aware than I of the inherent threat of communism to the liberties which we hold dear. But we cannot oppose that threat with precipitous action, with impatient sentimentality, or with hysterical fear. We can oppose it successfully only insofar as we act with calm intelligence, with un-

remitting patience, and with a bold and dignified faith in the institutions which uphold America's greatness.

(Mr. MANSFIELD asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 7 minutes.

Mr. KLEIN. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes, the last 5 minutes to be reserved to the committee.

Mr. HOLIFIELD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOLIFIELD. Does that mean that the whole of title III and all amendments thereto will now be limited to only 5 minutes' debate?

The CHAIRMAN. That is not the way the Chair understood it. The Chair understood the request was on this amendment and all amendments thereto, but not necessarily amendments to the title.

The question is on the motion offered by the gentleman from Ohio [Mr. VORYS]

The question was taken; and on a division (demanded by Mr. KLEIN) there were—ayes 78, noes 35.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. Cox] for 1 minute.

Mr. COX. Mr. Chairman, this is the first intimation that I have heard that this is a partisan bill. I do not believe it is so. Of all the countries made beneficiaries of this program, the assistance given China will pay highest dividends. With the exception of the faithful and laborious efforts of certain Members of the House and a few military men, China has had little official assistance in the making out of her case. Her diplomatic representatives must not be very active. Certainly top-flight people have done little or nothing to help. Mr. Chairman, China is our devoted friend. She has been faithful and is most deserving of all the help that we can render. To help her is to help ourselves. While China needs relief, her greatest need is munitions of war. I would like to see the full amount provided for her in the bill made available for arms and ammunition. This ought to be done. Certainly no one fully cognizant of conditions would want to eliminate any part of the amount made available for uses of war.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, for many years I have been personally interested in the foreign policy of the United States. When one has a continuing interest over a long period of time, it is possible to observe certain trends, developments, and actions. Now and then, throughout these recent years, all of you have read statements saying the United States has no foreign policy. Writers of books, editorial and feature writers, authors of articles in public-

opinion magazines have criticized not only the State Department but those responsible for our Government for not having a precise objective foreign policy. We have been told we proceed on a day-to-day basis without any specific objective in view and with very little direction. Our Nation has been criticized for not developing a long-range point of view.

I do not wish to discuss the details of American foreign policy during all of these years I have had the honor of being associated with Congress, but I do want to emphasize a very certain and a very strong observation. It is this. In spite of all of the criticism that has been directed against the United States foreign policy—and in passing I might add that I have been one of those who has contributed some of the criticism—there is one outstanding objective of our country in its relation to the nations of the world. It stands out like the sun on a clear day in summer. It burns in the hearts of men and women throughout this Nation. It is the one thing that every man and woman would willingly lay down their lives to protect. The one great controlling feature of American foreign policy throughout the years has been and is today the protection, the establishment of free life, free living and freedom not only in this country, in the Western Hemisphere, but in every country in the world that has shown any desire to possess this kind of life. Freedom. Freedom. To be free. To make your own decisions—to be free to choose your own government—to be free to worship God—freedom, the cause for which this great Nation was founded, is the over-all long objective and short objective foreign policy of the United States.

During these recent months and particularly these hours of the last few days a very unusual procedure, a very unusual event, has been unfolding before the eyes of the world. This event has been taking place right here—has been taking place here on the floor of the House of this Congress. Here we stand. Here we have witnessed this great Nation of ours considering the best possible method of helping the people of other nations to hold fast to their freedom. Never before in the history of the world has any people been so generous, has any people been so unselfish, has any country been so great. I say to you, my colleagues and fellow Members, this—is America's finest hour. The example we set today—the principle we establish in human relations—will shine on throughout centuries as one of the noblest deeds in human history.

Although we are motivated by high principle and unselfish objectives we must be constantly mindful of the advantages and disadvantages, the gains to be achieved and the losses to be borne if we proceed with this program. In this case the decision is not difficult for the gains far outweigh the costs. Our acceptance today of this economic European recovery program will create in western Europe a great dam, holding back the westward sweep and flow of the Communist tide. If this dam holds and becomes more solid with time, I confidently believe that the recovery of the

free nations of western Europe will begin to flourish and that the dreaded communistic flood will not only fail to advance but will begin to recede over the long road back to the country from whence it came. The forcing back of communism from the free people of western Europe will widen the frontiers of freedom and once again entrench free institutions in these war-swept lands more securely than ever before.

Now, just what does this mean to the United States of America? To once again establish western Europe and, for that matter, the whole of Europe, on an independent, cooperative, operational basis will constitute a decisive factor in the world balance of international relations. Such an achievement is essential for international security and peace, as well as the security of the United States, for a strong free western Europe will create counterbalances to the powerful Communist army now clouding the sky of freedom. The great shadow of Soviet aggression must be reduced in size.

In my opinion, based upon years of experience, I believe the support of this legislation to assist free nations to again sit in dignity in the councils of world progress and in the deliberations of the United Nations is indeed a positive act toward the guaranty of world peace.

There is much to consider. There is much involved. There is much at stake. If the Communist tide is not held back, if it is allowed to sweep on, then we must face the fact that the United States, Great Britain, and France will be forced out of Germany with the probability that Germany would become a strong Communist nation. If the Communist tide is to be permitted to flow on, Italy, Greece, Turkey, Iran, north Africa will completely fall under its control and domination. Control of the Mediterranean would be lost. Spain, proud France, glorious Belgium and Holland, and heroic Britain will come within the shadow. This is most serious. This is an eventuality which we cannot sanction.

But there is more that we must consider. The western nations of Europe possess colonies and territories in the Caribbean, in Africa, and in the Pacific. The fall of France, Belgium, Holland and Spain, as well as Denmark and the Scandinavian nations into the orbit of the influence of communism means that these far-flung territories, strategically located, would come also within the orbit of Communist domination. As the most powerful free nation in the world, can we permit this to happen? If freedom is to be protected, is it not our responsibility and duty to bring to bear all the forces within our control in order to insure its survival? I need not tell you, my distinguished colleagues, but I do wish to emphasize in this great forum of freedom, that we must not allow this Communist tide to flow over and engulf the free nations of the world.

The whole northwestern part of Africa, reaching to within 1,800 miles of Brazil, flies the tricolor of France. During the war we knew how dangerous German control of this region would be to the Americas and took steps to prevent it. Communist control of this region would

project Soviet power into the South Atlantic, flank our communications with Brazil and Argentina, with bases for planes, submarines and the long-range guided missiles of the future, and increase immeasurably Communist influence in South America.

Well to the south lies the Belgian Congo, containing some of the richest uranium deposits in the world. This uranium has been available to the United States, and has played an important part in our atomic energy program. If the Belgian Congo fell under Communist control, its uranium could be denied to us and supplied to Russia.

On the east coast of Africa, French Madagascar and Reunion could provide Communist bases on the Indian Ocean. French Somaliland looks out upon the entrance to the Red Sea at the Gulf of Aden.

On the Pacific, French Indochina could be converted into a Soviet pressure center and springboard on the southern border of China. This territory, together with French New Caledonia and the strategically and economically important Dutch East Indies, could interpose potentially hostile territories between Australia and the Philippines. Communist control of the Dutch East Indies could cut us off from their rubber, tin, and oil. Far to the east, in the Southern Pacific, the French Tuamotu and Marquesas Islands could furnish Communist bases and pressure centers opposite the weak and vulnerable west coast of South America.

Within our own hemisphere, French St. Pierre and Miquelon are situated in the Gulf of St. Lawrence. French Martinique and Guadeloupe and Dutch Aruba and Curacao are in the Caribbean. French and Dutch Guiana lie along the northern frontier of Brazil and flank our communications with the east coast of South America.

All these colonies listed would fall rapidly under Communist control and serve the purposes of the Kremlin unless the United States intervened forcefully enough to prevent such an outcome. From a military point of view, we should probably have the power to do so in most of them, since all except parts of French Africa can be reached by sea more effectively than by land.

It seems clear, however, that any adequate intervention would require the threat if not the use of force. It would amount, in practical terms, to denying France, Belgium, and Holland during peace the right to govern their own colonies because we did not like their governments. What to do would be one of the most critical decisions our country has ever faced. If we proceeded to instigate and assist revolts in the colonies against the new governments the threat or use of force would seem necessary to prevent those governments from dispatching troops to the colonies to maintain their rule. Even effective economic pressure on the colonies would require a naval blockade. If we proceeded to land American marines and troops in the colonies of most vital concern clashes in so many parts of the world could easily set off war with the Soviet bloc. In fact, it seems likely

that any form of intervention adequate to succeed could lead to war.

If we make the grave mistake of rejecting this legislation today serious consequences would occur. Without our assistance I firmly believe there would be an economic collapse of the nations in western Europe unparalleled in the history of the western world. Naturally, this collapse would cause communism to flow unchecked throughout Europe. France and Italy would be immediately engulfed. The fall of these nations would soon lead not only to the communistic control of the whole of Europe but to Great Britain as well. If the government of one important nation of Europe goes communistic, certainly it would influence directly the fate of other governments. Communism thrives on economic collapse. Communism, by intrigue and other devious methods, strives to cause economic collapse. In countries where starvation and want are everywhere prevalent communism has a fertile field of operations. When communism once establishes itself in a nation and takes over the control and use of the machinery of government, possessing not only the police power by fear and terror to maintain its grasp, nothing short of war can break its hold.

If we fail today to support this legislation, the free people of freedom-loving nations in Europe are going to feel that we have turned away from them and let them down. Bitter disillusion will take the place of hope and confidence. The Kremlin would cheer and the torrent of communism would flood the whole of western Europe resulting in grave and serious consequences to the security of the United States. This we cannot allow to happen.

In considering the question before us today from the viewpoint of industrial power and the development of atomic energy, there are certain bold facts which stare us in the face if the great communistic tide flows over all of Europe. It is generally known that in all probability, within 8 to 15 years, many other countries will not only possess significant quantities of atomic bombs, but also the use of atomic power. Without a doubt, Russia today is making the most significant strides toward this accomplishment. If Russia is able to have at its command the control and use of the industrial resources and technical know-how of France, Italy, and Belgium, it might succeed in producing atomic energy of all kinds at a very early date. These nations could also fill in the chinks of Russia's deficiencies in precision industry, skilled labor, and technicians.

As the atomic scientists have tirelessly pointed out, the United States is exceedingly vulnerable to atomic attack. Our industries are heavily concentrated within a relatively small section of the country. One-third of our people live in large cities. The very fact that we have progressed so far in industrialization, makes us more exposed to crippling damage than are more industrially backward nations.

Our institutions, moreover, render us particularly vulnerable to surprise attack. Arbitrary police and security measures, which some nations could

carry out overnight, would require debate in Congress. Our freedom to travel without any police control opens the way to atomic sabotage, which could be effected by smuggling in plutonium to insert in bombs secretly assembled in cities or by dropping delayed-action atomic mines from merchant ships into harbors.

Because of this high vulnerability, our best defense against a potential enemy who possessed atomic bombs would be an overwhelming superiority for offensive atomic warfare. This might prevent war by forcing the potential enemy to realize that, however devastating a blow he struck at us, he could not escape defeat as well as still greater destruction. Vital elements of this superiority would be industrial capacity, stockpiles of bombs, ability to produce bombs, and the means of delivering them—planes today and eventually guided missiles—and dispersion of offensive bases.

It is here that the consequences of Communist control of western Europe would be particularly ominous. With her rapidly growing population, huge resources, and control of French, Italian, Belgian, and eventually German industry, Russia would have a good prospect in the long run of rivaling us, and possibly even of surpassing us, in industrial capacity. This could mean an ability to produce atomic bombs as quickly as we could, progressively diminishing the advantage of our head start. It would mean provision of adequate means for delivering bombs to our cities and industries. In seeking to assess such capabilities, it must be remembered that dictatorships have been able, during peacetime, to put a greater proportion of resources into war preparations than have democracies.

Russia, moreover, could expand tremendously her offensive capabilities through dispersion of bases with control of the French colonies. Her offensive bases would then stretch from the South Atlantic through the North Atlantic and the Arctic far into the Pacific.

We cannot easily close our eyes to the consequences of failing to support this legislation of the hour. We cannot consider this important crisis lightly. We must consider the precise questions involved from the viewpoint of how the present situation affects the future of our country. This free and happy Nation cannot continue free and happy if we allow the great shadow of communism to so grow and increase in size that it begins to form a significant cloud over America and the Western Hemisphere. There is no valid ground for believing that communistic Russia would let America alone except for the few years required to consolidate their grip on western Europe and its colonies. Instead, there is solid ground for believing their basic aim, the zealous objective of Communist leaders, is to eventually create a Communist world with all people held in the bonds and chains of slavery, controlled and managed and dominated by uncontrolled and irresponsible power in Russia.

In conclusion, I should like to point out the grave consequences which would result just as surely as night follows day

if we here during this significant hour reject this European recovery legislation. They are as follows:

First. Communist control of France and Italy, subsequently Belgium and Holland, and eventually Germany;

Second. Establishment of Soviet bases in Atlantic, Pacific, and Caribbean areas of vital importance to American security, unless prevented by force;

Third. Partial encirclement of North America and partial isolation of the United States, unless prevented by force;

Fourth. Danger of imminent war if we intervene to prevent these developments;

Fifth. Paralysis of all major organs of the United Nations through increase of Soviet controlled votes;

Sixth. A vast increase in the industrial capacity, manpower, and atomic warfare potential of the Soviet bloc;

Seventh. Creation of a new balance of power with the Soviet bloc likely to grow progressively more unfavorable to the United States;

Eighth. Militarization of American life and curtailment of our freedoms;

Ninth. Pyramiding costs and taxes, certain to lower living standard and likely to stifle free enterprise;

Tenth. The growth of fear and movements away from cities after the Soviet bloc produced atomic bombs;

Eleventh. A constant threat to the security of the United States; and

Twelfth. An eventual atomic war with the Soviet bloc, unless we succeeded in keeping the Soviet leaders convinced that they could not win.

A careful examination of these consequences show very clearly how extremely important it is that we support this legislation. This bill in a very real sense constitutes an insurance of our future peace and security—our future freedom—our future economic and social welfare. It is at the same time an insurance of our cities and of our children, their lives and progress, their play and happiness. It is an insurance of the continuing existence of all the free America means to mankind.

Throughout these many years of my interest in American foreign policy, and long before that, another objective of this Nation has been to oppose oppression and slavery. We fought the Hun in the First World War to stamp out oppression and aggression. We fought the Nazi and the Jap in the Second World War to eliminate slavery in order that freedom and the free way of life might continue. And, if it is necessary, we will fight the Communist in a third world war to protect the freedom that is so necessary and so much a part of life not only in America but elsewhere in the Western Hemisphere and other parts of the world. Today, just as in days past and in many days to come, there sits the great lifelike figure of Abraham Lincoln, at the Potomac end of the Mall. He is facing the Capitol of the United States, where you and I have the privilege and the honor of being today. He looks toward us as if in times of crisis he desired to extend his advice

and counsel. On one great occasion President Lincoln said, I quote:

This Nation cannot exist half slave and half free.

I say to you, my fellow countrymen, that this world cannot exist half slave and half free.

For almost a quarter of a century I have been privileged to be a Member of this House. I have had the honor to represent the congressional district where freedom was born. With nothing but a musket, ramrod, ball and powder, the courageous men of Concord and Lexington fired the shot heard around the world. From every Middlesex village and farm men came with their muskets—not machine guns, not tanks, not air power—just themselves and their muskets and stood on the Common and fought the first battle for freedom. The principle that was established there at that time is going to live in this world forever; is going to live in this world as long as civilization survives. No power on earth, no communism, no nation that believes in oppression, aggression, and slavery can defeat freedom. The strongest men in the world today are free men and free men will hold fast to this precious way of life.

The issue facing this Congress at this hour is really not an issue at all. Whether or not we vote for European relief, or the so-called Marshall plan, is not the issue facing us at this moment. The question we are to decide today is whether or not this great freedom-loving Nation is going to take the first great positive step toward the defeat of communism and slavery. I believe with deep sincerity that no Member of this Congress can afford at this hour not to support the bill before us. We cannot afford to take the chance of leaving free men in other parts of the world to be swallowed up by the ruthless and bloodthirsty monster known as communism. This is a fight of freedom versus slavery. I choose the path of freedom and I urge you with all of the conviction and power at my command to join this distinguished crusade, vital to the lives of millions of friends, in free nations throughout the world and vital to the survival of a free America.

The CHAIRMAN. The gentleman from California [Mr. HOLIFIELD] is recognized for 1 minute.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, military aid could be extended on a multilateral basis or a regional basis such as provided for in the Chapultepec agreement, but we find ourselves here resorting to a unilateral method such as we resorted to in the Greek and Turkish aid programs. We are going the same thing now that Russia has done in Czechoslovakia and that Yugoslavia is doing in northern Greece—we are intervening with military personnel and military matériel. We are doing the thing that we condemn on their part.

We are not going about this thing as we should go about it through the United Nations. There is a way of doing this

thing right, but instead of that we are going at it in the old national sovereignty unilateral, balance of power method which has led to countless wars in the past and will lead to countless wars in the future; we are practicing the Soviet-Marxist ethics that "the end justifies the means."

I am supporting the amendment to strike out title III of the European recovery-plan bill. A year ago we had under consideration the Greek-Turkish loan, which included the principle of military aid. By military aid, we mean the furnishing of weapons of war and advisory military personnel. At that time I opposed the military features of the Greek-Turkish loan. My reasons for my opposition was then as it is today, as follows:

First. Unilateral action in providing military aid to any nation is in violation of the United Nations Charter, in that it ignores and bypasses the multilateral consideration by the signatory nations of disputes between nations.

Second. Unilateral action on our part in extending military aid, weakens the United Nations. It is only through actual performance of duties that it will be possible for the United Nations to strengthen itself to the point of insuring world peace.

Third. In deserting the United Nations, we are turning back again to the discredited methods of trying to produce world peace by the strength of the limited arms and money of a single nation. We do not have the strength in manpower, wealth, or gunpowder to fight or feed the world by ourselves. Whether the world has peace or war, we must act in concert with the majority of nations, or we must lose.

Fourth. We lose our moral and spiritual position in the world when we engage in the practice of unilateral military aid to nations or national groups. This is exactly the practice which we condemn when Russia gives aid to the Communist parties in the satellite nations and when we condemn Yugoslavia for aiding the Communist guerrillas in Greece.

We are faced in this bill with a legislative dilemma. We must accept provisions, unless deleted by amendment, recommitment, or eliminated by conference agreement, which violate deep convictions. The House Foreign Affairs Committee would have presented a fairer bill to the Members if they had separated the economic rehabilitation proposal and the military aid into two separate legislative proposals. Many of us in that instance could have voted our convictions. But we are not given the choice in this bill between aid for peace and aid for war. Of the total aid fund of \$6,300,000,000, approximately \$425,000,000 has been earmarked for military aid. In other words, fourteen-fifteenths of the appropriation is for peaceful purposes, economic rehabilitation, and humanitarian relief to suffering millions. One-fifteenth is for military aid. From a financial point of view, therefore, the military aid is small in relation to the total fund. We cannot afford to deny the rehabilitation by means of food, medi-

cine, and machinery, which constitutes 93 percent of the fund, because we do not approve of the 7 percent set aside for military matériel.

When we turn to the principles involved, we cannot relegate the importance of the military aid to such a small percentage. We fear the effect of the violation of the principles of the United Nations which calls for multilateral solution of economic and security problems. The most important issue in the world is the strengthening of the United Nations. We cannot appraise the effect of continued unilateral military procedure on the fate of the United Nations. Certainly we cannot shut our eyes to the fact that Russia and the United States have both practiced this procedure. The factor of unilateral action must be considered in relation to other factors which are weakening the United Nations. I refer to the use and misuse of the absolute veto—22 times by Russia, twice by France; the lack of an international police force and the failure to establish the proper parliamentary and judicial powers originally envisioned by the framers of the Charter.

The only hope of the people of our Nation and the world for obtaining universal peace is through a functioning United Nations. Every step we take away from multilateral cooperation is a step away from collective security. Every step that weakens the United Nations is a step toward war. Let us strengthen the United Nations and solve our problems through its organizational procedures, in the open light of debate and by the majority decisions of the signatory nations of the world.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from New Jersey [Mr. HAND] is recognized for 1 minute.

[Mr. HAND addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FULTON] is recognized for 1 minute.

Mr. FULTON. Mr. Chairman, the amendment offered by the gentleman from Montana would strike title 3. It would strike out not only aid to China but also aid to Greece and Turkey and we certainly should extend our assistance to all three countries.

The gentleman from Montana said that General Marshall as Secretary of State had made good policies in China during the war and they were just as good now, yet the gentleman by his own amendment would strike out the amount that the General himself recommended for China, Greece, and Turkey.

But may I say that as far as cooperation with Congress is concerned, the Secretary of State has refused to give Congress either in executive or open session the Wedemeyer report. This action has forced this side of the Congress to come in here and act on the China policy without the full facts. The Secretary of State still refuses to let the American people know what is in the report of the man who was specifically sent by the

President to find out the real facts on China.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from New York [Mr. KLEIN] is recognized for 1 minute.

NO LINE FOR OPPOSITION

Mr. KLEIN. Mr. Chairman, I simply want to concur in the statement made by the gentleman from New Jersey [Mr. HAND] that there is not very much that can be said in 1 minute. It is shocking that this matter of aid to China should be taken up without it having been given adequate time in the Committee on Foreign Affairs, nor here on the floor.

There are many Members who feel as I do about this. We would like to vote for the Marshall plan as it was originally proposed, or even as the bill came over from the Senate; but you have added so many amendments and even one which includes Franco Spain, and the aid to Greece, Turkey, and China, known as title 3.

Why do you not separate them? Why do you not bring them to us in separate bills so we can consider each on its own merits and vote?

EITHER THIS BILL OR CHAOS

Mr. Chairman, I repeat that there are many of us here who would have voted with confidence, at least, if not with enthusiasm, for even the Senate bill, in spite of the fact that we have maintained from the beginning that this kind of economic rehabilitation should operate through the United Nations.

But the committee views were cut and dried. Minds were made up in advance. This unparliamentary jumble which included military aid for Turkey, Greece, and China along with rehabilitation plans for devastated Europe was sent to the floor in one big catch-all package, which we have to take or turn down en masse. We can exercise no discretion; we cannot make a choice. We cannot, by separate votes on the separate provisions, even voice an effective protest.

This is not the democratic way.

But if we were shocked by the inclusion of title III in this bill, then we were outraged by the adoption of the amendment which extends the benefits of this act to Franco Spain—to a Falangist Spain where the Fascist war of aggression against the democracies was first launched; to a Spain where jail awaits the dissident, where no creed but one may be propagated with safety, where Americans are treated as if they were an inferior race; to a totalitarian Spain which was allied to our enemies by every bond except armed forces.

VOTES FOR PASSAGE WITH RELUCTANCE

Mr. Chairman, I am going to vote for final passage of this bill, but only with the utmost reluctance, because the alternative to adoption of the bill as it is means hunger, misery, and continued chaos.

I know that you have the votes to pass the bill without my vote.

But I can still hear in my ears the shrieks of the Nazi victims. The Nazi beast was nourished on fear and hunger and unemployment. I cannot close my

ears to the cries of 6,000,000 murdered Jews, nor to the importunities of those who survived the scourge of Hitler.

Perhaps nothing contained in this bill will directly redound to the relief of the survivors of the Hitler blood bath. Perhaps not one crumb will go to the aid of the wandering homeless victims of oppression.

Yet I cannot for that reason say that I vote against bread and gainful employment and the tools of production for the other survivors of the carnage of war.

We do not want, in Europe or anywhere else, another rise of fascism. We do not want more murders, more beatings, more destruction because the great masses of the population are hungry, cold and afraid. This bill is an imperfect instrument for the rehabilitation of the civilized world; but it is the only instrument we have at hand.

Therefore, Mr. Speaker, I find it is not in my power to throw away this weak tool. At the same time, I serve notice that unless the conferees eliminate Franco Spain from the bill I will certainly vote against the conference report.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. KLEIN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes to close for the committee.

Mr. VORYS. Mr. Chairman, just remember on this Greek-Turkish title, Secretary Marshall set the April 1 dead line. The President of the United States has said that this was needed by April 1. We spent 5 hours and 10 minutes in the Committee on Foreign Affairs in hearings upon Greek-Turkish aid and I am amazed to find this partisan line being drawn by Democrats here on the floor in our bipartisan attempt to carry out the foreign policy of this country.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, with respect to the debate on this measure, I should like to point out that beginning last week we had three full days of general debate. All phases of the matters here under discussion were taken up at that time, and full opportunity was given for all Members to express their views. Today is the third day we have been in the process of reading the bill for amendment, and both yesterday and today we came in at 10 o'clock in the morning. Certainly there has been full and ample consideration given to every aspect of the bill. As a matter of fact, many proponents of this legislation have complained that we have not proceeded with sufficient speed.

Now, as to this title, as the gentleman from Ohio has pointed out, we are working against deadlines in certain of these matters. When it was decided to have the one-package bill, as the bill reported on this side of the Congress has come to be called, there was some complaint about such procedure, not because it was not desirable to dispose of these things all at once, if we could, but it was said such

procedure would result in delay in final disposition of the matter because of what might happen in the other body. Since the determination as to method of procedure was adopted by the House the other body has adjusted its program and procedure to conform to the program thus laid out by the House.

What is the situation today? In the other body provision for aid to China has been passed, and likewise provision for aid to Greece and Turkey has been passed. As soon as action is taken here, the whole matter of foreign aid will be ready for conference.

What a shame it would be at this late hour when we have made this progress, when the whole thing has been extensively debated and is well understood by everyone, that we should turn around and march back down the hill, deserting and abandoning the course set out by us as the one best calculated to meet our responsibility. Why, I ask, render valueless the fine effort that has been made by the other body to cooperate with this body in the efficient accomplishment of the things that have to be done?

Before us are proposals that have come from the executive branch of the Government, being acted upon by a Congress controlled by a majority of the opposite party. In this measure, as in all other similar matters, we have sought to do that which we believe to be in the best interests of the country, without regard to narrow partisan politics. I think we have so demonstrated that our country comes first in the manner in which we have considered this measure. There is, to be sure, not unanimity of opinion about this bill either on the Democratic side of the aisle or the Republican side of the aisle. It would be too much to expect that there be any such unanimity of opinion, particularly on a matter of so far-reaching importance, now and in the future; but, by and large, everyone has had the opportunity to express his views and offer his ideas, and we have proceeded expeditiously. I for one wish the impression to go out to the country that we are so considering this matter and that we are meeting our responsibility the best way we know how, each Member of the Congress according to his own judgment and best conscience, for such has been the manner in which we have thoroughly debated this bill. When this measure is passed this evening it will go to conference where differences will be ironed out and in the end the bill will represent the very best judgment of the Congress of the United States as a whole. This is representative government of a free people in action. It is, in itself, an example to the world.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Montana [Mr. MANSFIELD].

The question was taken; and on a division (demanded by Mr. MANSFIELD) there were—ayes 18, noes 152.

So the amendment was rejected.

Mr. HOLIFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLIFIELD: On page 101, lines 3, 4, and 5, strike out lines 3, 4, and 5.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

THE NEED FOR A NEW AMERICAN FOREIGN POLICY

Mr. KERSTEN of Wisconsin. Mr. Chairman, last November 10 I attended the meeting of the four-power allied control authority in the appellate courthouse amid the ruins of Berlin. The session was held in the large courtroom wherein the last Nazi trials were those in which the German generals who plotted against Hitler were condemned.

At this particular meeting the Soviet commander, Marshall Sokolosky was in the chair. Hundreds of soldiers were standing around the building and in the spacious grounds outside, at attention and with bayonets fixed—they were all the young red-coated Mongolian soldiers of the Soviet honor guard. The hammer and sickle flew over the courthouse indicating the Russians were in charge. Sokolosky conducted the meeting in the manner of one issuing orders to the commanders of the other zones. Of course the American, French, and British commanders parried the charges against them made by Sokolosky. But one could see in the Russian attitude the feeling that they were about to become the masters of Europe, and thereafter of the world. It is the settled and long-time Russian plan that these same red-coated, bayoneted sons of the Soviet will be stationed all over the continent.

Are there those who doubt the world ambitions of Russia?

Consider Stalin's report to the Tenth Russian Congress of Soviets:

The Soviet power is so constructed that, being international by its intrinsic nature, it systematically fosters the idea of unity among the masses and impels them toward amalgamation. * * *

I say, there, in the west, where capitalist democracy prevails and where the states rest on private property, the very basis of the state fosters national enmity, conflicts, and struggle; here, in the realm of the Soviets, where the power is built not on capital, but on labor, where the power is built not on private property, but on collective property, where the power is built not on the exploitation of man, but on hostility to such exploitation; here on the contrary, the very nature of the government power fosters a natural striving on the part of the toiling masses toward unity into a single Socialist family. * * *

Let us hope that by forming our confederate republic we shall be creating a reliable bulwark against international capitalism and that the new confederate state will be another decisive step toward the amalgamation of the toilers of the whole world into a single world socialist soviet republic.

On February 12, 1938, Stalin wrote to Ivanov in part as follows:

In the event of any success the invaders will try to destroy the Soviet system and restore the bourgeois system in the occupied regions.

We would be in a position to say that the victory (of socialism in the Soviet Union) is complete, if our country were situated on an island and if it had not many other (capitalist) countries around it. But since we live not on an island but in a system of

states, a considerable number of which are hostile to the land of socialism, thus creating the danger of intervention and restoration, we say openly and honestly that the victory of socialism in our country is not yet complete.

This problem remains to be solved. * * * It can be solved only by uniting the serious efforts of the international proletariat with the still more serious efforts of the entire Soviet people.

In the letter to Ivanov, Stalin quotes Lenin with approval as follows:

We live not only in a state, but in a system of states, and the existence of the Soviet Republic next to a number of imperialist states for a long time is unthinkable. In the end either the one or the other will have the better of it. Until that end comes, a series of most terrible conflicts between the Soviet Republic and the bourgeois states is inevitable. This means that the ruling class, the proletariat, if it wants to and will rule, must prove this also by its military organization.

Stalin's ambition to take over Europe has not remained theoretical. During the final months of the war the Soviets, we now know, had definite plans for postwar expansion into what were meant to be independent countries. In the Soviet participation in the war, their object was not merely to defeat the enemy but to put themselves in a position to implement their postwar policy of expansion. We Americans had no worked-out postwar policy. Russia did.

For example, while the Charter of the United Nations and the Atlantic Charter piously speak of right of self-determination of all peoples, Stalin's philosophy has never been in accord with that. The following is an excerpt of Stalin's report to the twelfth congress of the Communist Party:

It should be borne in mind that besides the right of nations to self-determination there is also the right of the working class to consolidate its power, and to this latter right the right of self-determination is subordinate. There are occasions when the right of self-determination conflicts with the other; the higher right—the right of a working class that has assumed power to consolidate its power. In such cases—this must be said bluntly—the right to self-determination cannot and must not serve as an obstacle to the exercise by the working class of its right to dictatorship. The former must give way to the latter.

Further, Stalin wrote Ivanov as to his views on self-determination:

There are two kinds of autonomy, national or cultural autonomy, and regional autonomy. National autonomy is contrary to the whole development of nations. * * * National cultural autonomy is unsuitable. Firstly, it is artificial and impracticable, for it proposes artificially to draw into a single nation people whom the very march of events, of real events, is disuniting and dispersing to every corner of the country.

Secondly, it stimulates nationalism, because it tends to the view which advocates the demarcation of people according to national curiae, the organization of nations, the preservation and cultivation of national peculiarities—a thing that is entirely incompatible with social-democracy. * * * Thus, national autonomy does not solve the problem.

What is the way out?

The only real solution is regional autonomy, autonomy for such crystallized units as Poland, Lithuania, the Ukraine, the Caucasus, etc.

The advantage of regional autonomy consists firstly in the fact that it does not deal with a fiction deprived of territory, but with a definite population inhabiting a definite territory.

Secondly, it does not divide the people according to nation, it does not strengthen national partitions; on the contrary, it only serves to break down these partitions and unites the population in such a manner as to open the way for division of a different kind, division according to class.

The aim must be to unite the workers of all nationalities in Russia into united and integral collective bodies in the various localities and to unite these collective bodies into a single party.

Thus the principle of international solidarity of the workers is an essential element in the solution of the national problem.

So, with her worked-out plan of postwar expansion, Russia has actually acted upon that plan. She has effectively penetrated and paralyzed the formerly free nations of eastern Europe and is well on her way to the establishment of a Soviet Europe.

Typical of the loss of freedom in the Soviet satellite states is the case of Czechoslovakia. Last July when Bidault and Bevin invited the European nations to Paris to discuss European reconstruction, Czechoslovakia openly expressed its desire to participate. But Gottwald and Masaryk were called to Moscow and advised by Molotov that the Czechs would not be permitted to go to Paris. So Gottwald got on the long-distance phone and informed the ministers of Czechoslovakia of the will of the Politburo.

In three short years a whole group of individual nations have thus succumbed to Russia.

It is true that they maintain the fiction of independent governments in the satellite states but it is merely a fiction. These satellite governments still maintain embassies in Washington.

Several weeks ago the gentleman from California [Mr. Nixon], Mr. Douglas Cornell, an Associated Press reporter, and myself visited most of these satellite embassies in Washington and spent an hour with each of the Ambassadors. We took a stenographic report of the questions and answers. Typical of the attitude of the Moscow-trained ambassadors was the Yugoslav, Sava Kosanovich. He said that to him Russia represented progress and reform and that United States represented reaction. The Polish Ambassador, Josef Winiewicz, had much to criticize the United States for and had only praise for Russia. Poor Poland crucified between the two thieves of her national independence—the Nazis and the Communists. Poor Poland that lost a quarter of a million of her Warsaw citizens while the Soviet Army rested just outside the city so that the extermination could be completed. And again, the massacre of 10,000 imprisoned officers of her army. And again the carving up of her nation by Russian fiat. And Ambassador Winiewicz has an attitude of nothing other than sweetness and light toward Russia and severe criticism for the United States.

One significant thing about all of these satellite countries is that in every one of them the Communist party has complete control of the police depart-

ment. That is the way to keep the populace under control.

What is Europe facing in the Communist threat? It is not necessary to refer to the fifteen to twenty million people in slave labor camps. It is not necessary to recall the liquidation of all political opposition. It is not necessary to remind ourselves of the fate of Mikhailovich Petkov, Nagy, Masaryk, and others. It is not necessary to refer to actions of men like the Czech Ambassador Slavik who recently resigned. It is not necessary to remember that in that workers' paradise the people are required to work under the guard of machine guns. It is not necessary to refer to all of these activities of the Soviet type of democracy.

It is necessary to point to the fundamental philosophy that motivates the Soviets in their ambition to be masters of Europe.

For example, Marx states that "communism begins where atheism begins." Marx further argued that man has been alienated from himself in two ways: by religion and private property. "Religion," stated Marx, "alienates man from himself by subordinating him to God. Private property alienates man from himself by subordinating him to an employer."

Lenin wrote in 1905:

Our progress rests in its entirety on a scientific philosophy * * * our propaganda therefore necessarily embraces atheism.

When Molotov made his pact with Nazi Ribbentrop he stated:

Fascism is only a matter of taste and our friendship has been sealed in blood.

In Novo Sibirsk in Soviet Siberia, there was published the 10 communist commandments for Polish youths, as follows:

1. Never forget that the clergy is a declared enemy of the state and of communism.
2. Try to convert your friends to communism. Do not forget that Stalin, who gave to the Russian people its new constitution is the leader of the anti-Gods, not only in the Soviet Union but throughout the World.
3. Try to persuade, but do not force, your friends to stop going to church.
4. Watch out for spies; denounce sabotage.
5. Spread atheistic literature among the people.
6. Every good Komosol is also a militant atheist. He must know how to shoot and be expert in military discipline.
7. Work eagerly to prevent any religious element you may notice from influencing your neighbors.
8. Every atheist must be a good Communist. Watching the security of the state is the duty of every anti-God.
9. Support the atheist movement by financial gifts that will especially aid the propaganda of foreign organizations, obliged through circumstances to work in secret.
10. If you are not a convinced atheist you will not be a good Communist and a faithful citizen to the Soviet state. Atheism is permanently linked with communism and the two ideals are the basis of Soviet power in Communist Russia.

The Communists use the word "democracy." Stalin in reporting to the Fifteenth Communist Party Congress defines democracy as follows:

Democracy is of two kinds. It is clear, therefore, that democracy in the draft of the

new constitution is not the ordinary and universally recognized democracy in general, but socialist democracy.

All this talk about democracy! What is democracy within the party? Democracy for whom? If democracy is understood to mean the right of a few intellectuals, severed from the actual revolution, to twaddle without limit and to have their own press organs, we need no such democracy, for that is the democracy of a tiny minority opposing the will of the tremendous majority.

These are the fundamental concepts with which Russia would cover the world. It is not a mere political philosophy. It is a total faith. It is a religion. It is the religion of scientific dialectical materialism. It is the religion of atheism. It is a philosophy that would exterminate the spiritual equalities of mankind.

On March 24 there came over the Moscow radio excerpts from what was called the greatest speech made by Zhdanov, in which he says:

The U. S. S. R. is at present that real guardian of universal human culture in the same way as, in all other respects, it is the bastion of human civilization and culture against bourgeois disintegration and the decay of culture.

Thus, Europe and the world are faced with the spread of the religion of materialism implemented by the Soviet military machine and implanted and secured by the clever machinations of an international Soviet secret police—the NKVD.

In the face of this force free nations are falling.

And yet, Mr. Chairman, there is a strange paradox about this new threat to civilization. Its origin is not really Russian. Communism is a compound. It is a compound of the materialistic philosophies of the historical liberalism of nineteenth-century Europe—the western world. Marx was born in the city of Treves, Germany. He studied in universities of western Europe. He was a disciple of the philosopher, Hegel, who gave him the dialectical technique. Marx got his materialism from Ludwig Feuerbach. His philosophy was further rounded out in its sociological aspects by Proudhon. So Marx developed his ideological materialism from three European philosophers, Hegel, Feuerbach, and Proudhon, and therefrom developed his theory of economic determinism and historical materialism.

Thus, the philosophers of Europe who forgot that European culture was grounded in Christianity, gave birth to a political philosophy that finally found its way into Russia. And now that same philosophy is finding its way back into Europe.

How do we propose to meet this force?

The ERP program? Yes, we must do all we can to assist the recovery of Europe so that it will not be the chaos that Communists delight in to accelerate their ideas.

Must we do more than afford economic help? Yes; we must regain military strength so that we can defend ourselves against this new aggression if the need arises. Is the ERP and a return of our military strength sufficient to stop communism? No; not even these

two together are in themselves sufficient to stop the spread of communism throughout the world. The philosophy of communism can still seep through economic and military lines. It can seep through into the minds of scientists, of educators, or statesmen.

Communism must be met by an ideology that is stronger than communism.

Obviously, if the battle cries of Marx, Engels, Lenin, Stalin, and Molotov ring with the challenge of destruction of the spirit of man and would engulf the world with materialism, it is the spirit of man that must be defended.

Our forefathers did not disdain to state that our fundamental rights were given to us by our Creator. They so stated in our most basic document, our Declaration of Independence. Unless we defend the concept of the existence of God, the whole structure may fall. We will then be like the Soviet Government, where all human rights are gifts from the state.

How tragic, therefore, is the recent decision of our Supreme Court in the McCollum case wherein our highest court states that all the millions of our public-school children may have no connection in their school system with the study of religion—which is the study of the relationship between man and God. And, across the Atlantic in an English court, an English jurist denied a legacy to a religious order on the grounds that it was not a charitable institution because it did nothing to benefit mankind, because its members did nothing but pray.

The present tension between the United States and Russia is not a contest between communism and monopolistic capitalism. It is not a contest between communism and free enterprise. It is a contest of conflicting definitions as to the nature of man.

I make a distinction between monopolistic capitalism and capitalism. I am against monopolistic capitalism. I am for capitalism and I am against socialism and communism. But if capitalism would be preserved, it must be widely spread. Monopolistic capitalism breeds socialism and communism.

One of the most effective means of combating the spread of communism in Europe among the working class, will be to have sound American trade unionists, industrial engineers, and businessmen aiding in European recovery. If the European worker is to be kept from going Communist, his European employer should assist him to become a capitalist by giving him a living wage, enabling him properly to care for himself and his family. The dynamism of communism are the injustices of the capitalist system. The west cannot be sustained on a foundation of secular monopolistic capitalism. The roots of western culture will live in a soil with a spiritual strata as well as material. And in that soil only is the dignity of the human personality made to grow. If real justice is encouraged for European workers, the idea of a class struggle—which is essential to communism—will become irrelevant. Labor will become interested in capital when labor has capital to defend. Property is the economic guaranty of human liberty.

The Western World has been living on the fruits of Christianity for many years now. The roots have been severely severed. The Western World must cultivate the soil of the spirit.

We cannot effectively oppose the new driving materialistic faith that comes from Russia with a mere change in newspaper policy. There must be a rebirth of the things of the spirit. Nor can the issue be solved by any mere political tinkering.

So, Mr. Chairman, the United States is facing one of the fiercest forces in human history. It is the objective of the Communist Party of Russia ultimately to overcome the Government of the United States. In view of modern weapons, that objective could be accomplished if we permitted Russia to continue its advance and to put itself in a position where it can deliver a lethal blow to civilization.

It is the solemn duty of every Member of this House to vote in favor of this bill. It is our further duty to make ourselves sufficiently strong so that we can defend ourselves if the necessity arises. And, finally, we must regain spiritual strength because we are opposing a materialistic philosophy which is now not merely an abstract idea, but a materialistic philosophy that has embodiment in the Red army; embodiment in machine guns; embodiment in the hammer and sickle.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, I do not intend to take the 5 minutes allotted to me on this amendment. I realize the temper of this House and I realize the parliamentary situation. I intend to vote for the Marshall plan. I intend to vote for it notwithstanding the fact that there are sections in it which I deplore and which I wish I could have the opportunity of voting on separately. I refer to the inclusion of Spain, the Fascist nation, in the 16 nations; the nation that proved to be the proving ground for the Wehrmacht and the Italian dive bombers, that started the history of aggression in Europe; a country that we do not even yet recognize diplomatically. I refer also to the extending of military aid to Greece, Turkey and China as contained in this bill.

Now, I am not against the principle of extending military aid to constitutional governments to maintain their constitutional integrity, but, Mr. Chairman, I want to do it the square way, the fair way, the open way. I want to do it on the basis of regional alliances which are recognized under the United Nations' Charter. I want to do it through interregional alliances and agreements between those regional alliances. I do not want to do it in the unilateral way in which we are doing it. I do not want to wage an undeclared war through the back door of an economic rehabilitation act. I want to do it honestly, and I

think there are other Members in this House who are not extreme isolationists and who do not follow the Russian policy and who are not pro-Russian, who feel the same way. I think there are Members in this House who are true Americans, who want to go at this thing in the open way and do it in the way it should be done. It is for that reason that I rise and take the time at this time to say that I intend to vote for the Marshall plan, notwithstanding these parts of the Marshall plan which I do not approve, because I believe that it will give us just 1 year—I do not hope for any more—to bring these 16 nations into a functioning United Nations organization. A year ago I introduced a resolution which asks the President to call a conference of the United Nations. The gentleman from Minnesota [Mr. Judd] has more recently introduced a similar resolution. Many other resolutions from Members of the House are before the Committee on Foreign Affairs asking that the United Nations be strengthened; that we try to solve the problem of universal peace through the multilateral solution which was envisaged in the Charter some 2 years ago and which we have deserted.

I say again, in all seriousness, that there are not enough men, there is not enough money, there is not enough food in the United States to fight or to buy or to feed the world, and when we spread our resources thin throughout all the danger spots that exist at the present time and will exist in the future, I say to you in all seriousness we are not big enough and rich enough to do the job.

No one nation can rule the world, whether it be Russia or the United States. Our only safety lies in collective security, in working through the United Nations Organization, and in solving problems between nations through majority decisions of the United Nations members, and then enforcing those majority decisions. Let us turn back to the principles of the United Nations before it is too late. It is true that we are moving toward war in every step we take in a unilateral manner, especially when we are extending military aid, the same as Russia is extending it to her satellite nations. Let us turn back to the principles of the United Nations before it is too late, before we have to send millions of our boys overseas to try to police and fight the world. We do not have enough boys to do it. Their lives are too precious. Let me plead with you before it is too late that the members of the Committee on Foreign Affairs take up these resolutions that lie before you and give them some consideration. Let us try to strengthen the United Nations and go at this thing in the only way that will eventually work. I say this with my knowledge of atomic energy as a member of the Atomic Energy Committee. I know what I am talking about. We cannot win unless we do it the United Nations way. We cannot conquer the world, even though we have the atomic bomb. We can only destroy the cities of the world and kill millions of people. The chaos of atomic warfare will not bring peace to the world. The Galilean said 2,000 years ago, "He that

taketh the sword shall perish by the sword." The sword of the next war will be the atomic bomb. If we use it, we will bring upon ourselves the hatred of millions throughout the world. Their hatred will be as great as the destruction caused by our use of atomic bombs. Again I say let us turn to the United Nations. It is the only way to avoid a third world war.

Mrs. DOUGLAS. Mr. Chairman, I shall vote to support the amendment offered by the gentleman from Montana [Mr. Mansfield] to strike out title III, which would provide military aid to Greece, Turkey, and China.

We cannot beat an idea with a gun. I was opposed to the Greek-Turkish program when it was first presented because I believed it would fail in obtaining its objective.

I oppose the program today and for the same reason. We have sent guns to Greece but that has not stopped communism or civil war. There are twice as many guerrillas in Greece today as there were a year ago. The President, the Secretary of State, and the Secretary of Defense so stated.

We have spent our good dollars to train, equip, and advise Greek troops to fight Greek Communists. The Greek Army has now been expanded to 132,000 men—but this army is a bust. Testimony before our committee showed that these Greek troops armed by American hard-earned dollars have not had much enthusiasm to fight guerrillas.

A United Press dispatch from Athens a few days ago reported:

The American-aid mission said in a blunt and critical report tonight that the Greek Army had failed to take the offensive against the Communist-led guerrillas despite its great superiority in size and weapons. As a result the detailed report said rebel forces were enabled not only to increase their marauding activities but also to increase their strength through forcible recruitment.

As Harold Ickes pointed out in his column:

One hundred and seventy-two million dollars spent by American taxpayers to help the Greek Government to kill or crush 20,000 Greek guerrillas works out to \$8,600 per guerrilla.

He goes on to say that—

Even so, this might be regarded as a good investment to prevent the spread of communism—if the guerrillas had been overcome. Now the Government is talking about an additional \$275,000,000 which would make a total of \$450,000,000 to dispose of 20,000 guerrillas. This would mean \$22,500 per guerrilla, which seems to be a pretty high price, especially since we would be expected to keep pouring in more money.

There is no evidence to convince me that our dollars this next year will accomplish what they failed to accomplish last year.

I think it is fair to assume that communism in the next year will increase in Greece. I think it is fair to assume that Congress will again be asked to appropriate money to support the Greek army which does not want to fight.

Why? Because people cannot eat bullets; because guns cannot sell a corrupt government to a disillusioned people—worn and poverty ridden. The only

way to stop communism in Greece is to promote and support democracy in Greece.

Mr. Chairman, the Members may remember I pointed out this all important fact last year.

Oh, yes; we appropriated money last year for economic rehabilitation. It was earmarked for food, clothes, machines, houses, fertilizer and the many other desperately needed items for the people of Greece. But a great part of this money was not spent for these purposes. No; it was instead transferred to the military budget.

Bullets, not bread, was our answer to the people in Greece.

We sought to solve the Greek dilemma solely with guns—well, we have had our answer. Communism has doubled.

What madness.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. Holifield].

The amendment was rejected.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on title III and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MILLER of Connecticut. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

[Mr. MILLER of Connecticut addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. RICHARDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICHARDS: On page 104, line 6, strike out title IV.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on title IV and all amendments thereto close in 10 minutes, the last 5 minutes to be reserved to the committee.

Mr. CELLER, Mr. CARROLL, and Mr. POWELL objected.

Mr. RICHARDS. Mr. Chairman, in offering this amendment to strike the provision for aid to China from this bill, I do not wish to give the impression that I am unsympathetic to China's plight nor that I am against all aid to China. I am offering the amendment because I do not believe that title IV has any place in this bill.

The charge that the United States has betrayed China is a gross libel. The total American funds spent in aid of China since VJ-day amount to \$2,000,278,000. The items included \$844,721,000 for military aid, \$970,107,000 for relief, rehabilitation, and trade development, \$30,450,000 for educational and philanthropic aid, and \$155,000,000 for fiscal aid. There may be added to these figures millions of dollar values for which little or nothing was paid on account of bargain price sales of munitions and other goods. In addition, China now has

the pick of our surplus military supplies and equipment in the Pacific area.

There are now in China 400 American Army officers and 400 technicians who are helping the Chinese military establishment in the fight against the Communists. In title III of this bill, this House has already provided \$150,000,000 additional military aid for China.

However, any proposal for further relief to China should be carefully considered and should be considered by this House in a bill entirely separate from the ERP bill.

The Senate considered civilian relief for China in an entirely different bill. Yesterday that bill passed the Senate, and, during debate, Senator VANDENBERG, chairman of the Foreign Relations Committee, said:

We cannot deal with the Chinese economy on an over-all basis as we have done in the European Recovery Program. China is too big. The problem is too complicated.

This bill started out as a European recovery program, and that is the way it passed the other body. The bill originally proposed the authorization of funds for the economic recovery and rehabilitation of 16 nations who had banded together to help themselves. I would not support title I of this bill if its provisions were not predicated on the condition that these nations give and take among themselves and help themselves.

Regardless of what has been said to the contrary, this bill is the first step in a 4-year program to help Europe. The termination date of the program, 1952, is written all through the bill. It is true that the bill requires that next year another authorization and another appropriation will have to be provided by the Congress before the program can be continued. That language is mostly surplusage, as everyone knows that this Congress cannot bind a succeeding Congress. The fact remains that we are here embarking on a 4-year program.

If title IV remains in this bill, although no long-range program has been worked out for China, you can count on it that next year China will be back for additional millions, yea billions, on the ground that we are committed to a long-range program in China as we are committing ourselves to such a program in Europe.

Any plan for relief in China must be studied carefully in the light of conditions in the Pacific. It should be studied in the light of the needs of the Philippine Islands, Korea, and Japan, and it should be based on what those countries are willing and can do for themselves.

It is true that communism is bearing down on China, too, and that it is to our interest to combat communism on all the fronts of the world. However, our wealth is not unlimited and it would be extremely unwise to spread our help lines too thin and in a way that would benefit no one in the long run. Such a procedure would be pouring money into a rat hole.

The focal point of the world cold battle against communism is in Europe and the Mediterranean area. There you will find potentially forty-odd percent of the in-

dustrial output of the world. That is the area communism covets most because they need control of industrial output most. The hammer and sickle already waves over plenty of land, raw materials, and manpower. Let that flag fly over the 16 nations of Europe with their mechanical genius and industrial know-how and Russia will be a long way on the road to world conquest indeed.

While I deeply sympathize with China and admire her steadfastness in her battle against foreign domination, I am afraid that the money allowed here for China will not accomplish any worthwhile purpose—that is, unless we follow up with a 4-year program such as has been proposed for Europe and spend billions of dollars to carry through. I simply do not believe that the United States can afford such expenditures with no logical expectation of a return on the investment.

As a matter of fact, the money here proposed for economic support and military aid to Italy, Greece, and Turkey will in the long run prove to be of more benefit to China than the money provided in title IV of the bill. If Italy, Greece, and Turkey fall to communism, and the Dardanelles come under Russian domination, then the road to China is open to the Soviet from the south and the west, as she will be encircled by the forces of communism.

As was said by Peter the Great, "He who controls the commerce of India will control the destiny of Europe and of the world." He might well have added that he who controls the Mediterranean and the Dardanelles will eventually control the commerce of India and China as well.

Mr. Chairman, I have come to the conclusion that over a 4-year period the United States must make this \$17,000,000,000 investment to rehabilitate and restore the economy of Europe.

During the recent war, General Marshall chose France as the focal point of his attack and he amassed a preponderant strength there, and we won. Had he divided his forces to attack all over the world at the same time, we would have lost the war. Now, in attempting to build a bulwark against Communist aggression, we must use such resources as we can spare in the area it will do the most good, and that area is Europe.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. RICHARDS] has expired.

Mr. VORYS. Mr. Chairman, I move that debate on this amendment and all amendments to title 4 close in 15 minutes, the last 5 minutes to be reserved to the Committee.

The motion was agreed to.

The CHAIRMAN. The gentleman from Colorado [Mr. CARROLL] will be recognized for 2 minutes.

(Mr. CARROLL asked and was granted permission to revise and extend his remarks.)

Mr. CARROLL. I believe this amendment is a reasonable one, because we have not fully considered the effect of the aid that is going to be given to China.

It has been reliably reported that our military intervention in China today, if continued to a successful conclusion, might very well commit this Nation to

an expenditure of an additional thirty to forty billions of dollars. I want the record clearly to show that the funds authorized for China in this bill are not to be construed in any manner as committing me to a program of future support to the extent of this enormous sum of money. In my opinion aid to China should be considered separate and should be further explored before this Nation is committed to a course of action either legal or moral. Every legislator knows that sound and constructive legislation cannot be written upon the floor of this House. Yet during the consideration of this bill, in many instances, wisdom and caution have been thrown to the winds.

Only yesterday this body, by passage of amendment to bring Spain into the provisions of this bill, dealt the forces of democracy a staggering blow.

This intemperate action has had serious repercussions all over the world and particularly in Europe. The action of this body with reference to Spain has caused bitterness and despair among the democratic forces of Italy according to wire reports from Rome. Press reports from Rome indicate that all of the good that came from the recent Trieste proposal has been wiped away by the action of this body. From London and other parts of the world anger follows amazement and despair. It is incredible to them that this body could have been so inconsiderate and unwise in its action. Fourteen of the 16 nations of Europe have said they will not include Spain within ERP. It ought to be clear to every Member of this body that whether or not Spain is to be included within the group of the nations of western Europe is a matter for the determination of those nations, and is not subject to political dictation by this Congress.

Not only has your action jeopardized the success of the coming election in Italy—you have given fuel to the flame of propaganda that is designed to blacken the spirit, the intent and the purpose of this legislation. You have done a great injustice not only to the American people but to the spirit of this program which has been labeled a recovery program, a program designed to achieve peace in the world.

This ought to be a lesson to you. Minds and tongues should be curbed, for the well of this House has become a sounding board for much of the propaganda that is being used against us in Europe and other parts of the world. Let us devote our thoughts and speech to our faith and hopes for peace and for real democracy, and never permit ourselves to be placed in the position of embracing or sponsoring any totalitarian force in any part of the world.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. CARROLL] has expired.

The Chair understands there are some further amendments pending, and will ask that those names which have been read who desire to speak on the Richards amendment will please indicate it, and they will be recognized first.

The Chair recognizes the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, to my mind, the inclusion of title IV, Chinese aid, is a sort of a stand-and-deliver attitude taken by the Foreign Affairs Committee. I want to vote for the bill, but title IV, Chinese aid, like military aid to Turkey and Greece, is holding my vote in ransom. To my mind, that is mean, shabby politics.

Let us read what General Stilwell said about China only in 1944, as appears in a recent publication:

Under Chiang Kai-shek they may expect greed, corruption, favoritism, more taxes, a ruined currency, terrible waste of life, callous disregard for all the rights of men.

The Senate Foreign Relations Committee only day before yesterday issued a public statement highly condemnatory of China. The chairman of that committee turned right about and withdrew the statement, but the statement is still true. It in part follows:

The unfavorable factors (in China) presently outweigh the favorable.

Inefficiency, corruption, and bureaucratic maladies became even more devastating in a period of dislocation and inflation. Ineptitude in military leadership and corruption among army commanders has contributed largely to the lowered morale of the Chinese Government troops.

The country never developed a favorable balance of trade and the unfavorable balance obviously grew worse in the past few years. An important psychological factor is the lack of popular confidence in the Chinese Government.

Under the present circumstances, it is not possible to develop a practical, effective, long-term over-all program for China's economic recovery predicated upon outside assistance from the United States. We cannot underwrite the destiny of China.

That is the government we are seeking to aid by this title. Note the conclusion of the Senate Foreign Relations Committee that under the present regime no economic recovery is possible. Thus our goods and money and material would be wasted.

It will not be any aid to the Chinese peasant who is desperately in need. Those who are entitled to aid will not get it. Instead, we will be bolstering up a decadent and bureaucratic government that is not entitled to the slightest vestige of support.

I have done all I can to eliminate the vexatious provisions of the bill. I have fought to cut out aid to Franco and Fascist Spain. I have struggled to drop aid of military character, especially to Greece and Turkey. I battled against aid to China. I believe in ERP. It is sound doctrine. It is temporary aid to war-torn Europe and permanent economic rehabilitation. It envisages that the 16 European countries to be aided will do all and sundry to reestablish themselves, especially with the aid of United States capital and consumer goods.

Several evil provisions have been added. I opposed them. For the sake of the basic structure of the bill, I will have to swallow the provisions I dislike. That is unfortunate. I fervently hope the bill will be perfected in conference. Particularly I pray that the Senate will refuse aid to Franco and China and that the conferees will return a bill to us clean and wholesome.

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentleman from Pennsylvania [Mr. FULTON] is recognized for 2 minutes.

Mr. FULTON. Mr. Chairman, I rise in opposition to the Richards amendment to strike out title 4 to cut out the economic aid to China. The gentleman from South Carolina said, "We are appropriating money we know not for what." The gentleman from Colorado, another Democrat, said, "We have not considered the effect of the aid given to China."

May I point out that Secretary Marshall himself, Secretary of State, said before the Foreign Affairs Committee on February 20, 1948:

The Chinese Government is in dire need of assistance in its present serious economic difficulties. However, the political, economic, and financial conditions in China are so unstable and so uncertain that it is impossible to develop a practical, effective, long-term, over-all program for economic recovery. Nevertheless, it is desirable that the United States Government render assistance to China in her present critical situation in order to help retard the present rapid rate of economic deterioration and thus provide a breathing space in which the Chinese Government could initiate important steps toward more stable economic conditions.

Also the Secretary at that time said specifically:

The proposed program of aid for China would provide economic assistance in the amount of \$570,000,000 for the period ending June 30, 1949. Of this amount \$510,000,000 would cover minimum imports of essential civilian type of commodities, chiefly food-stuffs and raw materials, and \$60,000,000 would be for key construction projects. The program concentrates on those commodities believed to be of maximum aid to Chinese civilian economy and those which will insure the greatest aid per dollar spent.

That is the Secretary of State speaking, and here you find the Democratic Party in Congress trying to cut out the program specifically sent up by the Secretary of State to the Foreign Affairs Committee of this Congress. I do not understand it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from Ohio [Mr. VORYS] is recognized to close the debate.

Mr. VORYS. Mr. Chairman, the gentleman from Minnesota [Mr. JUDD] will close debate on this side.

Mr. JUDD. First, Mr. Chairman, I offer a committee amendment that is at the desk. It is in the nature of a perfecting amendment.

The Clerk read as follows:

Committee amendment: On page 105, line 23, strike out the period and insert the following: "at any time."

Mr. JUDD. Mr. Chairman, this is just to correct a typographical omission in the bill.

The CHAIRMAN. The amendment being in the nature of a perfecting amendment will be voted upon now.

The question is on the committee amendment.

The committee amendment was agreed to.

Mr. JUDD. Mr. Chairman, no one, I think, can rightly justify this bill, or

title 4 or any other part of it, on a basis primarily of humanitarianism or charity. The Committee has heard me say on other occasions beginning early last year that such measures as this could be justified in this present world situation and in the present straitened state of America's finances and supplies only if they are essential from the standpoint of the security of the Nation. This is primarily a national defense bill.

We had hoped it would be an alternative to a military policy. Six months ago it perhaps could have been. But world events and Communist aggression have advanced so rapidly that now it probably is more in support of a military policy than an alternative to one.

It was not to divert attention or assistance from Europe to Asia that the aid-to-China sections were put into this bill. Rather, it was to strengthen and support the program in Europe. We do not believe that Asia is more important to our security than Europe, but we do not believe it is less important. As General MacArthur put it in his cabled reply to the committee's request for his view—

It would be utterly fallacious to under-rate China's needs or her importance. For if we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is no less important than another, and a decisive breach of any will inevitably threaten to engulf all.

How much more will it cost us, in money and resources and men, to keep western Europe free—or even ourselves—if China and Asia go down and Russia is able to concentrate all her attention and strength on the west?

I doubt that ERP can succeed in Europe if Russia gets control of China—which means of Asia—as Russia will if we do not help effectively and at once. To contemplate spending \$17,000,000,000 on one flank during a period of 4 years and nothing on the other is hardly good sense.

An intelligent and immediate program of aid to China consisting of moral support, munitions, American personnel for military training and advice at all levels, dollars to balance China's international payments for necessary imports, to steady her currency, and loans for specific development projects—the sort of program these two titles authorize—should not cost more than about \$500,000,000 a year for 3 years. If that billion and a half for China should make the difference between success and failure of the proposed seventeen billion for Europe, it would seem to me a good investment—and a necessary one.

It is not a scattering of our shots, a diversion from Europe; it is in order to win in Europe that we must try to win also in China.

Suppose we concentrate on Europe alone and succeed there even better than we expect, all we will have is two great armed camps glaring at each other—on one hand Russia and her satellites, strong because essentially one economic and political unit; on the other hand the 16 nations of western Europe, the United States, Canada, Australia, and a few other nations. The success of ERP is necessary merely to restore an uneasy balance with the Soviet-controlled system. But it does not give us preponder-

ance. Which side will have preponderance depends upon which way China goes. The billion people in Asia control the balance of power. China's immediate fate is in our hands. But our ultimate fate is in no small degree in her hands. The people of Asia understand that. They wonder why so many of us fail to see it.

So I repeat, it is not because we care more about Asia and China than we do about Europe. On the other hand, we do not think they are less important. In order to save either, in my judgment, we have to make an honest effort to save both. In both cases our primary concern is and must be the security of our own Nation.

The deadline for China does not come on April 18, as it does for Italy. The deadline for China came a year and a half ago. Any less courageous and tenacious people would have broken long ago under the terrific blows they have suffered and the strains they have endured. They may yet crack up before we can get going. But I have great confidence in the Chinese, based on their record. If we adopt this program and it is carried out in good faith and vigorously, there is good reason to believe that with the amazing resilience and recuperative capacities the Chinese people have, it will succeed in enabling them to retain their independence and their territorial and administrative integrity and to resume the march toward freedom and democracy and better government which they made under their present leadership from 1927 to 1937 in one of the most amazing renaissances of all history. That was interrupted by the Japanese war. They stood alone against Japan for 4½ years while we were daydreaming. They are still resisting valiantly, all attempts to enslave them.

Two months after Pearl Harbor the Congress unanimously passed a bill to grant \$500,000,000 to China. Why? Because it had a good government? No. Because it was an honest or efficient or dramatic government by our standard? No. It was still struggling to emerge from an ancient medieval feudalism. We appropriated that money without a single dissenting vote because we desperately needed China on our side. Well, is an independent and friendly China less vital to our security now than then? I think not.

If it had not been so humiliating it would have been a little ludicrous in February 1942 to see the great United States which had been supplying Japan against China, now on its knees pleading, "Please, China, please hang on with your bare hands and hold the Japanese three long years until we can rebuild our sunken Navy, capture the islands one by one, and eventually bring our superior power to bear upon Japan."

China made good then when we were threatened. We must do no less now.

Mr. Chairman, it is to help the United States of America and to advance our hope for security and peace that we must do the best we can on both flanks. It is to save money, not waste

it, that I believe we must make a real effort to keep China independent and on our side.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from South Carolina [Mr. RICHARDS].

The question was taken; and on a division (demanded by Mr. RICHARDS) there were—ayes 31, noes 113.

So the amendment was rejected.

Mr. MARCANTONIO. Mr. Chairman, I offer a substitute, which is at the Clerk's desk.

The Clerk read as follows:

Substitute amendment offered by Mr. MARCANTONIO: Strike out all after the enacting clause and insert the following:

"That this act may be cited as the 'Peace and Reconstruction Act of 1948.'

"SEC. 2. The Congress finds that after the horror and devastation of World War II, the victorious coalition, responding to the highest and noblest hopes of mankind everywhere, established the United Nations for the promotion and maintenance of peace. It is the declared purpose of the United Nations to maintain international peace and security; to take effective collective measures for the prevention and removal of threats to the peace; to develop friendly relations among nations based on respect for the principle of equal rights and the self-determination of peoples; to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character; to employ international machinery for the promotion of the economic and social advancement of all peoples; and to be a center for harmonizing the actions of nations in the attainment of these ends. Realization of these principles through the United Nations remains the world's last best hope for peace. The United States as initiator of the United Nations and a signatory to its Charter has the high responsibility of strengthening its organization and, through it, building the foundations of an enduring peace.

"Yet the foreign policy of the United States as embodied in the Truman doctrine and as practical continuously since the announcement of that doctrine has seriously weakened the United Nations as an instrument for world peace and collaboration, and negated the high purpose of its Charter. Instead of taking collective measures, through the United Nations, for the prevention and removal of threats to the peace, unilateral action under the Truman doctrine has divided the world into hostile blocs. Instead of employing international machinery for the promotion of the economic and social advancement of all peoples, the Truman doctrine has employed the economic might of the United States unilaterally for political ends. Instead of respecting the principle of equal rights and the self-determination of peoples, the Truman doctrine has intervened in the internal affairs of other nations. Instead of making use of the United Nations as a center for harmonizing the actions of nations, the Truman doctrine has bypassed the United Nations and provoked international suspicion and tension which, if unchecked, can lead only to war.

"It is therefore declared to be the policy of the Congress that the United States take immediate steps to repudiate the Truman doctrine and reassert leadership in the great task of establishing and maintaining peace through the United Nations. It is the further policy of the Congress to respond to the desperate need of the European victims of Axis aggression for the reconstruction and economic development of their war-devas-

tated lands by providing aid through the instrumentality of the United Nations and in accordance with the purpose of its Charter to employ international machinery for the promotion of the economic and social advancement of all peoples, while guaranteeing their right to determine for themselves the forms of their social, political, and economic institutions, without intervention or interference.

"UNITED NATIONS EUROPEAN RECONSTRUCTION AND ECONOMIC DEVELOPMENT ADMINISTRATION

"SEC. 3. (a) The Congress calls upon the President to request the Secretary General of the United Nations to convene a special session of the General Assembly of the United Nations at the earliest possible date.

"(b) The Congress calls upon the President to instruct the representatives of the United States in the General Assembly, upon the convening of that body, to submit a proposal for the establishment of a European Reconstruction and Economic Development Administration (herein referred to as the 'Administration') within the United Nations, based upon the following principles:

"(1) The Administration shall include representatives of the United States and of all European members of the United Nations.

"(2) The Administration shall be charged with the administration and distribution of a European reconstruction and economic development fund (herein referred to as the 'fund').

"(3) The fund shall be made up by voluntary contributions from members of the United Nations, or by quotas determined by the Administration on the basis of ability to pay and shall be in the aggregate amount of at least \$25,000,000,000 over a period of 5 years.

"(4) The fund shall be available to provide loans or grants to individual European nations for the purposes of rehabilitation, reconstruction, and economic development, to the end that the immediate human suffering of their people may be alleviated and their industry and agriculture restored and placed on a self-sustaining basis at the earliest practicable time. In addition, loans and grants may be made available for industrial development, with special emphasis on the industrially backward nations, to raise the living standards of their people, provide for the full utilization of their natural resources and promote economic cooperation and world trade.

"(5) Priority in the allocation of funds shall be given to those nations which suffered most severely from Axis aggression. All allocations of funds shall be based solely on this consideration and on the basis of need, without regard to the character of the political and social institutions of the recipient nation and without the imposition of any political conditions or any economic conditions other than those necessary to insure that the allocated funds will be expended for the purpose for which the allocation was made, without waste or inefficiency.

"(6) The entire fund shall be used exclusively for peaceful purposes, and no allocation shall be made to finance the purchase, manufacture, or maintenance of any military establishment, armaments, munitions, military supplies, or equipment of any kind or character whatsoever.

"(7) Special attention shall be given to raising the levels of food production, providing an ever-normal world food granary and raising the minimum nutrition and shelter standards of all recipient nations.

"SEC. 4. There is hereby authorized to be appropriated the sum of \$5,000,000,000 for the fiscal year commencing July 1, 1948, and a like sum for each of the four fiscal years next following, which shall be available for payment by the United States to the Euro-

pean Reconstruction and Economic Development Administration from and after the date it is established.

"EMERGENCY AID"

"Sec. 5. In order to provide immediate emergency relief to the peoples of the war-devastated European nations pending the establishment of the United Nations' European Reconstruction and Economic Development Administration, the President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may make grants to the governments of European nations to finance the procurement, from any source determined by the recipient of food or fuel or any commodity, machinery, or equipment required for the production of food or fuel. In determining the nations to which grants shall be made under this section, and the amounts of such grants, the President shall be bound by the provisions of subdivision (5) of section 3 of this act and no economic, political, or other conditions shall be attached to such grants except for the united purpose expressly provided in subdivision (5) of section 3 of this act.

"Sec. 6. There is hereby authorized to be appropriated not to exceed \$500,000,000 to carry out the provisions of section 5 of this act: *Provided*, That no funds shall be obligated under such appropriation subsequent to January 1, 1949, or the date of the organization of the United Nations' Reconstruction and Economic Development Administration, whichever is earlier.

"REDUCTION OF ARMAMENTS"

"Sec. 7. From and after the effective date of this act, and notwithstanding any other provision of law, the United States shall not in time of peace, unless the Security Council of the United Nations shall otherwise determine, give, or sell to any other nation any military or naval equipment, munitions, arms, armament, or supplies, or finance the purchase of the same by any other nation, and any moneys heretofore appropriated by the Congress for any such purpose shall not be obligated therefor.

"Sec. 8. It shall be the declared policy of the United States to promote universal disarmament as a means of preventing war and removing the crushing burden of mounting armament appropriations from the people of all lands, including our own. To that end, the Congress calls upon the representatives of the United States in the United Nations to propose to the Commission for Conventional Armaments the immediate reduction by all nations in their armament and military expenditures for all types of armaments to an amount not in excess of 10 percent of the current rate."

Mr. DONOHUE. Mr. Chairman, I ask unanimous consent to extend my remarks at that point in the RECORD where the debate on title I of the bill was concluded.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, I realize the effort we are now making is a futile one here. I know that nothing I can say or anyone else can say here this evening will change the course of events in this House. However, in the final analysis, our efforts are not futile because we believe that judgment on this matter will not be finally rendered here today. Final judgment on this far-reaching issue will be given by time and events and the American people. So as to have the record complete, and so that the record will demonstrate that efforts have been made by some of us to pre-

serve the peace of the world, I have offered this substitute. In making the fight that we are making in these last minutes of the debate, I assure you we are not going to be deterred by smears, threats, and lies from carrying this fight back to the people.

We have been told to go back to the country that we love. We take that advice. We are going back to the country we love—we are going back to the election precincts of our cherished United States, and we are going to take this fight to the American people. Let me say right here and now we are not going to be deterred by any vituperation that may come from any tobacco patriot or from any cotton king or from any corn and corny orator or from any arrogant Jim Crow flag-waver who brazenly talks of democracy here, but personally refuses to apply it in the communities that he represents. I am making the fight against this bill. We have charged it to be a bill for imperialism and monopoly capitalists, and what has happened during the last 3 days demonstrates the correctness of our position. You started out with a bill which was intended to write into law agreements and policies that extend the control of monopoly capital over these nations—yes, Wall Street monopoly capital, and when we attack Wall Street monopoly capital from the floor of the House, we are not attacking America—we are defending America because the enemy of America today, the enemy of the world today, is Wall Street monopoly capital. Now let us see what has happened to this bill, this monopoly capital bill conceived in fascism. You have the proof of it before you. As a logical sequence and as an integral part of this big trust, Wall Street Marshall plan, let me say to my so-called liberal friends, you had nothing else to expect but aid to the Chinese Hitler, Chiang Kai-shek. You had nothing else to expect but aid to the Fascist governments of Greece and Turkey. You had nothing else to expect but the betrayal of Palestine. Yes; and you could not expect anything else but the insertion of aid to the Butcher of Spain, Franco. All this had to be expected because all this is an integral part of the living flesh and blood of imperialism in which this bill was conceived. Let me say further that in consequence of the alleged anti-Communist policy with which some of you so-called liberals seek to justify your vote for this measure, there would have been included aid to Mussolini and Hitler if they had been alive and if they were still ruling their respective countries. This so-called anti-Communist policy is driving this Nation not only to war but also into fascism. In sharp contrast to the bill you support our substitute is the way of the United Nations; and as Fiorello LaGuardia described it, the way of Christ, toward peace and security and freedom.

The CHAIRMAN. The time of the gentleman from New York [Mr. MARCANTONIO] has expired.

Mr. VORYS. Mr. Chairman, I move that all debate on the pending amendment, on the committee substitute, and all amendments thereto, do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York [Mr. MARCANTONIO].

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 6, noes 270.

So the amendment was rejected.

The CHAIRMAN. The question recurs on the committee substitute for the Senate bill, as amended by amendments that have been adopted in Committee of the Whole.

The committee substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee now rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, pursuant to House Resolution 505, he reported the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the bill.

Mr. MARCANTONIO. Mr. Speaker, a point of order. I make the point of order, that the House has not been given an opportunity to request a separate vote on any amendment that was adopted. The rule under which the bill was considered, as I understand it, provided that it should be read for amendment, and any amendment agreed to by the Committee of the Whole would be subject to a request for a separate vote.

The SPEAKER. The Chair will state there was no effort being made to deprive Members of that opportunity.

Mr. MARCANTONIO. I do not imply that at all, Mr. Speaker. I want to publicly state that I think the present Speaker has at all times been eminently fair to the minority.

The SPEAKER. The Chair will state that he did not ask if a separate vote on any amendment was demanded.

Is a separate vote on any amendment demanded?

Mrs. DOUGLAS. Mr. Speaker, I request a separate vote on the so-called O'Konski amendment.

Mr. CELLER. Mr. Speaker, I demand a separate vote on title III and title IV.

The SPEAKER. Those amendments were not agreed to in Committee of the Whole.

The Clerk will report the amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. O'KONSKI: On page 50, line 16, after the word "including" add "Spain" and a comma.

Mrs. DOUGLAS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the adoption of the amendment.

Mr. MARCANTONIO. Mr. Speaker, on that I ask for tellers.

Tellers were refused.

Mr. MARCANTONIO. Mr. Speaker, I ask for a division.

The question was taken; and on a division there were—ayes 188, noes 104.

So the amendment was agreed to.

The SPEAKER. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. JOHNSON of Oklahoma. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion of recommit.

The Clerk read as follows:

Mr. JOHNSON of Oklahoma moves that S. 2202 be recommitted to the Committee on Foreign Affairs.

Mr. VORYS. Mr. Chairman, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. VORYS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 329, nays 74, answered "present" 2, not voting 26, as follows:

[Roll No. 34]

YEAS—329

Abernethy	Buck	Davis, Tenn.
Albert	Buckley	Davis, Wis.
Allen, Calif.	Bulwinkle	Dawson, Ill.
Allen, La.	Burke	Dawson, Utah
Almond	Burleson	Deane
Andersen,	Butler	Delaney
H. Carl	Byrne, N. Y.	Devitt
Anderson, Calif.	Byrnes, Wis.	D'Ewart
Andrews, N. Y.	Camp	Dirksen
Angell	Canfield	Dolliver
Arends	Cannon	Domengeaux
Auchincloss	Carroll	Donohue
Bakewell	Carson	Douglas
Barrett	Case, N. J.	Durham
Bates, Ky.	Celler	Eaton
Bates, Mass.	Chadwick	Eberharter
Battle	Chapman	Elliott
Beall	Chelf	Ellsworth
Beckworth	Clark	Elsaesser
Bell	Clason	Elston
Bender	Cole, Kans.	Engel, Mich.
Blackney	Cole, N. Y.	Engle, Calif.
Bland	Colmer	Evins
Blatnik	Combs	Fallon
Bloom	Cooley	Feighan
Boggs, Del.	Cooper	Fellows
Boggs, La.	Corbett	Fenton
Bolton	Cotton	Fernandez
Bonner	Coudert	Fisher
Bradley	Courtney	Flannagan
Bramblett	Cox	Fletcher
Brehm	Cravens	Fogarty
Brooks	Crosser	Folger
Brophy	Crow	Footo
Brown, Ga.	Cunningham	Forand
Bryson	Dague	Fuller
Buchanan	Davis, Ga.	Fulton

Gallagher	Kersten, Wis.	Potter
Gamble	Kilburn	Potts
Garmatz	Kilday	Poulson
Gary	King	Preston
Gathings	Kirwan	Price, Fla.
Gavin	Klein	Price, Ill.
Gearhart	Kunkel	Priest
Gillette	Lane	Ramey
Goff	Lanham	Rayburn
Goodwin	Latham	Redden
Gordon	Lea	Rees
Gore	LeCompte	Reeves
Gorski	LeFevre	Regan
Gossett	Lichtenwalter	Richards
Graham	Lodge	Riehlman
Granger	Lucas	Riley
Grant, Ind.	Ludlow	Robertson
Gregory	Lusk	Rockwell
Gross	Lyle	Rogers, Fla.
Hale	Lynch	Rogers, Mass.
Hall	McConnell	Rohrbough
Edwin Arthur	McCormack	Ross
Hall	McCulloch	Russell
Leonard W.	McDonough	Sabath
Halleck	McDowell	Sadlak
Hardy	McGarvey	St. George
Harless, Ariz.	McMahon	Sarbacher
Harris	McMillan, S. C.	Sasscer
Hart	McMillen, Ill.	Scoblick
Hartley	Mack	Scott, Hardle
Harvey	MacKinnon	Scott,
Havenner	Madden	Hugh D., Jr.
Hays	Mahon	Seely-Brown
Hébert	Maloney	Sheppard
Hedrick	Mansfield	Simpson, Ill.
Heffernan	Mathews	Simpson, Pa.
Herter	Meade, Ky.	Smathers
Heslton	Meade, M.	Smith, Maine
Hess	Morrow	Smith, Va.
Hill	Meyer	Snyder
Hinshaw	Michener	Somers
Hobbs	Miller, Calif.	Spence
Hoeven	Miller, Conn.	Stanley
Hollfield	Miller, Md.	Stevenson
Holmes	Mills	Stigler
Hope	Monroney	Stockman
Horan	Morgan	Stratton
Huber	Morrison	Sundstrom
Jackson, Calif.	Morton	Taber
Jackson, Wash.	Muhlenberg	Talle
Javits	Multer	Teague
Jenkins, Ohio	Mundt	Thomas, Tex.
Jenkins, Pa.	Murdock	Thompson
Jennings	Murray, Tenn.	Tibbott
Jensen	Murray, Wis.	Tollefson
Johnson, Calif.	Nicholson	Towe
Johnson, Tex.	Nixon	Trimble
Jones, Ala.	Nodar	Van Zandt
Jones, N. C.	Norblad	Vinson
Jones, Wash.	Norton	Vorys
Jonkman	O'Brien	Wadsworth
Judd	O'Toole	Welch
Karsten, Mo.	Pace	Wheeler
Kean	Patman	Whitten
Kearney	Patterson	Whittington
Kearns	Peden	Wigglesworth
Keating	Peterson	Williams
Kee	Pfeifer	Wilson, Tex.
Keefe	Philbin	Winstead
Kefauver	Phillips, Tenn.	Wolcott
Kelley	Pickett	Wolverton
Kennedy	Ploeser	Worley
Keogh	Plumley	Zimmerman
Kerr	Poage	

NAYS—74

Allen, Ill.	Hagen	Phillips, Calif.
Arnold	Hand	Powell
Banta	Harness, Ind.	Rankin
Barden	Harrison	Reed, Ill.
Bennett, Mich.	Hoffman	Reed, N. Y.
Bennett, Mo.	Hull	Rich
Bishop	Isacson	Sadowski
Buffett	Jenison	Sanborn
Case, S. Dak.	Johnson, Ill.	Schwabe, Mo.
Chenoweth	Johnson, Ind.	Schwabe, Okla.
Chiperfield	Johnson, Okla.	Scrivner
Church	Knutson	Shafer
Clevenger	Landis	Short
Clippinger	Larade	Smith, Kans.
Cole, Mo.	Lemke	Smith, Ohio
Crawford	Lewis	Smith, Wis.
Curtis	Love	Stefan
Dondero	McCowan	Twyman
Dorn	McGregor	Vail
Doughton	Marcantonio	Vursell
Ellis	Martin, Iowa	Wilson, Ind.
Gillie	Miller, Nebr.	Wood
Griffiths	Morris	Woodruff
Gwynn, N. Y.	O'Hara	Youngblood
Gwynne, Iowa	Owens	

ANSWERED "PRESENT"—2

Brown, Ohio Macy

NOT VOTING—26

Abbitt	Hendricks	Rains
Andresen,	Jarman	Rivers
August H.	Lesinski	Rizley
Andrews, Ala.	Manasco	Rooney
Boykin	Mason	Sikes
Busbey	Mitchell	Taylor
Coffin	Norrell	Thomas, N. J.
Dingell	O'Konski	Walter
Grant, Ala.	Passman	West

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Rooney for, with Mr. Mason against.
Mr. Coffin for, with Mr. Busbey against.
Mr. Rains for, with Mr. Passman against.
Mr. Brown of Ohio for, with Mr. Rizley against.

General pairs until further notice:

Mr. Thomas of New Jersey with Mr. Walter.
Mr. Mitchell with Mr. Rivers.
Mr. Taylor with Mr. Abbitt.

Mr. BROWN of Ohio. Mr. Speaker, on this roll call I voted "yea." I have a live pair with my colleague the gentleman from Oklahoma [Mr. RIZLEY] who, if present, would have voted "nay." I therefore withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

The title was amended so as to read: "An act to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States."

A motion to reconsider was laid on the table.

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the House insist on its amendment, ask the Senate to appoint conferees, and that the Speaker be authorized to appoint conferees.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. EATON, VORYS, MUNDT, BLOOM, and KEEFE.

GENERAL LEAVE TO EXTEND

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to strike from the permanent RECORD my remarks of Tuesday, March 23, which appeared on page A1915.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SPECIAL ORDER GRANTED

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to address the House for 45 minutes on Monday next, following the business of the

day and any special orders heretofore entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

RUBBER ACT OF 1948

Mr. SHAFER. Mr. Speaker, I call up the conference report on the bill (H. R. 5314) to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(For conference report and statement, see proceedings of the House of March 30, 1948.)

Mr. SHAFER. Mr. Speaker, I yield 30 minutes to the gentleman from Texas [Mr. JOHNSON] and yield myself such time as I may use.

The SPEAKER. The gentleman from Michigan is recognized.

Mr. SHAFER. Mr. Speaker, the House managers for the Rubber Act of 1948 met with the Senate conferees yesterday and agreed upon a rubber bill which I believe to be a happy compromise of the two bills. All the House conferees who signed the statement are in accord.

As you know, the present law with respect to controls over synthetic rubber expires at midnight tonight. Therefore speed is essential in order that the production of synthetic rubber can continue without interruption.

The policy of the act recognizes the fact that the security interests of the country can best be served by the development within the United States of a free competitive synthetic rubber industry. It also recognizes the fact that all Government controls and Government ownership should terminate whenever consistent with national security. In effect, it recognizes what the history of two world wars has proved to this country, that private industry plays a vital role in our national security.

However, it is not our intention, nor does this bill permit, our vast synthetic rubber industry to be turned over to private industry at this time. The bill requires that there be maintained in the United States rubber-producing facilities capable of producing a rated production capacity of 600,000 long tons of general purpose rubber and 65,000 long tons of special purpose rubber. Everyone agrees that this capacity is ample to protect the United States in the event of an emergency.

Of this amount, the bill requires that one-third be produced and consumed in the United States. This will assure the development of the synthetic industry, and progress in the method of manufacturing this product. The remaining capacity, which includes fringe plants and those not specifically required for national defense, may be sold or leased under certain conditions after the disposal agency has consulted with the National Security Resources Board.

The bill before you authorizes the President to exercise allocation, specification, and inventory controls over natural rubber and synthetic rubber and authorizes specification controls over natural rubber and synthetic rubber products. This applies to all rubber products and permits the President, if necessary, to require the use of synthetic rubber in all rubber products. In addition, as I have indicated before, the bill requires that there be manufactured and consumed in the United States a minimum of 222,000 tons of synthetic rubber per year.

The bill encourages private enterprise by permitting the Government to purchase rubber from private producers for resale by the Government, to satisfy mandatory consumption. This, then, will permit a private producer, who has developed a new and better synthetic rubber, to sell his product to the Government, but since we are requiring the consumption of synthetic rubber, the Government, in turn, will assure equal distribution by selling it to those who are required to use this rubber. In addition, the bill stimulates private enterprise by permitting the leasing of plants for the duration of the act for private purposes, which will allow the production of synthetic rubber for voluntary usage.

An important item of the bill pertains to the disposal of the facilities now owned by the Government. The bill now before you requires that a study be undertaken immediately to formulate a program for disposal by sale or lease of the Government-owned rubber-producing facilities required to maintain the 665,000 long tons that must be maintained in the United States. A report with respect to the development of this program must be made to the President and to the Congress not later than April 1, 1949. Then, on or before January 15, 1950, the President, after consultation with the National Security Resources Board, must recommend to the Congress legislation with respect to the disposal of these facilities. Note that this will allow the Congress to approve, amend, or disapprove any legislation with respect to the disposal of the 665,000-ton rated production capacity that is to be maintained in the United States. And none of this 665,000-ton capacity can be sold except by congressional action. Other plants beyond this capacity may be sold by the disposal agency only after consultation with the National Security Resources Board.

We believe this to be a workable, efficient bill that will be acceptable to the Government and industry and, at the same time, will protect the American consumer, and above all, our national security. We have provided adequate safeguards for the disposal of these facilities. We have provided for technological progress and we have assured the maintenance of our synthetic-rubber industry. This is the culmination of a year's hard work by a subcommittee of the Armed Services Committee. I am convinced the bill in the form now before you is sound, just, and practical.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. SHAFER. I yield to the gentleman from Texas.

Mr. JOHNSON of Texas. Did I understand the gentlemen to say that under the provisions of the conference report as the House conferees brought it back here, none of the 665,000 tons of rated-production capacity may be sold unless and until the Congress authorizes that sale?

Mr. SHAFER. The gentleman is correct. The Congress must act on that and fix it by statute before any of it can be sold.

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. SHAFER. I yield to the gentleman from New York.

Mr. COLE of New York. The gentleman has indicated that this bill authorizes the sale of our rubber plants in excess of production capacity of 665,000 tons. Is it not the gentleman's opinion that those plants, for which authority is given in this act for the current sale, should be the plants which are the least efficient; that is, the high-cost plants should be sold first?

Mr. SHAFER. The so-called fringe plants; yes.

Mr. COLE of New York. I want it definitely understood that the excess-production-capacity plants which the bill authorizes for sale are to be those which are the high-cost plants, and not the low-cost or efficient plants.

Mr. SHAFER. That is right.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. SHAFER. I yield to the gentleman from Kansas.

Mr. CURTIS. In referring to this provision that regulations requiring the mandatory use of synthetic rubber should be ended whenever consistent with the national security, who shall determine whenever it is consistent with the national security to end them?

Mr. SHAFER. Why, the President is to determine that, after consultation with the National Security Resources Board.

Mr. CURTIS. Is his determination final, or is that up to the Congress?

Mr. SHAFER. No. The Congress decides that after the President recommends.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. SHAFER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. What tonnage is left in the bill as mandatory use?

Mr. SHAFER. Six hundred and sixty-five thousand tons.

Mr. CRAWFORD. I do not think the gentleman understood me. What would be the productive capacity?

Mr. SHAFER. Two hundred and twenty-five thousand mandatory use.

Mr. CRAWFORD. On GRS?

Mr. SHAFER. Yes.

Mr. CRAWFORD. How much on special purpose?

Mr. SHAFER. Altogether 225,000.

Mr. CRAWFORD. In other words, you preserve one-third of the 665,000 and 75,000 or 65,000 special?

Mr. SHAFER. I think that is very plain. It is not quite that amount, but around 200,000 general and 65,000 special.

Mr. MORTON. Mr. Speaker, will the gentleman yield?

Mr. SHAFER. I yield to the gentleman from Kentucky.

Mr. MORTON. These special-purpose plants, similar to the neoprene plant in Louisville, can be sold under this bill without action of Congress?

Mr. SHAFER. They can be sold? We take care of that in the bill.

Mr. JOHNSON of Texas. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, last night at about 7 o'clock, after a 5-hour session, the House and Senate conferees agreed on a final version of the Rubber Act of 1948. For reasons that I will make abundantly clear, I did not join my colleagues in signing the conference report. The final version of the conference report is considerably different in its most important aspects from that which the House has heretofore unanimously approved.

Mr. Speaker, I want to say at the outset that, in my opinion, the House bill represented the product of real statesmanship. The House unanimously passed a bill, under the able leadership of the gentleman from Michigan [Mr. SHAFER], which recognized the security interests of the United States as paramount. I want to say also that the House conferees, Messrs. SHAFER, SHORT, COLE, and VINSON, carried on a strong and vigorous fight at the conference for the bill which the House had approved. All that the House could have done has been done, and all that the House conferees could have accomplished has, in my opinion, been accomplished.

However, I do not feel that I can associate myself with this piece of legislation which, in essence, is an order to the President of the United States requiring him to speed disposal of the Government's rubber properties which I think, and which the House bill declared, to be essential to the national security of the United States.

The conference report is a tribute to the efforts of those who believe we should speed the sale of our rubber plants. They think the bill a good bill. The rubber companies think the bill a good bill. We are told certain people in the administration think the bill a good bill.

I do not think the bill a good bill.

I was unable to support the conference report because I cannot agree with the congressional policy enunciated in it and the provisions regarding disposal of the people's synthetic rubber plants.

The House bill declared that the security interests of the United States represented the paramount consideration in dealing with the rubber plants, and that the rubber plants must not be disposed of unless those interests are facilitated and advanced. It is almost superfluous to say that unless the defense of the United States is securely maintained, private enterprise, along with all of our other democratic institutions, will be destroyed by alien philosophies and the force of alien arms.

The policy section adopted by the conferees largely reflects the philosophy expressed in the Senate bill. The policy section of the Senate bill declared that, in effect, the security interests of the United States can best be served by turn-

ing the Government rubber plants over to the giant rubber companies. It declares, in so many words, that, and I quote, "It is essential that Government ownership of productive facilities, Government production of synthetic rubber, regulations requiring mandatory use of synthetic rubber, and patent pooling be ended and terminated whenever consistent with the national security as provided in this act." I emphasize the words "as provided in this act." The act provides that the security interests of the United States will best be served by sale of the plants. Therefore, sale of the plants will be consistent with national security, as that language is used in the act. In short, they say sale of the plants is security—and security is sale of the plants.

Use of the seductive words "consistent with national security" is thus seen to be a cynical use of appealing language in an effort to make palatable and defensible a course of action I believe to be inimical to that security.

At a time when we are mobilizing the blood and flesh of our boys, I am profoundly shocked that the Congress should declare a policy which sets the stage to demobilize a vital part of our physical defense—yes; cancellation of what Harvey Firestone, Jr., stated to be the best paid-up insurance policy this country ever had.

If the philosophy underlying the Senate bill and this report were to be carried out on a consistent basis and to a logical conclusion, would it not result in the Congress selling atomic-energy plants, our naval-petroleum reserves, our shipyards, and all of our public lands?

If the Congress declares it essential that Government ownership of rubber-production facilities must end and terminate, why not end and terminate the ownership of Government oil facilities, Government ship facilities, Government atomic-energy facilities, Government ordnance facilities?

By what I have said I do not mean that the Senate conferees have not made concessions. They did. For example, one important concession was the elimination from the conference report of the provision of the Senate bill which insured that zeal for the sale of the rubber plants on the part of the Government employees administering the bill would never flag. Failure of a Government employee to perform any act required by any provision of the Senate bill would have subjected him to a \$10,000 fine or 2 years in jail, or both.

Under section 9 (b) of the bill certain plants can be disposed of forthwith. There is located at Louisville, Ky., a neoprene plant operated by the Du Pont Co. having a rated capacity of 60,000 tons and which cost the Government about \$38,000,000. There is a Du Pont offer of 29 cents on the dollar waiting for an answer in a department downtown.

This bill is the bill of sale.

Section 9 (b) makes possible the sale of the Louisville plant to Du Pont, the present operator, the present holder of the know-how, the company on the ground and on the inside all ready to grab it at a fraction of the cost to the people of the United States.

But the conference report does have a saving grace. It is a public announcement of coming events. It is a warning to the Congress, to small-business men everywhere, to the Small Business Committee of both Houses, to the Attorney General, and to all the people, that eternal vigilance will be required if the resources of the United States owned by all of the people are to be saved for them and for their defense.

Again I say that the agreement embodied in this conference report is a victory for those who want to sell quickly. The rubber companies are in agreement too. This is not the first time the companies have agreed. Even as we consider this bill the rubber companies, eagerly waiting to gobble up the Government's rubber plants, stand charged with violations of the antitrust laws on the basis of having entered into other agreements during the war.

Unless the President and the Department of Justice, which is charged with the enforcement of the antitrust laws, are ever alert, the giant companies now charged will peel off the Government's rubber plants and dominate to an even greater extent (the big five and their three coconspirators now produce more than 90 percent of the tires and tubes manufactured in the United States) the entire rubber industry in this country.

I happen to believe in free enterprise, but to me free enterprise does not mean that the big five companies in the United States are free to gobble up all the enterprise in the United States and hold the smaller companies, the armed services, and the public at their mercy.

This conference report is bad, but I believe it is better than the Senate bill might have been. It is the best agreement that earnest and reasonable men could produce.

In that connection, House conferees were able to obtain a proviso to section 9 (a) under which the Government must continue to maintain a rated rubber production capacity of 665,000 long tons until a disposal program is formulated and the President recommends legislation and the Congress passes it. The present law expires tonight. This legislation is better than no legislation. The stage is set, but it postpones the time when the people are divested from their plants. Government eviction is plotted, but execution is stayed.

(Mr. JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

[Mr. HUBER addressed the House. His remarks will appear hereafter in the Appendix.]

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

SECTION 112 (D) (2) PROCUREMENT OF SURPLUS AGRICULTURAL COMMODITIES WITH SPECIAL REFERENCE TO TOBACCO

Mr. FLANNAGAN. Mr. Speaker, I have asked for this time in order to discuss section 112 (d) (2). On yesterday the question was raised that this subsection -presented administrative difficulties.

Section 112 (d) (2) implements subsection (1). It provides for "the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements." In the administration of this subsection, the Administrator will be guided by four considerations as follows:

First. Is procurement for a participating country on this basis practicable and applicable? If not, the section would not apply to procurements for such country.

Second. Is such commodity in excess of domestic requirements? This information is readily available from the Department of Agriculture.

Third. Have producers of any such surplus agricultural commodity relied in the past upon markets for such commodity in participating countries? This information is readily available from the Department of Agriculture.

Fourth. Can the approximate proportion that each class or type bears to the total surplus of such commodity be readily determined? Yes, the Department of Agriculture can supply this information.

The administration of subsection (2) should therefore cause no great difficulty as the basic information required would be readily available to the Administrator.

This subsection, in its relation to other provisions of section 112, has the approval of the State Department and the Department of Agriculture. Mr. Charles E. Gage, director of Tobacco Branch, P. M. A., Department of Agriculture, stated on March 19, 1948, that he thought the section "provides a guiding principle that can be applied effectively with respect to the utilization of private trade channels and the procurement of surplus agricultural commodities."

This subsection applies to the procurement of any surplus agricultural commodity for supply to participating countries. There are however few such commodities. Tobacco and certain dried fruits are in surplus supply.

In the case of tobacco, the major portion of surplus stocks are held by Commodity Credit Corporation for farmers under nonrecourse loans, under its price-support program. The surplus stocks of tobacco include flue-cured, fire-cured, burley, dark air-cured, and Wisconsin.

Since funds for the supply of commodities to participating countries will come from taxes, the burden of aid to European countries will fall on all taxpayers. The supply of commodities to European countries will be neither on a historical basis or as a commercial transaction. There is no historic basis for such aid and

it is not intended to be commercial. This being so, all producers of agricultural commodities should share proportionately to their surplus in the supply of products to participating countries.

The language of this subsection is intended to give effect to this condition. It would enable the Administrator, insofar as the different types of tobacco are suitable for the requirements of participating countries, to liquidate surplus stocks of each type and class of tobacco in the supply of this product to participating countries. This would give each producing area equal consideration and at the same time probably save loss to the Commodity Credit Corporation in its price-support program, as applied to tobacco. This subsection was incorporated in the bill at the request of tobacco growers, tobacco warehousemen, and tobacco dealers.

As there are those who question the wisdom of including tobacco in the program, I desire to call attention to the following facts:

TOBACCO AND THE EUROPEAN RECOVERY PROGRAM
IN GENERAL

It is generally agreed that increased production of food products and industrial goods is the primary requirement for the recovery of western and southern European countries. Increased food production is necessary to supplement imports and thereby decrease the dependence of European countries on other parts of the world, particularly the United States. Unless the people of Europe have adequate food they cannot do the work required in rebuilding the war-torn countries. Industrial goods are necessary for bodily comfort and to increase exports by which European countries can obtain exchange to pay for imports and thereby become self-supporting.

Long years of war in Europe have not only wrecked much of its industrial potentials but the hardships and privations suffered by its population have sapped their vigor and left many of them not only almost helpless but almost hopeless. Under these circumstances, incentives, as well as basic food and shelter, are necessary to improve the morale of the population and to stimulate their energy for the needed increase in production of farm commodities and industrial products.

Previous aid to Europe has been on an austerity basis and the results obtained were not commensurate with the cost. We should now make proper allowance to human nature and give the people of Europe some of the things they want most as well as the basic necessities of life.

(B) INCENTIVE VALUE OF TOBACCO

Money is regarded as the universal incentive and under normal conditions an offer of money, in sufficient sum, usually produces the desired stimulus to action. However, money will obtain the desired action only when it can be exchanged for basic necessities and for the things which make life worth the living. Consumer goods in many countries of Europe are so scarce and expensive that money has slight appeal to the population as they cannot exchange it for the things

they desire most. Money, therefore, has slight incentive value. Under these circumstances other incentives are necessary, and tobacco is unexcelled for this purpose.

In his address at Atlanta, Ga., on January 22, 1948, the Secretary of State said:

Tobacco comes within the category of incentive goods. As a practical matter, it has been found that the availability of tobacco is an effective stimulus to morale and productivity.

Testimony before the Senate Appropriations Committee showed that the Department of the Army recognizes the incentive value of tobacco as a spur to industrial production and in building and sustaining morale. The people of all nations want and need something more than bare necessities; something which adds a sense of home comfort and well being. Tobacco products, cigarettes, pipe and chewing tobacco, and cigars, supply this need. Mr. Edmund Cody Burnett, in the July issue of Agricultural History, makes this observation:

I have mentioned coffee as one of the prime contributors to the more abundant life, but its yokemate in furtherance of the pursuit of happiness is tobacco. These two, I maintain, have done more to promote human fellowship and contentment than all the mechanical inventions of our age.

(C) REVENUE VALUE OF TOBACCO

Tobacco is a ready source of revenue to governments. Some countries derive most of their revenue from tobacco through customs duties, some from excise taxes, and other through government monopolies whose profits, from the manufacture and distribution of products, accrue largely to the treasuries of these countries.

For the period ended June 30, 1947, the Government of the United States obtained \$1,264,157,478 from tobacco. This was distributed as follows:

Internal revenue (excise).....	\$1,237,768,000
Customs duties.....	26,389,478
Total.....	1,264,157,478

It should be noted that the total scheduled expenditure for the supply of tobacco from the United States to all countries for the 4 years and 3 months under the proposed European recovery program is less, by \$350,000,000, than the revenue obtained from tobacco by our Government during the last fiscal year. The above revenue does not include income taxes from individuals and corporations engaged in the several phases of the tobacco industry. So far as I can find, there is no other commodity, raw or manufactured, from which this Government derives sufficient direct revenue to pay for the amount to be supplied under the European recovery program.

The countries to receive aid under the program are in need of increased governmental revenue. Their revenues can be increased greatly through receiving adequate supplies of tobacco. For the fiscal year 1947-48, it is estimated the Government of the United Kingdom derived from all duties on tobacco the sum of 525 million pounds sterling or more than \$2,000,000,000 at the present rate

of exchange. In 1946, the French Government's net profit from the tobacco monopoly was approximately 30,369,000,000 francs, equal to about \$255,000,000 at the legal rate of exchange. The Government of Austria derived from tobacco about 34 percent of its total revenue in 1946 and during the same period tobacco supplied about 30 percent of the total revenue which accrued to the Government of Italy. Aside from its incentive value, an adequate supply of tobacco is important as a source of revenue to the countries which will receive aid under the European recovery program.

(D) EUROPEAN BLACK MARKET IN TOBACCO

The black market in many products flourishes in several European countries. The most widespread is the black market in cigarettes. This is so because of their shortage in many countries, and their barter value as well as their desirability for consumption.

A recent report from the Netherlands states that "the black market is doing a roaring trade in English and American cigarettes which are selling at about four guilders (\$1.24) for 20 and are stocked by the hall porters of most big hotels. Cigarettes still seem to be the only item for which the Dutch are prepared to pay any price." The black market in cigarettes in Germany is notorious. Cherished household goods and other valuables are exchanged for cigarettes and the Germans are in that way being deprived of their assets by unscrupulous persons, some of whom are Americans.

The operation of black markets leads to misdemeanors and sometimes to actual crime. The Associated Press reported in the Washington Star of December 9, 1947, as follows:

Two attempts to transport a total of 589 cartons of cigarettes from Massachusetts to Germany were thwarted by customs officials last week, United States Attorney William T. McCarthy reported last night.

Mr. McCarthy said customs officials prevented an Army officer from transporting 110 cartons from Westover Field. The cigarettes, he added, would have brought \$9,000 in the German black market.

He said that 479 cartons were found in the possession of crew members of the American freighter *F. Marion Crawford*, loading wheat for the Army in Germany.

Life magazine, November 3, 1947, reported that children smugglers of coffee and cigarettes for the German black market were numerous. When caught "they are brought before a British-operated juvenile court which may sentence them to a special 'children's prison' for 28 days or to a detention school for 2 or 3 years."

The black market and illegal trade in cigarettes can be stamped out by an adequate supply of tobacco to several European countries.

(E) CURRENCY STABILIZATION VALUE OF TOBACCO

Currency stabilization is one of the pressing problems of many European countries. The shortage of consumer goods has caused prices to soar to levels out of line with the incomes of the population in many countries. This inflationary situation causes great hardships to the urban population with fixed wages and salaries but makes black market

operations profitable to those engaged in this illegal trade.

It is well known that in many European countries cigarettes are more valuable than their currencies. Not because their currencies are worthless but because an individual can acquire food and other desirable articles more readily with cigarettes than with money. Travelers from Europe tell of services obtained and goods purchased with cigarettes where money could not obtain either the services or the goods. The Economist, London, of April 12, 1947, published an article on the "Tobacco standard" as a medium of exchange and as a basis for currency valuation. The article indicates that the cigarette was, at the end of the war, the most valuable medium of exchange in many European countries. This condition still exists in some countries.

The fantastic prices paid for cigarettes in many European countries, especially in the black market, indicates the need for adequate supplies of tobacco. Adequate supplies of tobacco products would drain off surplus cash from the population and this would tend to decrease the pressure on prices of other consumer goods and act as a brake on inflation.

So long as tobacco products, particularly cigarettes, have a trading value greater than their currencies, it will be difficult to stabilize the currency of any of these countries. An adequate supply of tobacco would remedy this particular difficulty.

POLITICAL VALUE OF TOBACCO

In Europe, the ideology of totalitarianism made great headway before the war and in fact was the cause of World War II. In some countries this ideology still exists, and is spreading in certain countries which have a democratic form of government.

The European recovery program is designed and intended not only to rebuild the economy of western Europe but to combat the extension of any ideology intended to enslave people through false propaganda. Aid to European countries on a purely subsistence basis will not frustrate the designs of those who would destroy all democracies. To achieve any marked political results, aid must supply some of the things people desire, as well as their basic needs. It is probably difficult for the people of any country to be truly thankful for aid supplied on the basis of austerity and to understand the value of democratic government when the democracies supply them with only the bare necessities which they might as easily obtain if they subscribed to any form of autocracy.

It appears desirable from the political viewpoint to include some of the things that will give the people of Europe what they most desire, as well as what they must have, to sustain life. Something that will give a sense of satisfaction, that will add comfort, and will soothe strained nerves and tired bodies. Tobacco products will provide one item of consumer goods that will give the people of Europe these things. Tobacco is something they want, and it will instill a desire to strive for the better things of life which can

be obtained under freedom of initiative provided by democratic governments.

SUMMARY

To summarize, adequate supplies of tobacco to participating countries under the European recovery program will:

First. Provide an incentive for greater production on farms, in factories, and in mines.

Second. Improve the morale of the population.

Third. Provide revenue badly needed for internal purposes.

Fourth. Stamp out the black market in cigarettes and decrease crime. Inadequate supplies will perpetuate the black market.

Fifth. Assist in stabilizing the currencies of European countries and aid in reducing inflation.

Sixth. Aid in eliminating or retarding the spread of ideologies antagonistic to democracy and to world peace.

EXTENSION OF REMARKS

Mr. EBERHARTER (at the request of Mr. BUCHANAN) was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. GWINN of New York (at the request of Mr. JUDD) was given permission to extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. JUDD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EQUALIZATION OF OUR NATURALIZATION LAWS

Mr. JUDD. Mr. Speaker, the following editorial, carried by the Milwaukee Journal for March 29, provides additional evidence of the need to equalize the application of American naturalization law. Such equalization, long overdue, will be provided by passage of the bill H. R. 5004 which I introduced some weeks ago. Hearings on this measure are to be held shortly.

END THIS DISQUALIFICATION

There is in this country a mother who had five sons in service. Every one volunteered. Every one was in combat. Every one was wounded and one was killed. The other four veterans have more than 30 individual decorations and medals among them.

Yet the mother of these five sons is not allowed to become an American citizen. In another instance, the mother of a soldier who won the Congressional Medal of Honor is not allowed to become a citizen.

Why? Because these mothers were born in Japan. If they had been born in China or India or the Philippines they could be naturalized, provided, of course, they qualified as all other applicants for citizenship must qualify.

About 33,000 Americans of Japanese descent fought side by side with other Americans. They stormed the heights of Cassino. They rescued the lost "Texas" battalion in the Vosges Mountains. As the late Gen.

Joseph Stilwell said: "They bought an awful big hunk of America with their blood."

But their mothers and fathers, unless born in the United States, cannot become full Americans.

All of these persons have lived in this country at least 24 years, because the Japanese Exclusion Act was passed in 1924. Most have lived here longer. All told, there are about 88,000 Americans of oriental descent who are still not allowed to become citizens, no matter what they have contributed to the country or how loyal their lives have been.

American citizenship has been extended many times. In 1790, eligibility included only free white persons; in 1870, it was extended to persons of African nativity or descent; in 1900, to inhabitants of Hawaii; in 1917, to inhabitants of Puerto Rico; in 1924, to American Indians (big hearted of us, wasn't it?); in 1927, to inhabitants of the Virgin Islands; in 1940, to races indigenous to North or South America; in 1943, to Chinese; in 1946, to Filipinos and natives of India.

Let's finish the job in 1948. Immigration controls are one thing. Citizenship is another. All qualified permanent residents of the United States should be eligible for citizenship. It is the only consistent democratic policy.

EXTENSION OF REMARKS

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include a communication and enclosure received from four postal employees from Waterbury, Conn.

SPECIAL ORDER GRANTED

Mr. MERROW. Mr. Speaker, I ask unanimous consent that on tomorrow, Thursday, April 1, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

EXTENSION OF REMARKS

Mr. OWENS asked and was given permission to extend his remarks in the RECORD and include a letter received from a constituent.

SPECIAL ORDER GRANTED

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. PRICE of Florida asked and was given permission to extend his remarks in the RECORD.

Mr. HUBER asked and was given permission to extend his remarks in the RECORD following the remarks of the gentleman from Texas [Mr. JOHNSON].

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the Delegate from Alaska [Mr. BARTLETT] is recognized for 15 minutes.

ALASKA COMMUNICATIONS SYSTEM

Mr. BARTLETT. Mr. Speaker, the Signal Corps of the United States Army

observed its eighty-fifth anniversary this month. It was in the year 1860 that Albert J. Myer, an assistant Army surgeon, developed a system of signaling with flags which became known as wig-wag. In that same year he was made first Chief Signal Officer of the Army and 3 years later by act of Congress the Signal Corps was established as a separate branch of the Army. At that time this branch of the service consisted of less than 100 officers and men. The present Weather Bureau evolved from the weather reporting system established by the Signal Corps in 1870.

Since 1900 the Signal Corps has been part and parcel of the Alaska scene. First known as the Washington-Alaska Military Cable and Telegraph System, and more familiarly as the WAMCATS, the agency is now designated as the Alaska Communication System. But whatever name it bears, it ranks high in the esteem of Alaskans and has played an important part in the development of the Territory. There civilian as well as military communication service is furnished by the Signal Corps. Nowhere, I venture to say, is there a closer community of interest than between the personnel of the ACS and the civilian residents of Alaska. There the military and civilian have lived in perfect harmony. It is interesting to note that at Point Barrow, Alaska, the Signal Corps established, in days long since passed, one of the first outlying stations of the weather reporting system. It is interesting also to recollect that Gen. Billy Mitchell, great Air Force general, served as a first lieutenant in the WAMCATS. Alaskans—and this description includes those of the ACS—are proud to note that the training received on the system stood the Nation in good stead in World War I and World War II. Experienced men from the system provided the foundation upon which the expanded signal organization of the wartime armies was built.

The Signal Corps actively participated in the construction of thousands of miles of new land lines in Alaska and Canada.

MILITARY GARRISONS

During the days of the gold rush in the Klondike, 1897 to 1900, and the resultant influx of people into Alaska, the United States Government found it necessary to establish military garrisons at various points to maintain law and order in the Territory. In order to furnish telegraphic communications between these garrisons and the military department of Alaska, with headquarters at St. Michael, Congress authorized in 1900 the construction of the necessary telegraph lines and cables for the purpose. It was stipulated in the basic act that this communication system would be available to handle commercial communications and communications for the general public. Construction of these lines was started in the summer of 1900 and completed in 1903 by the Signal Corps, United States Army.

A cable was laid in 1900 between St. Michael and Nome. In 1903 a cable was also laid between Juneau and Skagway which connected with Canadian telegraph lines at that point. The cable between St. Michael and Nome was not

satisfactory, mainly because of frequent interruptions caused by heavy icing which severed the cable and carried it out to sea. The cable was therefore replaced by radio in 1903. This was the first point-to-point radio channel put into service on the American continent for commercial use.

In 1903 and 1904, Congress appropriated approximately \$800,000 for the purchase and laying of cables, and in those same years cables were laid from Seattle to Sitka and Sitka to Valdez, with a connecting lag Sitka to Juneau.

During the next 20-year period, 1904 to 1924, all of the original cables wore out and in 1924 Congress appropriated \$1,500,000 for new cable to replace the old. During the next few years, with the rapid development of radio, several of the old telegraph lines were replaced by radio. In 1930 high-power radio stations were established at Seattle, Ketchikan, and Anchorage, being finally placed into operation on November 1, 1931.

CABLE REPAIRED

In 1932 the Ketchikan-Seward cable was converted to simplex operation and continued to operate in such a manner until 1934 when it was abandoned. However, in 1941 when war was imminent, the cables were repaired and put back into use. In 1942 the Ketchikan and Seward cables were converted to duplex operation, which allowed messages to be sent both ways simultaneously on a single conductor cable. During the same year the Seattle-Ketchikan cable was also converted to duplex operation. On July 16, 1942, a two-channel multiplex installation between Seattle, Ketchikan and Anchorage was completed and put into operation. This installation permitted four messages to be sent simultaneously over a single conductor cable. In February 1943, multiplex machines were installed at Fort Richardson, headquarters of the Alaska Defense Command, which made possible direct transmission from Fort Richardson to Seattle.

During the early years of World War II, radiotelephone circuits to Alaska were reserved for military use. However, on July 17, 1944, the Seattle-Juneau, Seattle-Ketchikan and Juneau-Ketchikan circuits were opened to the public and commercial business was resumed. The Seattle-Anchorage radiotelephone circuit was opened to the public on October 15, 1944, extended to Whittier and Seward on November 25, 1944, and on to Fort Richardson on December 15, 1944. On May 14, 1945, the circuit was extended to Fairbanks and radiotelephone circuits were opened from Seattle to Adak on July 13, 1945, Seattle to Nome on July 24, 1945, and Seattle to Kodiak on May 9, 1946.

In March 1946 an improved service was made available at the major ACS stations in Alaska whereby local circuit could be provided to commercial customers on a lease basis, either in their entirety or to connect with the ACS commercial network facilities. Such special and fast service has been particularly helpful to the commercial air lines in their development of Alaska.

SHIP-TO-SHORE SERVICE

In 1946 coastal harbor radiotelephone service to ships at sea was initiated at

adopt it would undermine our true strength, drain our public funds in wasteful activity, and leave us in ostrich-blind exposure.

No arguments have been made here about a push-button war. No appeals have been made to sentiment or to the American mother. No quotations have been advanced from experts. Rather, we have endeavored, honestly and without emotion, to examine conscription as a question of military preparedness. Universal military training will not and cannot survive such analysis. Universal military training is an unsound proposal. It must not become American law.

Yearly cost of UMT would exceed total 1948 expenditures for planes, research, and ships.

UMT (per year)-----	\$2,000,000,000
Aircraft (fiscal year)-----	750,000,000
Military research (fiscal 1948)-----	550,000,000
Naval ship construction (fiscal 1948)-----	278,000,000
Intelligence -----	(?)
Total-----	1,578,000,000

Socialism Against Communism

EXTENSION OF REMARKS OF

HON. FREDERICK A. MUHLENBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. MUHLENBERG. Mr. Speaker, during the last several days in the discussion of ERP we have heard many loose statements about the Socialist Party and its supposed parallel to the program of the Communist Party. Since I have lived in a city in which the major administrative power was conducted by Socialists and since I do not at all believe that the Socialist and Communist Parties are one and the same, I have asked the secretary of the Socialist Party in my district, Raymond S. Hofses, present candidate for the congressional seat now held by me, to write me a short letter defining the aims of that party. While I do not agree with their philosophy, believing rather that free enterprise under such conditions of control that it cannot injure the general public is best for full development of our resources, physical and spiritual, I do agree that their definitions are fair and able. For the information of the Members of Congress I include his reply in my remarks, also the following extract from a letter from the present candidate for Vice President on the Socialist ticket, Darlington Hoopes, of Reading, who, it may be presumed, fairly represents the thinking of that party:

I am writing at this time to let you know that along with many others of your constituents I have not changed my mind about the desirability of UMT, or of the renewal of Selective Service. I am violently opposed to the dictatorship of the U. S. S. R. and to its tactics in undermining and then overrunning other countries. As you no doubt are aware, Communists hate and fear Socialists more than any other group because they realize that we know their methods and tactics and will expose and fight them to the bitter end. However, we believe that this battle should be on a political basis and not on a military one. We have enough

confidence in democracy to believe that, if fair-minded people are given a chance to make a choice between democracy and dictatorship, there will be no question about what that choice will be.

Communism feeds upon fear, desperation, and frustration, and the best weapon against it is to help the people help themselves and give them hope for something better in the future. For that reason I am in favor of the economic aid of the Marshall plan.

READING LABOR ADVOCATE,
Reading, Pa., March 29, 1948.

Hon. FREDERICK A. MUHLENBERG,
House Office Building,
Washington, D. C.

DEAR FRED: Since there is considerable loose thinking on the part of some of our lawmakers about the aims of Communists and Socialists, it is with the hope of making the Socialist objective clear that this letter is being written. I believe clarification on this matter is needed, not only by Members of the Congress, but also by members of our own party who may be pulled off base by the manifest fact that the capitalist private-profit economy has led the world to wars and dictatorships, and, here at home, is able to function only with the assistance of governmental measures (subsidies, surplus stock-piling, business and labor controls, etc.) which fail to mesh with either traditional conceptions of political democracy or with official professions of faith in what is called free enterprise.

We have seen what communism has come to mean in nations which have rejected socialism by parliamentary action until their capitalist economy crashed. Democracy dies, civil liberty disappears, group power subverts or silences popular expression. Fortunately, however, we also have seen the efforts of British Socialists to establish a collectivized economy by intelligent use of the freedoms won by their forefathers. We therefore have some basis for comparison.

The American people are being told that communism aims to overthrow our Government by force and violence and that American Communists give first allegiance to a foreign government. To the extent that those charges are true, Socialists differ basically with Communists.

We Socialists do, indeed, aim to end the capitalist private-profit system and set up another economy which will be owned socially and operated democratically. It is the fulness of that aim which compels us to reject violence as a course of action.

We know in advance that freedom and democracy cannot be imposed upon a people, that they must first be desired, and that to depose one tyrant by violence inspired by resentment or despair is to become the subjects of another and a greater tyranny. So we appeal to reason and seek our ends through the employment of the tools of a political democracy.

However, having said all this, it must be recognized as a fact that not all peoples possess the tools of democracy. In countries where peaceful opportunity for radical changes have been destroyed, then, there is no recourse but to violence. Emphatically, I am offering this stipulation, not to justify what is happening in countries where freedom has long been weak but to tell you that the most important job for America's lawmakers is to see to it that the opportunity to make legal changes shall be preserved and strengthened here at home.

Socialists submit that good Americanism is what the American people decide it shall be. They are neither inhibited nor directed by the dictators of a foreign land or by the opposition of those self-styled patriots in and out of American public life who appear ready to make any revision of freedom that may become necessary to preserve an economy

which enables owners to profit from the labor of workers.

I have been rather painfully avoiding an urge to justify the Socialist objective and to limit this letter to a statement on the chief points which distinguish us from Communists. In closing, however, I will add that while the treatment of Socialists by Communists in other countries causes us to fear them, we also—and in no less degree—fear the 100-percent Americans who stand ready to crush socialism by methods which have already been made infamous by Fascist-minded beneficiaries of class privilege. And this in spite of the fact that on January 14 of this year the State Department told Congress that Socialists believe in democracy, fundamental freedoms such as those of speech and religion and individual rights, and are among the strongest bulwarks in Europe against communism.

Thanks for your consideration, and my apologies for the length of this letter.

Best personal wishes.

RAYMOND S. HOFSES.

Foreign Assistance Act of 1948

SPEECH OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to co-operate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. CRAWFORD. Mr. Chairman, I address myself to the gentleman from Ohio [Mr. VORYS].

As I understand the language on page 69, lines 12 to 16, inclusive in parenthesis, we proposed to guarantee against loss investors who might proceed to establish publishing houses or propaganda organizations in these areas, provided they did so under the Administrator's approval; and that up to \$15,000,000 may be used for that purpose.

Mr. VORYS. The gentleman is in error.

Mr. CRAWFORD. What is it?

Mr. VORYS. The guaranty does not guarantee against loss itself, it is merely a guaranty against inconvertibility. Throughout the guaranty section the gentleman will find that the guaranty provides only for conversion into dollars of income or profits made abroad.

The purpose of this section the gentleman is striking out is to make it possible, on a private enterprise basis, for Time, Life, Newsweek, and certain other publications which are carrying the American story in the American way throughout Europe but at a continual loss through freeze-up in accounts because they cannot convert the subscriptions into dollars, to take care of that situation. My colleague, the gentleman from South Dakota [Mr. MUNDT] is particularly familiar with this proposition.

Mr. CRAWFORD. Let us read the language in line 12, page 69:

Including guarantees of investments in enterprises producing or distributing informational media.

If I understand American financial language that means to guarantee my investment in that proposition.

Mr. VORYS. If the gentleman will look at subsection (1), lines 19 to 25, he will see that the guaranty, for instance, in line 22 shall be limited to the transfer into United States dollars of other currencies or credits any such currencies received by such persons. So it is not a risk guaranty, it is limited specifically to convertibility.

Mr. CRAWFORD. Suppose I sell a bunch of hogs to some friends and take his note for it and the Government of the United States comes along and guarantees me that I can convert that note into dollars. Is not that a guaranty of my investment?

Mr. VORYS. That is a guaranty of a risk investment. If you sell hogs in Europe and get lira, or francs, or other currency, you have gotten your return in the coin of the realm where you made the sale.

This guaranty is limited to the amount of currency for changing that into dollars up to the amount of your original investment. It is not a risk guaranty, as the gentleman will see if he will read the language.

Mr. CRAWFORD. I shall have to disagree with the gentleman; that is my amendment.

A Criticism of the President

EXTENSION OF REMARKS

OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. SCHWABE of Oklahoma. Mr. Speaker, I have received many letters from my constituents, severely criticising the President and the State Department for the way in which they have handled foreign affairs. The following letter from a citizen of my district is typical of many that I have received and is a severe criticism of the President and his State Department:

BARTLESVILLE, OKLA., March 15, 1948.

DEAR MR. SCHWABE: Pray tell when this Republic became a dictatorship? How come the President may say that Congress cannot question the hired man? Can he do just that and get away with it?

Rather looks, if that be true, that Congress needs the Marshall plan here at home.

By the way, just what is this Marshall plan in plain English?

We hear that through it \$250,000,000 worth of tobacco will be purchased to assist the French, Germans and Italians, the English, the Irish and Welsh, Belgians and Hollanders, to keep communism away from their doors.

That causes us to wonder if the whole is something of a hoax concocted to keep prices high in America, that special interests may

be called upon to support the New Deal campaign.

We know you are busy as can be and sincerely hope you will find a way to thwart some of the things that seems to us to be rushing us toward communism.

Our State Department needs an immediate house cleaning.

We thank you and with best wishes.

Radio Address of Hon. Abe McGregor Goff, of Idaho

EXTENSION OF REMARKS

OF

HON. PAUL B. DAGUE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. DAGUE. Mr. Speaker, under leave to extend my remarks in the Appendix of the RECORD, I am pleased to include the timely and able address recently delivered by our esteemed colleague, Hon. ABE MCGREGOR GOFF, over Station KSL, Salt Lake City, Utah. I commend it to the membership for their careful perusal.

THE SKY IS THE LIMIT

My fellow westerners, it is a genuine pleasure to have this opportunity to greet you again, and I regret that it is not possible to see and visit with each one of you in person.

It has been 2 years and a half since formal hostilities came to an end in the greatest and most devastating war in all this old world's long history. However that fierce struggle may have left its mark in our personal lives, we can remember the hopefulness with which we looked forward at that time to the establishment of an ordered world in which all mankind could live in peace and security. We realize now how little we comprehended the variety or magnitude of the problems at home and abroad which would rise up to plague America. We sadly underestimated the economic impact of the war's wastage and destruction. Worst of all, was our blind reliance on the gratitude, fairness, and good intentions of the Soviet Union.

The major dictators of the late thirties were Hitler, Stalin, Tojo, and Mussolini. Chiefly through our efforts, all have met the ultimate fate of dictators, except Stalin. In the necessary overthrow of three dictators, we unleashed a greater scourge. At Yalta and Tehran, a tired, sick, old man was no match for cunning Stalin. Our spokesmen failed to erect a protective bulwark against the Red menace. Communist ideas and proponents can come out of Russia freely. There is no counterflow.

Now, with a supine Germany, Soviet armies could spread out over Europe in a matter of weeks at most. But, callous of human lives as is any dictator, I doubt if Stalin considers it wise or necessary to resort to formal hostilities. Communist agents and their misguided tools in these countries are doing the job quite effectively. To an Oriental, at least in thought, time is not important. Fanatical and zealous, the disciples of Lenin reach their greatest effectiveness by pulling down nations from within rather than armed attack from without. Then, too, Stalin is smart enough to appreciate the work being done by those who toe the Communist line in the United States. Why risk provoking a war, when he thinks there may be an outside chance they may be running the show here next January? If he abandons the undercover tactics, those who think of him as

a bland, kindly, much-maligned old gentleman will gather fewer votes in November. If they win, he can have his way everywhere, just as he has in Czechoslovakia. No, I do not believe Russia is yet ready to direct her armed might against the chief obstacle to world-wide Communist domination. Besides, we have the atom bomb, which she has not.

Last Wednesday the President called on Congress to speed the European recovery program, enact universal military training, and authorize the return of Selective Service. I agree that if our money can successfully underwrite a western European economic and military alliance against Russia, then a substantial investment is justified. Calm appraisal of universal military training will disclose that its adoption would be a step in the wrong direction. It would furnish no immediate recruits to swell our armed services, and would be wasteful and ineffective as a long-range program. I favor immediate restoration of Selective Service operational machinery and resort to the draft in case volunteers sufficient to supply necessary manpower do not come forward.

Failure of the President to stress air power was an amazing omission. He designated Russia as our only potential enemy. If he is right, then we should shape our defense plans to meet that contingency.

Any outside attack upon us by that power can come only by air. Flight over the polar icecap is the shortest approach to our industrial centers, which would be the primary target. Coupled with this would undoubtedly be sabotage, which would include the stealthy preplacement, by agents, of mass destruction weapons. Guided missiles might be employed, but our territory is still too far away for these to be accurate, even if such missiles could reach us.

While Russia has been quietly building a formidable submarine flotilla, based on improved German design, she has no surface navy of consequence to hold off our own fleet, even if she had the transports to convey a mass army to our shores for an invasion. She cannot attack us by sea.

We know that the Soviet is building a great air fleet. She has already made good use of the B-29's seized when they landed on Russian soil during the war, and observers report that planes of like design are already in the air. In contrast, we have permitted our own air force to deteriorate. Its planes are largely those left over from hostilities. Worse than that, we have permitted our aircraft industry to run down. If an attack should come, neither our ground forces nor the Navy can save us. We must be capable of meeting and turning the full effect of an air attack. We must be able to inflict swift destruction by air retaliation. We must patiently persist in peaceful means and open discussion, in an effort to settle our difficulties, but the one thing which will constitute a sure deterrent against such an attack is the knowledge that we could more than hold our own, if it came. I feel that those who would commit us to the training of a mass ground army by a program of universal military training have failed to analyze the necessity of a more modern approach to our problem.

Air power is the one effective way to carry the war to Russia. History warns us of the futility of meeting her mass ground armies. Napoleon tried this and was utterly defeated. Hitler invaded Russia with 220 crack divisions at the height of German military power. We are hopelessly outdistanced in manpower at the start with the millions of troops that the Soviet could put in the field. The swiftest, surest, cheapest means, and that which would insure the least casualties, would be the employment of the new strategy by air, which was so successful against Japan. If war comes, the only choice is to destroy industrial capacity. Armies without

a source of supply, with frightful devastation in the homeland, will become impotent. What Russia fears is the terrible sting carried by a swarm of superbombers. If we acquire air supremacy, we can prevent a war, because we will not start it, and Russia will not risk it.

My bill, introduced during the special session, is to retrieve our air supremacy. It provides for the immediate construction this year of 6,000 additional military planes and for constant scientific air research in the development of aircraft, rockets, guided missiles, atomic weapons, electronic equipment, and other modern offensive and defensive equipment to the limit of American genius. I do not mean that we should entirely neglect the building up of a reasonable land force. But the function of such a force will inevitably be secondary. If we need more manpower, we can turn to the selective draft. The universal military training bill reported out by the House Armed Services Committee is an ill-assorted compromise designed to curry the support of those who have qualms against large-scale, purely military service in peacetime. It will take away all our able-bodied young men from their civilian pursuits, and we do not need so many. While it is recommended by most of our military leaders and by the President, I share the view privately voiced by many officers that we can place no confidence whatever in its effectiveness. As a member, for a time, of General MacArthur's staff, I believe I am safe in saying that this is his view. It is not an answer to present manpower problems, because the trainees will not even be a part of our armed services, but take up a considerable part of the precious time in a half-baked schedule under a civilian board. I am quite sure that most of the people who have signed petitions to Congress for the speedy enactment of this bill have neither read nor understand its provisions.

I am afraid too many people confuse universal military training with national defense. It seems to me that in the grave world situation we face we must concentrate our wealth and effort on decisive weapons instead of spreading them thin on means which will not give us the ultimate in military power. Millions of half-trained men here will not dissuade Russia from attacking us or from overrunning Europe. Machines and not men will win the next war if it comes. I firmly believe we court disaster if we prepare to accept battle on the surface of the earth. National survival and the survival of liberty in the whole world depend on concentrating our efforts on the one way where American ingenuity, productive capacity, and technical skill can overcome the superior manpower we would face.

Finally, I charge you, as loyal Americans, to man the watchtowers on the alert for the foe within. Infestation by political invasion is the proven pattern of the Communist advance.

I regret that we must discuss war and preparation against it when the great church festival of Easter is so near. Let us hope that another year will find us in a happier situation.

God bless you all.

General Mitchell Vindicated

EXTENSION OF REMARKS OF

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. MADDEN. Mr. Speaker, this morning I received the following letter

with the enclosed United Press dispatch of March 27, 1948, from Mr. Joseph Greenwood, Clinton, Ind.

Mr. Greenwood's sentiments in regard to the great World War I hero, Gen. "Billy" Mitchell would be echoed by all who served under him and knew him as a military officer.

CLINTON, IND., March 27, 1948.

HON. RAY J. MADDEN,
House Office Building,
Washington, D. C.

DEAR RAY: I just read the enclosed clipping in regard to the vindicating of Billy Mitchell which I am sure will be joyfully received by all those who served under him.

I had the pleasure of serving as an enlisted man in the air service under Billy and I can assure you if our general officers today were as democratic and used the same diplomacy as General Mitchell, a universal military training bill would not be necessary as young men would be glad to enlist.

This article should have made headlines.

Best wishes,

JOSEPH GREENWOOD.

AIR FORCE VINDICATES GEN. BILLY MITCHELL

WASHINGTON, March 27.—Brig. Gen. William L. (Billy) Mitchell was honored posthumously today for the fight he lost in disgrace 22 years ago in behalf of a powerful and vigorous air force.

Before a gathering of top officials of the armed services, old-time flyers and Members of Congress, Gen. Carl Spaatz, air force chief of staff, presented a special Gold Medal of Honor to the pioneer airman's son, 19-year-old Billy, Jr.

"Billy," Spaatz said solemnly, "your father was the inspiration for all that the Air Force is today."

Foreign Assistance Act of 1948

SPEECH OF

HON. THOR C. TOLLEFSON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. TOLLEFSON. Mr. Chairman, there are only two sources of food products, the land and the sea, and there is no good reason, as I see it, why fishery products should be excluded from the food-production and procurement program of this act.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Ohio.

Mr. VORYS. The committee is happy to accept the gentleman's amendment, and although it is hard to call fish an agricultural product, the gentleman, no doubt, can show why, under historic legislation, it can be considered in it.

Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TOLLEFSON. Mr. Chairman, in response to the statement of the chairman of the committee, I might say that this is not the first time it has been necessary to expand the meaning of the words "agricultural commodities." In legislation before this House on previous occasions in food-procurement and relief programs, it has been necessary to expand the meaning of the words "agricultural commodities" to include fishery products. I am sure that it was not the intent of this committee to eliminate fishery products from the food-procurement program of the Administrator. Fishery products were perhaps not mentioned through oversight. This same situation has arisen in previous food-procurement and relief programs and it has been necessary for the House to approve legislation including fish. In 1939 the Secretary of Agriculture was authorized to transfer funds to the Surplus Commodities Corporation to be used for the purpose of diverting surplus fishery products from normal trade channels and distributing them to Federal, State, and private relief channels. The Agricultural Marketing Act of 1946 provides that the term "agricultural products" shall include fish and shellfish products. In the Agriculture appropriation bill passed by this House a few days ago the Secretary of Agriculture was authorized to expend funds for the development of foreign markets for fishery products. There have been other similar enactments so that there is, as the chairman of the committee suggests, a historical background for my proposed amendment. I am happy that the chairman and his committee will accept the amendment, and with that assurance I shall not dwell further upon the matter.

Tariff Classifications

EXTENSION OF REMARKS OF

HON. RICHARD M. SIMPSON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. SIMPSON of Pennsylvania. Mr. Speaker, the following list prepared by the United States Tariff Commission compares old and new rates of duty on 122 tariff classifications. Every tariff item imported in excess of \$1,000,000 in 1939 is listed. Together they accounted for a large part of our prewar dutiable imports. Of these classifications, 112 were affected in recent trade agreements; 83 rates were lowered, most of them very substantially; two quotas were increased, and 27 rates were bound or frozen.

The President has asked for another 3 years in which to conduct new negotiations aimed at lowering tariffs still further. Apparently there is no minimum short of absolute free trade that will satisfy him.

List of the most important dutiable tariff items included for consideration in the Geneva trade agreements—Comparison of tariff rates under
Tariff Acts of 1913, 1922, and 1930 with rate actually in effect in 1945 and the Geneva agreement rate

(Includes all classes subject to duties in which imports were valued at \$1,000,000 or over in 1939)

Commodity	Tariff Act of—			1945 rate ¹	Geneva agreement rate
	1913	1922	1930		
Cattle weighing less than 200 pounds each:					
(a) Entries not in excess of 100,000 head per calendar year.	Free	1½ cents per pound	2½ cents per pound	1½ cents per pound	1½ cents per pound—bound.
(b) Entries in excess of 100,000 head per calendar year.	do	do	do	do	1½ cents per pound up to 200,000 head. 2½ cents per pound in excess of 200,000 head (quotas not effective until end of meat shortage).
Cattle n. s. p. f. weighing 700 pounds or more each, other than dairy cows:					
(a) Entries not in excess of 60,000 head per calendar quarter year or of 225,000 head per calendar year.	do	1½ or 2 cents per pound	3 cents per pound	do	1½ cents per pound—bound.
(b) Entries in excess of 60,000 head per calendar quarter year or of 225,000 head per calendar year.	do	do	do	do	1½ cents per pound on quantity up to 120,000 head per quarter or 400,000 annually; 2½ cents per pound in excess of quotas (quotas not effective until end of meat shortage).
Whitefish not further advanced than beheaded or eviscerated.	do	1 cent per pound	1 cent per pound	¾ cent per pound	½ cent per pound.
Sardines valued over 9 cents per pound.	25 percent	30 percent	30 percent	30 percent ²	15 to 44 percent. ¹¹
Fish in containers weighing not over 15 pounds, salted cod, etc., containing more than 43 percent moisture.	15 percent	25 percent	¾ cent per pound	¾ cent per pound	¼ cent per pound.
Crab meat, crab sauce, and paste:					
Meat	Free	15 percent	15 percent	22½ percent	22½ percent—not in agreement.
Sauce and paste	25 percent	30 percent	do	do ³	
Calfskins, wet salted	Free	Free	10 percent	5 percent	5 percent—bound.
Calf and kip leather, upper	do	do	15 percent	15 percent ²	12½ percent.
Calf and kip leather, lining	do	do	do	12½ percent	10 percent.
Leather footwear, women's, "other"	do	do	20 percent	20 percent	20 percent—bound.
Leather gloves not over 12 inches, machine-seamed, not overseamed, not lined:					
Men's	\$2.50 per dozen pair	\$5 per dozen pair ⁴	\$7 per dozen pair ⁵	\$5 per dozen pair ⁶	\$5 per dozen pair, but not less than 25 percent.
Women's and children's	\$2 per dozen pair	\$4 per dozen pair ⁴	\$6.50 per dozen pair ⁵	\$6.50 per dozen pair ⁶	\$6 per dozen pair, but not less than 40 percent.
Silver or black fox:					
Dressed	30 percent	50 percent	50 percent	35 percent (changed to 37½ percent).	37½ percent—bound.
Undressed	Free	do	do	35 percent (effective May 1, 1947).	
Bristles; sorted, bunched, or prepared	7 cents per pound	7 cents per pound	3 cents per pound	3 cents per pound ⁷	3 cents per pound, bound.
Feathers for beds	20 percent	20 percent	20 percent	20 percent ²	10 percent.
Oats	6 cents per bushel of 32 pounds.	15 cents per bushel of 32 pounds.	16 cents per bushel of 32 pounds.	8 cents per bushel of 32 pounds.	4 cents per bushel of 32 pounds.
Barley malt	25 cents per bushel of 34 pounds.	40 cents per 100 pounds.	40 cents per 100 pounds.	40 cents per 100 pounds.	30 cents per 100 pounds.
Bran, shorts, and other wheat byproduct feeds.	Free	15 percent	10 percent	5 percent	2½ percent.
Bran and other wheat byproduct feed withdrawn from bonded mills.	do	do	do	do	Do.
Potatoes, white or Irish, certified seed:					
(a) Entries not in excess of 1,500,000 bushels of 60 pounds each per year.	do	50 cents per 100 pounds.	75 cents per 100 pounds.	37½ cents per 100 pounds.	37½ cents per 100 pounds.
(b) Entries in excess of 1,500,000 bushels of 60 pounds each per year.	do	do	do	75 cents per 100 pounds.	37½ cents per 100 pounds on quantity up to 2,500,000 bushels. 75 cents per 100 pounds in excess of 2,500,000 bushels.
Tomatoes, fresh	15 percent	½ cent per pound	3 cents per pound	1½ cents per pound	Various. ⁷
Pineapples, in crates	6 cents per cubic foot	22½ cents per crate of 1.96 cubic feet.	50 cents per crate of 2.45 cubic feet.	35 cents per crate of 2.45 cubic feet.	35 cents per crate of 2.45 cubic feet—not in agreement.
Pineapples, prepared or preserved:					
Candied, crystallized, or glazed	20 percent	35 percent	35 percent	35 percent	35 percent—not in agreement.
Otherwise prepared or preserved	20 percent	2 cents per pound	2 cents per pound	1 cent per pound	¾ cent per pound.
Brazil nuts, shelled	1 cent per pound	1 cent per pound	4½ cents per pound	2½ cents per pound	1½ cents per pound.
Brazil nuts, not shelled	do	do	1½ cents per pound	¾ cent per pound	¾ cent per pound.
Cashew nuts	do	do	2 cents per pound	2 cents per pound ²	1½ cents per pound.
Cottonseed oil, refined	Free	3 cents per pound	3 cents per pound	3 cents per pound	3 cents per pound—bound.
Vanilla beans	30 cents per pound	30 cents per pound	30 cents per pound	15 cents per pound	15 cents per pound—bound.
Cane sugar 96° (from Cuba)	1.0048 cents per pound	1.7648 cents per pound	2 cents per pound	0.75 cent per pound	0.50 cent per pound. ⁸
Molasses not used for extraction of sugar or for human consumption.	Testing not above 40°—15 percent. Testing above 40° but not over 56°—2½ cents per gallon.	½ cent per gallon when not above 52 percent total sugars ¼ cent for each percent above 52 percent total sugars.	0.03 cent per pound of total sugars.	0.03 cent per pound of total sugars. ⁹	0.03 cent per pound of total sugars—bound.
Maple sugar	3 cents per pound	4 cents per pound	8 cents per pound	3 cents per pound	2 cents per pound.
Brandy	\$2.60 per proof gallon	\$5 per proof gallon	\$5 per proof gallon	\$2.50 per proof gallon	\$1.25 per proof gallon.
Rum in containers holding 1 gallon or less.	do	do	do	do	\$2.25 per proof gallon.
Whisky	do	do	do	do	\$1.50 per proof gallon.
Cordials	do	do	do	do	\$1.25 per proof gallon.
Vermouth in containers holding 1 gallon or less.	Not over 14 percent alcohol, 45 cents per gallon. More than 14 percent alcohol, 60 cents per gallon.	\$1.25 per gallon	\$1.25 per gallon	62½ cents per gallon	50 cents per gallon.
Still wines produced from grapes, containing 14 percent or less alcohol, in containers holding 1 gallon or less.	45 cents per gallon	do	do	75 cents per gallon	40 cents per gallon.
Malt liquors in containers holding 1 gallon or less.	In bottles or jugs, 45 cents per gallon; otherwise, 23 cents per gallon.	\$1 per gallon	\$1 per gallon	25 cents per gallon	25 cents per gallon but if domestic tax is applied to imports duty becomes 12½ cents per gallon.
Castor beans	15 cents per bushel of 50 pounds.	½ cent per pound	½ cent per pound	¼ cent per pound	¼ cent per pound—bound.
Perilla oil	Free	Free	Free	Free	Free—bound.
Tax				4½ cents per pound ¹⁰	3 cents per pound. ¹¹

Footnotes at end of table.

Typical Reaction to President's Recent Address to Congress

EXTENSION OF REMARKS

OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. SCHWABE of Oklahoma. Mr. Speaker, I have received many letters from my constituents giving me their reactions on the President's recent address to the joint assembly of the two Houses of Congress. Some have said that it reminded them of the age-old strategy of an attempt of a leader to weld together his diverted forces at home by directing their attention to a foreign enemy. The desertion within the ranks of those who normally would be the President's followers, has apparently been most disconcerting to the administration. In desperation, naturally an attempt would be made to consolidate party factions. The split over the civil-rights program of the President and other vital issues has caused much comment.

However, my people think the President failed to tell the Congress or the people anything new. Everything he said seems to have been known before he delivered his message last week. They anxiously awaited and expected to hear the real story behind the scenes. They wanted the facts and are demanding them before the administration throws us into another vortex of war.

Some have suggested that the strategy which they think he attempted to employ was a reflection on their intelligence. The American people are quick to discern what is back of the message and they do not hesitate in writing their Congressmen to express themselves freely on this subject. A typical example of the letters and comments I have received is contained in the following letter from Tulsa, Okla., dated March 14, 1948, addressed to me by a prominent leader in one of our most highly respected labor unions, and reads as follows:

I have read the President's speech to Congress. I have heard his talk the same night in New York. To me they have the familiar ring of the last two world wars. There were slogans then: "He kept us out of war," "Our boys will not be sent to fight on a foreign soil," "All assistance short of war," and Churchill's statement to the effect that we were not supposed to furnish manpower to fight that war, and then we furnished not only 75 percent of the manpower on the western front but most of the money and munitions.

The repeal of the Neutrality Act, the arming of merchantmen, the use of ships given to England, then the peacetime draft, and the final attack at Pearl Harbor, and war.

The parallel is almost deadly. I have never been convinced that with proper and factual understanding, that this Nation might not have avoided both world wars of the past.

I am not convinced now that the American people are properly informed—that means the millions like me—to agree in cool and calm and dispassionate manner to the peacetime draft and selective service of the wartimes. If it is necessary to fight another war I want my elected officials to

tell us that it is, to tell us the reasons why and to uncover for us so we may honestly make up our minds any agreements or misunderstandings that may have been made concerning the last world war, and any that may have been made since.

I am not convinced that it was or is inevitable unless we set ourselves up as a police force of the world. I am not an advocate of trying to police any other part of the world, nor am I of the belief that we will be able to eternally do this.

I believe now and have believed from the beginning that the only thing such things as the Marshall plan or other organized aid to Europe and Asia will do will be to place us in a position that we will at some future time get into war to protect those plans. We cannot buy loyalty and friendship.

For these reasons I am opposed to the selective service, to the draft of manpower, to the Marshall plan or any other plan to try to run the world our way. If this is a stop communism movement let us wonder if that is not a stop democracy movement. If this is to be the battle of Armageddon let us now know it, and let us realize that it will possibly mean the utter break-down of civilization where there will be neither communism or democracy, but only a terrible effort to survive by individuals.

I know you have been against these things. Unless you have more information than I do I hope you still will maintain your position. I want full information.

Foreign Assistance Act of 1948

SPEECH

OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the debate during the last few minutes shows us how impractical and impossible it will be for us to govern the trading instincts of the other peoples of the earth. You are going to fall down on this job, make no mistake about it. Secondly, we recognize Russia as a friendly nation. Russia has vast reserves of gold in the ground. She mines that gold and ships it to the United States, and we buy all the gold that Russia offers us and pay her dollars in exchange. As a friendly nation supplied with dollars for a product that we do not need and which we are afraid to use in our monetary system by making our currency redeemable in gold, we are put in a position where we have to let Russia buy goods. The people in my district are concerned about our shipping goods to Russia. I write them every day and tell them why we sell goods to Russia.

Russia can buy anything in the open market and bid against you, on which an export license can be obtained. Do not mislead yourselves about the State Department going to discontinue goods being shipped to Russia, because the State Department is friendly to Russia from that standpoint, and those goods will continue to move. From time to time the State Department will mislead the people of the United States by telling them they have cut off exports of certain items to Russia, but Russia will continue to buy as long as she is recognized as a friendly nation and as long as we pay our dollars for Russian gold.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. BATES of Massachusetts. The Department of Commerce has charge of the export controls. That is not administered by the State Department.

Mr. CRAWFORD. But the State Department substantially wrote this bill. The State Department has run this Government for the last several years, and there is no use to misinform ourselves about that. Diplomacy, world-power politics, peace treaties, international trade, are all the makings of the State Department.

Our Electoral System Is in Urgent Need of Remodeling

EXTENSION OF REMARKS

OF

HON. ESTES KEFAUVER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. KEFAUVER. Mr. Speaker, under leave to extend my remarks, I wish to include an article written by me on the subject of our electoral college system appearing in the April 1948 issue of the Progressive magazine.

The article is as follows:

OUR ELECTORAL SYSTEM IS IN URGENT NEED OF REMODELING

(By Representative ESTES KEFAUVER)

Some southern leaders of the Democratic Party have been crashing the national headlines with threats that Presidential electors chosen within their States would desert the national Democratic ticket in the November election.

These southern rebels against the party's national leadership have pointed out that there was nothing in the Constitution or in State legislation that would commit the southern members of the so-called electoral college to support the Presidential and Vice Presidential candidates chosen at the Democratic National Convention. They emphasized that there were two choices open to bolting electors from Southern States:

1. They could cast their ballots for the Republican Party's candidates. This move, if it comprised a sufficient number of Southern States, would certainly assure a Republican victory, or

2. They could cast their votes for neither the Democratic nor Republican candidates. This move might well succeed in preventing either the Democratic candidates or the Republican candidates from obtaining a majority of all the electoral votes in the country.

If this should happen, the election of a President would then devolve upon the House of Representatives. Under the Constitution, each State would then have one vote, and the Southern States, acting as a unified bloc, might determine the outcome.

Most political commentators have refused to take this threat very seriously. They have pointed out again and again that a similar threat had been made in 1944, particularly on the part of a significant portion of the Democratic electors in Texas. The Texas threat soon blew over, however, and all the Texas electors ended up in the Roosevelt-Truman column. They have also cited the unwritten tradition in America that the electors chosen within any State are morally bound to cast their votes for the convention nominee of the party on whose ticket they ran. Any elector who disregarded this tradition would be regarded as guilty of having violated an unwritten law.

To any serious student of the American political scene, however, these recurrent threats of revolt in the electoral college have tremendous significance. It is often said that the electoral college system of electing Presidents, while useless, is harmless. If this were true, the system would be a minor defect indeed in our political structure and, at a time when America is beset by so many world-shaking problems, it might well be ignored.

But anyone who studies the subject closely will see that it is not true. The entire electoral college system is riddled through with so many serious and dangerous defects that it has been under serious criticism ever since it was first put into operation.

The greatest demonstration of popular government in our time is when 50,000,000 or more American citizens, with freedom of thought and action, go to the polls and determine who shall be the next President of the United States. No patriotic citizen will question the contention that such an election should be conducted under rules which will definitely result in the election of one of the candidates and that all votes should be counted by a method that will accurately and justly reflect the will of the American people. We do not have such a system today.

Section 1, article II of the Constitution provides that each State shall be entitled to a number of Presidential electors equivalent to the number of Senators and Representatives of that State in Congress; that the electors of each State shall meet in the State capitol on the same day and choose a President of the United States and a vice president.

What's wrong with this procedure?
Everything—for a democracy.

First of all, as is indicated by the recurrent threat of revolt among the electors, there is always the danger that some electors will not actually cast their votes for the national candidates of their party. State legislation, on the whole, has left undefined the responsibility of electors to cast their ballots for the candidates of their own political party.

A recent study shows that "only two States, California and Oregon, have enacted legislation imposing a duty upon electors to vote for the candidates of the political party which they represent. Only Oregon exacts from an elector a pledge that he vote for his party's nominees for President and vice president."

Second, the system is far too open to the possibility of a President being selected by the House of Representatives, an extremely undesirable procedure. In order to win, a candidate must obtain a majority of all the electoral votes—266. It is perfectly clear, then, that in the event of a close contest between the two major parties any third party which obtains a few electoral votes can prevent the immediate election of the major party candidate who obtains only a plurality (that is, the greatest number of votes but less than an arithmetical majority). Once the

election is thrown into the House it would be possible, as has happened on three occasions in American history, for a candidate with the second highest number of votes to be elected President.

Third, each State casts its electoral votes as a unit. The total electoral vote within any State goes to the candidate who has obtained the plurality within the State. The votes cast for opposition candidates within the same State are not counted in the final outcome. Thus, if a candidate wins by a plurality of one vote the entire electoral vote of the State goes for that candidate.

There are other minor defects, but these three are of sufficient importance to warrant affirmative action to change the system.

The current controversy over the President's recent civil-rights message also highlights the underdeveloped political role of the South. No matter what one may think about the merits or demerits of the various proposals for dealing with the problem of discrimination and minority rights (and this is not the place to discuss the substantive issues that are involved), it is clear that the national leaders of the Democratic Party regard the South as "safe."

Since it is confidently expected that the South will vote Democratic, no matter what policies are followed by the Democratic Party, the national leaders of the party are under little compulsion to give adequate consideration to the special problems of the South.

The same is true with the Republican Party—but for a different reason. To the Republican leaders there seems to be no chance whatever of obtaining the electoral votes of Southern States (except under unusual circumstances such as those that developed in the 1928 election), so there is no reason why they either should give adequate attention to the special problems of the South.

This neglect of the South by our major political parties affects not only the formation of national policies but also the entire character of election activity in America.

Since both national parties are mainly concerned with winning the electoral votes of the doubtful States and since the South is hardly ever doubtful, a system has developed of political discrimination against southerners in the selection of Presidential candidates.

In the early days of the Republic our most outstanding Presidents—Washington, Jefferson, Madison—came from the Southern States. Today some of the most capable men in the country, unsurpassed in ability and integrity, come from the South. Yet today such men, while their abilities may be recognized throughout the Nation, have no chance of being nominated as the Presidential candidate of either party. As the result of the electoral-college system, each party is forced to judge potential candidates by their ability to carry a small handful of doubtful States in the North.

Moreover, once the two national conventions have been held and the candidates are selected, the campaign is concentrated mainly in the doubtful States. National organizations are forced by the logic of circumstances to give practically all of their attention to these pivotal States. The South is pitifully neglected.

Finally, the present system deters southern voters from exercising their right to vote. The Democratic voter feels sure that the electoral votes in his State go to the Democratic candidate; there is more reason for him to stay home on election day. The Republican voters knows that no matter how many Republican votes are gained in the State, none of the electoral votes in the State will go to the candidate; he too, therefore, feels no compelling urge to go to the polls.

It is clear that there is a very close relationship between the electoral college system and the underdeveloped role of the South in the political life of America. But the connection is not, as some southerners have mis-

takenly contended, that the possibility of a revolt in the electoral college provides an instrument for the political liberation of the South. This approach is short-sighted and self-defeating. The electoral college system, far from being an instrument of liberation, is itself an instrument of tyranny. The answer to the problem is not to misuse an already defective system but rather to iron defects out of the system.

In developing a program for improving our system of electing Presidents, it is first necessary to go back and see just what the founding fathers had in mind at the Constitutional Convention and how the system took form during the early days of the Republic.

The question of how the Chief Executive should be elected presented almost insurmountable difficulties to the men who wrote the Constitution. "If the tranquility of the Nation is to be disturbed," predicted Chancellor Kent, "and its liberties endangered by struggle for power, it will be upon this subject of choice for President." All sorts of plans were proposed. One that the President be chosen by Congress was adopted, and afterward rejected. Another that the national executive be elected by the governors of the States was rejected.

Gradually the idea of an election indirectly by the people gained ground until at last it was agreed that the choice should be made by electors appointed by the legislatures of the States; this was a compromise between the large and the small States. The method was intended to place absolute control of the choice of the President in the small body of superior citizens selected by the several States to exercise their independent judgment in choosing a President.

It was intended to avoid, on the one hand, the popular tumult and passion that a direct election by the people might involve, and on the other hand, it was intended to avoid legislative domination of the executive by the Congress. Each State was to have electors equal in number to its Senators and Representatives, who were to meet in that State on the same day on which the electors met in all other States. It was thought that each separate State group would be unaware of the decision of the others. In the early days of the Republic the electors were not elected at all, but were appointed by the legislatures. South Carolina followed this practice until 1868. The original provision of the Constitution provided that after the President was chosen, the person having the greatest number of electoral votes was to be Vice President.

Only a few years were needed to develop some of the worst imperfections of the original electoral plan. As early as 1797 a proposed amendment sought to require the electors to distinguish in their ballots between candidates for the Presidency and the Vice Presidency, but it was not until a real crisis arose which threatened the life of the Republic that some defects were cured. John Adams became Vice President in 1789, though he did not receive half the votes.

In 1800 Thomas Jefferson and Aaron Burr received the same number of votes—73—and each a majority. It was well known that the electors desired Jefferson for President and Burr for Vice President. This demonstrated the folly of voting for both President and Vice President upon the same ballot. It proved the possibility of electing a President from one party and a Vice President from another, and it showed the danger of a tie vote and opened the door to deals.

The Jefferson-Burr controversy threatened a dissolution of the Government. It was said that the country escaped from a civil war only by the prevalence of that kind temper and magnanimity in the Congress which prevailed in the Convention itself. This was the first time a Presidential election had been thrown into the House of Representatives, and it nearly wrecked the young Republic.

This controversy resulted in the passage of the twelfth amendment in 1804. The main features of the amendment were that the electors were to vote separately for President and Vice President. If no person received the electoral majority for President the House of Representatives is to choose from the three highest instead of the five highest as provided originally in the Constitution.

The second and last time an election was thrown into the House dates back in time to 1824, 124 years ago. In the electoral college there were 182 votes, of which Andrew Jackson had 99, John Quincy Adams 84, William H. Crawford 41, and Henry Clay 37. Jackson had a plurality of 50,000 in the popular vote. There was no question as to the election of John C. Calhoun as Vice President.

Henry Clay was Speaker of the House at that time. Before the day for counting the votes a great scandal arose. Charges of corruption were made against Clay, which were investigated without result. The situation was one which invited intrigue, and no doubt there was much bargaining and attempted trading of votes. Excitement ran high. A coalition between the followers of Clay and those of Adams resulted in the election of John Quincy Adams on the first ballot. Clay, on account of being fourth in the electoral college, was eliminated in the House. If the old provision of voting for the five highest on the list had not been changed to the three highest, Clay instead of Adams probably would have been the choice.

In a very short time after the birth of the Republic the motivating reasons for the electoral college were either forgotten or abandoned. The electors whether chosen by the legislatures of the States, as they were originally, or by the popular suffrage, as now, became only robots or puppets, selected under a moral restraint to vote for a particular person in a particular party. So it has come to pass that this curious machinery of the electoral college has become only a mode of casting the vote for that candidate who is the favorite of a majority of the people within the particular State electing the elector.

The Constitution itself contains nothing to indicate that the total electoral vote of any State should be given to the candidate who has obtained the greatest number of votes in that State. In fact, at the time of the Constitutional Convention, it seems to have been taken for granted that the electors in most of the States would be selected on a district basis. By this system some electors could cast their votes for one candidate and other electors for another candidate.

In 1800, however, the Federalist States enacted State legislation doing away with the district system and providing for the selection of electors on a general ticket. The purpose was to enhance the opportunity of electing the Federalist candidate. The Jeffersonians protested against this device, claiming that it served to disenfranchise the anti-Federalist voters within the Federalist States. They made an unsuccessful attempt to amend the Constitution for the purpose of requiring the district system to be followed by all the States. Failing in this attempt, they then adopted the general ticket system themselves in the anti-Federalist States, thereby disenfranchising the Federalist voters in their States. As a result, the general ticket system spread and soon became universal.

Theoretically, it would be possible for the general ticket or bloc-voting system to be done away with by the States themselves. Certainly, there is nothing to prevent any State or group of States from taking such action. Yet the history of the seventeenth amendment to the Constitution proves that unilateral action by the States is impractical. Before the seventeenth amendment was adopted, many States enacted legislation which in effect provided for the popular elec-

tion of Senators. But it was impossible for this system to become widespread until it was provided for by constitutional amendment. The same is true with respect to any effort to break down the bloc-voting system.

A constitutional amendment is also necessary for other reasons. The easiest method to get away from the general-ticket system is to allocate the electoral votes of each State to the candidates of the various parties in direct proportion to the number of votes cast for them. Yet this necessarily means that a third-party candidate who obtained a sprinkling of votes in a number of States without winning a plurality in any would obtain a number of electoral votes on the final count.

Under the present provision requiring a candidate to obtain a majority of the electoral votes, this might prevent either of the candidates of the two major parties from obtaining a majority; the result would be to throw many more elections into the House of Representatives. This contingency should be avoided at all costs. The only way to avoid it, once a system of allocating electoral votes in proportion to popular votes is adopted, is to change the present constitutional requirement for an arithmetical majority of the electoral votes and to provide that any candidate shall be elected President who obtains a plurality of the electoral votes. This change, of course, can be effectuated only by constitutional amendment.

Also, the only clear-cut way to remove the threat of a revolt among the electors is to abolish the electors themselves as entities differing in any way from the voters who cast their ballots at the polls.

It would be rather a futile waste of time to enact measures compelling electors to abide by the decision of the voters, for in so doing the utter uselessness of the function of elector would be underscored. The wiser course of action, clearly, is to do away with the office of elector. This does not necessarily mean doing away with the system of allocating electoral votes to each State. This system can be continued without harm so long as the electoral vote is divided on a proportional basis among the opposing candidates, so long as the requirement for election is changed from a majority to a plurality, and so long as the separate office of elector is abandoned.

The House Committee on the Judiciary, of which I am a member, is currently considering a number of proposals to modify the electoral-college system by amending the Constitution to provide for some of the basic changes I have proposed in this article. Early action, I am convinced, is vital, if we are to strengthen our democracy for the great trials in the years ahead.

Greek Aid

EXTENSION OF REMARKS OF

HON. LEO ISACSON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. ISACSON. Mr. Speaker, I rise to urge that this body give the most searching thought to the proposals now before it which would lightly toss hundreds of millions of dollars into the mire of corrupt Greek politics, and carelessly jeopardize the lives of America's youth. This deliberative body should not be stampeded into undeliberative haste to commit the lives and resources of the

American people to the perpetuation of a discredited monarchy in Greece.

The anxiety of the administration to rush this legislation through is of course understandable. The tactics of the administration are as obvious as the crisis it has conjured up is synthetic. Mr. Truman presented no new information to the Congress when he summoned the joint session on returning from his vacation. Gentlemen, there is no crisis except the crisis in Mr. Truman's political fortunes. There is only an attempt by the administration to generate an atmosphere which makes impossible any reasoned examination of its foreign policies. The administration is in haste to see this legislation enacted not because any new forces threaten our national security, but because it fears that congressional and public scrutiny may pierce through the smokescreen of hysteria so artfully laid, and see the President's foreign program for the irresponsible, war-provoking policy that it is.

That foreign policy has now been a year in the making. This bill is the implementation and amplification of the Truman doctrine enunciated for Greece and Turkey in March 1947. A year has passed since then and we have had ample evidence of the manner in which this doctrine has operated and the ends it has achieved. To what extent has the Truman doctrine accomplished its announced purposes of reconstructing the Greek economy, feeding the Greek people, and strengthening the peace through the preservation of democratic Greek institutions?

The answer is: The Truman doctrine has been a dismal and humiliating failure. On this point there is no more cogent testimony than the President's own report to the Congress on February 16, 1948. I quote to you several excerpts from this report:

The military situation in Greece has shown no improvement during the period under review.

The economic position of the country remains critical.

It is unlikely that the strong inflationary forces operating in Greece can, with the means now available to the Greek Government, be overcome within the near future to the extent necessary for prices and wages to take a substantial downward trend.

Implementation of plans for basic economic reconstruction * * * has been impeded by the presence of military operations and a sense of general insecurity.

Slowness in industrial progress is caused largely by the widespread feeling of insecurity.

And, finally:

Events since early November have not * * * justified the high expectations then entertained for a stable pattern of industrial relations. The continued rise in the cost of living has largely wiped out the beneficial effects of the general wage settlement and resulted in the prospect of renewed pressure for further wage increases. Furthermore, recent actions of vital interest to labor have tended to undermine the mutual confidence required for effective cooperation in the field of labor relations, notably the drastic law of December 7, which was passed without prior knowledge of the mission, providing extreme penalties for strikes and lockouts during the period of civil strife.

Administration spokesmen have been frank to state that during the past year the \$300,000,000 expended in Greece under the Truman program has made no headway in the fight against the guerrilla forces and has barely served to hold the line against them. Americans who have recently returned from Greece say that even this is an overstatement, and that in fact widespread resentment against what the Greeks term the American occupation has actually strengthened the guerrilla forces in some areas. The right wing Greek press has been so embarrassed by the continual routs of the Greek nationalist forces that it has set up a clamor about the superiority in number and quality of the rebels' equipment, in the face of common knowledge and repeated statements by the American mission that the very contrary is true.

What the Greek Nationalist Army lacks in spirit and popular support it has made up for in a brutality and bestiality that do violence to every decent human instinct. To proddings by the American mission that they undertake an offensive against the guerrilla forces, the Greek Army has responded by such acts as the mass execution of captives after they had been tortured and tormented on a death march through the streets of Salonika that, according to the New York Times correspondent on the scene, could just as well have taken place in the fourth century before Christ. And hardly more than a fortnight ago this "gallant" Greek Nationalist Army made a raid on a tuberculosis sanitarium on the pretext that a rebel band was in ambush somewhere in the vicinity and dragged off to jail 15 seriously ill patients, who were denied all medical attention and even the protection of a blanket against the chill of the night air.

This is the Greek Army which we are clothing, feeding, and for whom our officers are devising strategy. These are the royalists with whom we have made common cause. These are the troops who consider themselves, and are considered by all Europe, our agents and our emissaries. No matter how self-righteously we denounce their acts of barbarism, no matter how vigorously we disclaim responsibility, we are tainted by them.

The brutality of the Greek royalist army is matched by the repressions of the Greek Government, nourished by the Truman doctrine. A year has now elapsed since the enunciation of the Truman doctrine to defend so-called democratic institutions in Greece, and mass arrests, deportations, and executions of those opposed to the royalist regime are still the order of the day. On March 7 the New York Herald Tribune reported that two editors—not Communists, by the way—who had dared to criticize the mass execution of members of the Greek resistance were arrested on a military warrant, while the Greek Government simply stated that it could not intervene in the workings of military courts. And these ruthless acts are committed in the name of the Truman doctrine, and are

considered a gesture to the United States. I am including in this text an article appearing in the New York Herald Tribune on March 8 attributing these acts to the Greek Government's interpretation of the Truman doctrine:

PURGE OF GREEK LEFTISTS CALLED GESTURE TO UNITED STATES—EX-MINISTER SAYS ATHENS SEES TRUMAN DOCTRINE REQUIRING REPRESSIONS

(By Homer Bigart)

ATHENS, March 7.—Nicholas Kolyvas, former Minister of Justice, said today that the current wave of mass arrests, deportations and executions was the result of the Greek Government's interpretation of the Truman doctrine. It believes, he said, that Washington desires ruthless suppression of the "left" as an implementation of President Truman's "containment of Communism" theme.

Mr. Kolyvas, Justice Minister in the Plastiras government at the time of the Varkiza agreement of February 12, 1945, under which the ELAS leftist resistance force was disbanded, said he saw no moral justification for the recent execution of ELAS members for alleged crimes committed during the German occupation. After so long an imprisonment—several were first jailed in the weeks immediately after the Varkiza agreement—it scarcely was humane to march them out and shoot them, he said.

URGES REVIEW OF SENTENCES

"I suppose I'll be labeled a Communist and a traitor for saying this," Mr. Kolyvas said, "but I believe these convictions should have been reviewed. Remember, some of these crimes were committed in a period of extreme political upheaval, when murder often was regarded as patriotic. At that time, both British and American broadcasts were urging the EAM (National Liberation Front) to neutralize and repress all elements collaborating with the Germans.

"Undoubtedly, there were murders motivated by personal vengeance rather than patriotism, but in a period of anarchy such cases are difficult to clarify.

"For that reason," Mr. Kolyvas said, "the amnesty granted under the Varkiza agreement should have covered all crimes committed during the occupation. In any event," he said, "the present purge is dangerously crude and has already eclipsed most of the fundamental liberties guaranteed by the Greek constitution."

CALLS REGIME REPRESSIVE

In the matter of individual freedom, the coalition government of Liberals and Populists (Royalists)—created last September by Loy W. Henderson, State Department director of near eastern and African affairs—has proved far more repressive than even the predominantly Rightist governments which preceded it, Mr. Kolyvas maintained. He said thousands of suspected leftists have been deported without trial, journalists arrested for criticizing the government and civil servants purged for disloyalty without benefit of the right of appeal.

Liberal Deputies at Athens today denounced as unconstitutional a decree adopted Friday by a Parliamentary committee giving to the military council power to drop 60 senior army officers. Most of the officers are Liberals, and the Liberal Deputies hinted they were being discharged for political reasons by the predominantly Royalist military council.

Now the American mission cannot disclaim responsibility for this—nor can Mr. Truman. Is it any wonder that the American Army and the American Government have suffered a tremendous loss of prestige in the eyes of Greece's neigh-

bor Italy? That our claims to be regarded the defenders of western democratic civilization are looked upon with more than a little scepticism?

The capacity of the Greek economy to absorb American dollars without approaching one step nearer solvency is almost phenomenal. In a report to the Greek people on March 11 of this year Governor Griswold, head of the American mission to Greece, stated that the \$300,000,000 voted by this Congress in July of last year and scheduled to have lasted until June 1 would be exhausted by the 1st of April. In addition, the Greeks have received \$38,000,000 in post-UNRRA shipments and a \$25,000,000 credit for surplus supplies and for larger sums—in all a total of \$814,500,000 since the war's end. Yet despite all this coddling—and let me digress to say that the American mission in Greece, in order to get Governor Griswold's report published, deemed it necessary to give two Greek newspapers a subsidy to cover the printing costs—despite all this coddling, the Greek economy still totters uncertainly.

Inflation has not been licked. In March the prices of basic food commodities reached a peak. The hungry have not been fed, except in certain quarters where food has been baldly used as a political weapon. And the civil servants are threatening to strike because of the Government's reluctance to grant bonuses and extra rations. It is important to note, moreover, that very little further progress toward reconstruction and rehabilitation of the Greek economy can be soft-pedaled, while the administration openly in its present hysterical war-mongering emphasizes the predominantly military character of the \$200,000,000 additional assistance which it now proposes to render Greece.

With all our supposed efforts to befriend the Greek people and to relieve their distress, we are today cordially disliked throughout the length and breadth of Greece. The hungry hate us because they have not been fed. The civil servants hate us because we are opposed to their bonuses. The freedom-loving Greeks hate us because we have helped place them under the yoke of an oppressive monarchist regime. Even those Greeks who are our minions despise us because they regard us as fools and suckers. And to achieve this universal unpopularity it has cost us more than \$800,000,000 since the war's end.

It is clear then that the Truman doctrine has failed to achieve its stated purposes. It has neither aided the reconstruction of Greece nor advanced the cause of Greek democracy one step. Its one tangible result has been to keep in power the corrupt, reactionary, Nazi-loving Greek monarchy, which otherwise would have long since been repudiated and put to flight.

Why, in the face of this outstanding failure, do the administration and the bipartisan coalition in the Congress cling so tenaciously to the Truman doctrine? I have said that the Truman doctrine failed to achieve its stated purposes in Greece. But I submit that its stated

purposes are not its real purposes. I submit that the Truman doctrine was never intended to feed the hungry and to protect and preserve democracy in Greece. I submit that the Truman doctrine has been eminently successful in accomplishing its real purpose—and that purpose has been to keep any popular democratic regime from coming to power in Greece, to saddle the Greek people with a corrupt reactionary monarchy which is odious to them, and thereby to promote unrest, instability, and strife which will set the stage for American armed intervention to protect extensive American investments. But not primarily investments in Greece. Greece is merely the outpost, the gateway for the oil of the Middle East which reaction in Greece is supposed to defend for American oil companies.

The Truman doctrine is nothing more or less than militarism rampant on a blood-soaked field of oil. It is unadulterated imperialism—oil imperialism. Yesterday Greece, today Palestine, tomorrow the world—bathed in a mixture of oil and blood. And it is in pursuit of this policy of aggressive imperialism—of intervention in Greece, Turkey, China, and every part of the globe that American mothers are now asked to turn over their sons in the flower of their youth to the military.

Greece proves that the 1947 Truman doctrine was never intended to protect the peace by strengthening democracy abroad. And the 1948 proposal to send hundreds of millions of dollars to Greece is not intended to protect the peace either. It is calculated to do the very opposite—to promote discord and strife, to involve us heavily financially, to make armed intervention in Greece inevitable. Whether or not we Americans recognize these implications of our foreign policy, it is clear that the Greek people do. It is significant that, according to our own press dispatches, the President's recent message to Congress provoked in Greece, and I quote a "fresh wave of war jitters," and cause a rise in the price of gold.

I should like to address myself briefly to the Members of this body who, though they have serious misgivings about the President's proposal to aid Greece and the other proposals of his foreign program, are nevertheless prepared to go along with that program because they feel that the alternative is inaction and a starving Europe. I say to you that by voting this program you are yourself shutting the door to any peaceful and decent alternative. I say to you that your vote is another foundation stone pulled from the edifice of the United Nations. I say to you that almost anything would be better than a war-provoking policy which holds the promise of devastation, not reconstruction for Europe, and untold horrors for our own people. I say to you, gentlemen, that you may shrink from recognizing the truth but your vote for this proposal is a vote against the peace. There is a way out—the way of working through the United Nations which my bill proposes.

Farm Aid Bill

EXTENSION OF REMARKS

OF

HON. MONROE M. REDDEN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. REDDEN. Mr. Speaker, the bill now under consideration is probably the most important measure the present Congress will have the privilege of passing upon. The debate has been very interesting. The pros and cons have been thoroughly revealed.

There is one thing that stands out most prominent when one considers the opponents' viewpoint. They urge that the bill will not prevent a third world war, nor will it stop the spread of communism. These seem to be the chief reasons assigned by the opponents as to why they do not intend to support the bill.

Of course, it is always easy to advance strong arguments in opposition to spending billions of the taxpayers' money. But the other side of the picture must also be viewed if we are to properly evaluate the true aspects.

It may be conceded that this bill will not prevent war. If Russia is bent on war with America, then no legislation that this Congress could pass will change that decision. If Russia is determined to spread communism over the earth, then no measure this Congress could enact will deter Russia in these efforts. The question then arises: What shall we do to secure ourselves and other countries of the world who oppose this aggressive conduct? It is argued by some that we should withdraw from Europe and turn over that vast empire of 280,000,000 people to the ravages of communism and Russian military power, that in doing so we should come home and draw into our own shell and build a wall of steel around this country. That argument was good a half century ago. It was good in the days of George Washington, when weeks were required for the bullet of any gun to reach our soil or the ship of any fleet to approach our shores. But time has changed these conditions, and America to be secure must change her views of the Washingtonian era. We know the purpose of this bill is not simply to feed Europe. It is to help stabilize the economy of Europe and to strengthen her military forces, to the end that the Red tide may be stopped before it engulfs that continent. The best assurance we have of preventing war is a strong anticommunistic Europe. The money that we are spending today is cheap in comparison to the amount that will be required if we enter the struggle against Russia. When Europe becomes strong again, economically and militarily, we will have won the peace and not before. The dollars we send to Europe under this bill will save American soldiers in days ahead. If we withdraw from Europe we have surren-

dered to communism; we have turned over the entire world to the militarists of Russia and we will stand alone as proponents of freedom.

Who would remain in Europe to engage the Russian armies if we abandoned Europe to these invaders? Upon whose soil would we land if all Europe surrenders?

If this bill is passed it may not prevent war, but it will strengthen our allies who will join us in the greatest of all struggles. It will save American lives and American blood. It is the best investment ever made by this Government to secure the peace.

Slum Clearance

EXTENSION OF REMARKS

OF

HON. RALPH W. GWINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

Mr. GWINN of New York. Mr. Speaker, under leave to extend my remarks, I wish to include the following article by Joseph H. Deckman, chairman, public housing committee, Home Builders Association of Metropolitan Washington, entitled "There's an American Way To Clear the City's Slums and House the Needy":

THERE'S AN AMERICAN WAY TO CLEAR THE CITY'S SLUMS AND HOUSE THE NEEDY

After a 5-year period of studying the problem of slum clearance and low-rent housing and after listening to numerous discussions on the subject both over the radio and from the speaker's rostrum one becomes firmly convinced that many fundamental truths about housing are escaping the attention of all those who are talking so much about America's No. 1 problem.

For some unknown reason those who cry for a vast Government housing program are continually blaming the builders of the country for the slums and the improper housekeeping habits of the poor and indigent slum dwellers. Likewise, the spokesmen for the building industry are always trying to excuse themselves of blame for slum conditions when these conditions are not of their making and it is not in their power to cure them.

Probably there are more phony experts, charlatans, misguided people, and self-seeking bureaucrats advising the American people on housing matters than on any other major subject of the day.

Very few of those in Government, either in the legislative branch or in actual control of housing agencies, have ever built a house, estimated the cost of one, or even planned one. From what has been written to date by newspaper reporters, columnists, and magazine writers it is quite clear that their fundamental knowledge of the housing industry and its operations is very limited.

Because the country is being flooded with so much false propaganda and misinformation it seems a good idea to set forth certain basic truths about housing, so the subject can be studied in a factual way and not on the excitement plan which is now so much in vogue.

The first point to be made in order to clear the housing atmosphere is to state the fact that the problem of slum clearance has nothing to do with the housing industry and its normal function of producing new housing units.

The problem of slum clearance is purely a local one and its solution lies in the speedy promulgation and enforcement of housing codes and sanitary laws.

A second fact to be stressed about housing is that the solution of the slum-clearance problem is in no way bound up with public housing. Instead, public housing is simply a political means of furnishing subsidized rents to a class of voters for political propaganda purposes. Slum clearance is only the popular vehicle to sell socialized housing to the taxpayer and the real aim of the public housers is to promote state socialism.

The third and final point to be established about housing is to make it clear that the production of new housing units and the providing of low-rent accommodations should not be confused with each other. Obviously, any student of the subject of housing recognizes the fact that new dwelling units are not the only source of good rental housing.

Now, to explain fully the three main facts as set forth, each will be discussed in detail.

Beginning with the first point, it is utterly ridiculous to blame the building industry for the slum conditions in our cities because the builders of new housing do not own even a fraction of the properties which are located in the slum areas. It is the function of the constructors of new housing units to build good new buildings and due to building codes and Federal loan insurance requirements the builder from necessity is forced to erect sound buildings. Therefore, present building programs are not contributing to slum conditions because of the builder. Also, what has been done in the past is no more to be blamed on the present-day members of the building industry than is society in general.

Instead, the blame for slum conditions is to be placed squarely on the shoulders of the owners of slum properties, the poor house-keeping methods of slum-tenant and the municipal authorities who allow unsanitary slum conditions to exist.

Slums are not caused by old buildings, but are definitely the result of houses not kept in repair and slovenly housekeeping.

Georgetown, in Washington, D. C., is the finest known example of a slum area reclaimed into a fine residential neighborhood without construction of a new house in block after block of that section.

The solution to the problem of slum clearance is basically found in the promulgation of adequate housing codes and sanitary laws at the local level. Proper laws would make it unlawful to rent substandard housing or maintain unsanitary housing conditions either by tenant or by owner.

Enforcement of housing codes and sanitary laws would result in slum properties either being placed in good livable condition or in being torn down or their use as housing discontinued. In this manner the slums will disappear at no cost to the taxpayer. Also the logical development of our cities can take place and they will not be redeveloped through a public housing program which from past experience builds two-story dwelling units in the heart of a city where multifamily apartments or commercial property would eventually be constructed by the dictation of sound economics.

If for some reason the people of a city feel that they wish something more than just a sound housing code then a strictly local Redevelopment Act could be passed along the lines of the District of Columbia Redevelopment Act of 1945. In no case is it necessary for Federal legislation to be passed for the purpose of subsidizing the clearing of the slums of the Nation's cities.

In discussing the second point it cannot be too vigorously stressed that public housing and slum clearance have nothing basically to do with each other. Public housing is purely a means of subsidizing bricks, mortar and lumber to produce fictitious low rents at great cost to the taxpayer. Slum clearance is simply the "surrey with the fringe on top," which is used in an attempt to put over government ownership of housing and to date a fine job has been done in confusing the collective minds of the American people.

A good example of how the public housers operate is the statement made by Nathan Strauss (one of the Nation's foremost public housers), during a radio program on December 30, 1947.

Mr. Strauss stated that in 1946, 50 percent of the babies born in America were born in slums. For this reason the builders of America were failing to properly house the population and consequently the only alternative is a great public-housing program.

It is not known where the statistics can be found concerning in what section babies are born and how many, but certain other factual data is available, which certainly makes Mr. Strauss appear to be very much misinformed.

According to the United States Department of Commerce, Bureau of the Census Report, Series P-70 No. 1, dated October 29, 1947, it is stated that in 1947, 93 percent of all the housing in American cities was not in need of major repairs. Also it was stated that 84 percent of all urban housing occupied as dwelling units contained both private bath and private flush toilets. This is a condition not equaled by any other nation in the world. The report further shows that approximately 55 percent of all housing units in the United States were owner-occupied in 1947.

From these facts it can be safely stated that only approximately 10 percent of the urban housing in our country can be construed as being in the slum category, and not all of this housing is truly slum property.

Now if 50 percent of the children were born in slums in 1946, then the people living in 10 percent of the housing of our cities are showing a rate of profligacy which is unheard of before in the annals of mankind.

It is more reasonable to assume that Mr. Strauss is as far off base with this statement as he is with all his other statements about housing made in a recent article published in the American magazine.

When public housing is stripped of its tie to the many maudlin approaches made to slum clearance, the political jobbing in human suffering and the general official bungling with a relatively simple problem; it is readily seen that the housing of the low-income group and clearing slums through the medium of public housing is a physical and economic impossibility.

The light of cold reason thrown on Government housing exposes it as a political farce which is "operation rathole" as far as the American taxpayer is concerned.

No one either public or private can build a new house to rent economically to a man who cannot afford to pay rent. Therefore, in order to house the very needy a subsidy is necessary, either in the form of subsidized Government housing or direct rent relief to the tenant in private housing. The selection of the means of housing the needy then becomes an economic problem as to which is the more economical method. From this standpoint it is a proven fact that rent relief to the tenant in private housing is much less costly. Public housing costs more to construct and to operate and with its inherent wasteful governmental management it is ruled out as a solution from a sound business standpoint. Rent relief through time-proven public welfare is the only solution for housing the needy. To date the

vast majority of that class are now being taken care of in this very manner.

The record of public housing proves that it does not clear slums and does not house more than a fraction of the class that its supporters so righteously claim it is built for.

After approximately 10 years of the public housing experiment in America we find that it is an expensive failure as a solution to slum clearance and the providing of low-rent housing.

It is a fact that eight hundred millions of dollars have been spent for clearing slums and building permanent low-rent housing while only 155,000 Government-owned housing units have been constructed with this money and the slums have been practically untouched.

In these units not more than 25 percent of the over-all Nation-wide tenants are of the lowest income group that cannot afford to pay minimum rents. Also, not over 25 percent of the rents charged for public housing can be classed as low rents in comparison with rents for comparable private accommodations.

The 75-percent of public-housing tenants who are paying the so-called economic rent are paying rent for housing which is being furnished in good private-enterprise housing for equal or lower rent. This is true despite the fact that public housing enjoys lower interest rates, a longer amortization period, and subsidies in the form of lower tax payments and direct grants. Proof of the fact that private rents are equal or less than public is found in the same census report already quoted. This report gives the median private rent of the country at large for 1947 as \$29.33 per month, specifically for urban areas it is \$31.64 per month. Compared to this is the median rent of public housing of \$36.61 per month, as stated in the hearings before the Senate Banking and Currency Committee on the General Housing Act of 1945. This median rent figure for public housing is now much higher, as many rent increases have taken place in public projects since 1945. This is particularly significant, as it proves the lack of knowledge of the housing business by the public housers, since the original rents which were set for public projects were supposed to be adequate to cover all costs for a 60-year period. It is also to be noted that almost all public housing is now in the used or second-hand housing category, because none has been built in quantity since 1944.

The Taft-Ellender-Wagner bill which is offered by the public housers as a housing cure-all for the propagandized housing problem, according to one of its sponsors, Senator TAFT, will not cause any housing to be built for approximately a year after its enactment, and it will also cost the Federal Government, by Senator TAFT's admission, in direct subsidies for slum clearance and public housing, 7.2 billions of dollars during the first 45-year period of its operation. Furthermore, it will only produce 500,000 publicly owned houses. These would merely scratch the surface of the low-rent housing needs or, in Senator TAFT's words, "take the edge off the need."

To really find out what a public-housing program would cost, one must deal with the ultimate number of units which the public housers desire to build and from this figure arrive at the total cost.

Until recently it was commonly conceded that the aim of the public housers was to house the lower third of the population. Recently, however, at a New York meeting of the National Association of Housing Officials, it was brought to light that the real goal of the program in mind is to house the lower two-thirds of the population in Government-owned housing. This is true even though 55 percent of the housing units of the country were owner occupied in 1947.

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued April 2, 1948
For actions of April 1, 1948
80th-2nd, No. 61

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HIGHLIGHTS: House received conference report on foreign-aid bill. Senate committee agreed to report revised pay-increase bill. Senate passed Federal-aid-to-education bill. House passed deficiency appropriation; increased REA item to \$175,000,000 additional. Sen. Tobey introduced bill to apply animal-plant quarantines to air navigation. Rep. Johnson (Ill.) introduced bill to make certain alcohol plants available for USDA research. Rep. Gathings introduced bill to repeal income-tax exemption of certain cooperatives. Rep. Hope explained his National land-policy bill. President approved synthetic-rubber industry and interim-aid appropriation bills. House Agriculture Committee agreed to "press" adoption of long-range farm program.

NOTE: Agricultural Appropriation Bill. Hearings before the agricultural subcommittee of the Senate Appropriations Committee on this bill have been scheduled to begin Apr. 19.

SENATE

1. **FOREIGN AID.** Agreed to the House amendment to S. 2202, the foreign-aid bill, with an amendment in the nature of a substitute which authorizes aid to Europe, China, Greece, and Turkey. Sens. Vandenberg, Capper, Wiley, Connally, and George were appointed conferees. (pp. 3987-4001). Reps. Eaton, Vorys, Mundt, Bloom, and Kee were appointed House conferees (pp. 4074-5).

Later the House received the conference report (pp. 4104-15). The conferees struck out the provision for aid to Spain but said this does not preclude aid to Spain if it meets the conditions; eliminated the provision requiring that at least half of the corn to be granted should be in the form of corn derivatives other than intoxicating liquors; struck out the provision including fish and related products as a surplus agricultural commodity; rejected the House amendments to the provision authorizing the Administrator to defray ocean freight charges on relief packages sent privately to residents of participating countries; amended the provision for a joint congressional committee so as to establish such a committee consisting of 3 members of the House Foreign Affairs Committee, 3 members of the Senate Foreign Relations Committee, and 2 members from each of the Appropriations Committees; agreed to a "more convenient" formula for computing the contribution to the Children's Fund; agreed to a substitute provision for aid to China, authorizing \$125,000,000 for military aid and \$338,000,000 for economic aid. It is expected that the conference report will be considered in both Houses today.

See also Rep. Devitt's (Minn.) and Rep. Kersten's (Wis.) remarks on this subject (pp. 5068, 4070-1).

2. PERSONNEL. The Post Office and Civil Service Committee approved, but did not actually report, with amendment S. 1537, an omnibus pay-increase bill (p. D312). The "Daily Digest" states that the bill, as revised, "would give all classified civil-service workers an average pay increase of approximately \$650, break the \$10,000 ceiling, and give salary increases to top-flight Government officers, including Cabinet officials."
3. EDUCATION. Passed, 58-22, as reported S. 472, the Federal-aid-to-education bill (pp. 4005-60). The bill authorizes annual appropriations of \$300,000,000 for this purpose but prohibits Federal controls over education in connection with the proposal.
4. GRAIN CONSERVATION. Received from the Attorney General a voluntary plan for conservation of grain by the brewing industry; to Banking and Currency Committee (p. 4001).
5. BUILDINGS. Sen. Magnuson, Wash., inserted his letter to the House Public Works Committee favoring construction of additional Federal buildings in that State (pp. 4004-5).
6. TAXATION. Sen. Barkley, Ky., stated, "I think I can assure the Senate that the veto message on the tax bill will be here tomorrow. It must first go to the House. It will probably be acted upon immediately upon the convening of the House...It ought to be here as soon as a roll call on the veto can be had in the House." (p. 4061.)
7. FARM TRAINING. Received the conference report on S. 1393 and made it the unfinished business (p. 4060). The House agreed to the conference report on Mar. 8 (pp. 2413-4). The bill increases veterans' training allowances. It sets ceilings for a veteran without dependents at \$210, or one with one dependent at \$270, and \$290 for one having two or more dependents; provides that a veteran enrolled in a course of institutional on-farm training or a part-time institutional course shall be paid a subsistence allowance in an amount bearing the same relation to the difference between the basic rates and the increased rates of Public Law 411 as the institutional training part of such course bears to a course of full-time institutional training; becomes effective Apr. 1 (if it is enacted, of course).

HOUSE

8. FIRST DEFICIENCY APPROPRIATION BILL, 1948. Passed, 339-3, with amendments this bill, H. R. 6055 (pp. 4072-97). Agreed, 199-154, to Rep. Cannon's (Mo.) motion to recommit the bill with instructions that the Appropriations Committee report it back forthwith with the REA item changed from \$300,000,000 to \$400,000,000, which would increase the loan authorization from \$225,000,000 to \$400,000,000. The Committee then reported the bill with this amendment, and the amendment was agreed to just prior to passage of the bill (pp. 4096-7). Previously, during debate in Committee of the Whole, Rep. Cannon had submitted this amendment, but it had been rejected by a 77-79 vote (pp. 4089-91). This amendment has the effect, if enacted, of increasing REA funds by \$175,000,000. The Committee had originally recommended an increase of \$75,000,000. In proposing his amendment, Rep. Cannon stated: "To meet this need of \$806,000,000 to finance applications already in sight, we will have the \$400,000,000 carried in the Department of Agriculture appropriation bill, and the \$75,000,000 proposed by the committee in this bill. That will be only \$475,000,000 to supply \$806,000,000 needed in the next 15 months."

FOREIGN ASSISTANCE ACT OF 1948

APRIL 1, 1948.—Ordered to be printed

Mr. EATON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 2202]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendments of the House to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, having met, after full and free conference, have agreed to recommend, and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter inserted by the Senate amendment and the House amendment, insert the following: *That this Act may be cited as the "Foreign Assistance Act of 1948"*.

TITLE I

SEC. 101. *This title may be cited as the "Economic Cooperation Act of 1948"*.

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) *Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine*

independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

PURPOSES OF TITLE

(b) *It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—*

- (1) *promoting industrial and agricultural production in the participating countries;*
- (2) *furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and*
- (3) *facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.*

PARTICIPATING COUNTRIES

SEC. 103. (a) *As used in this title, the term "participating country" means—*

- (1) *any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and*
- (2) *any other country (including any of the zones of occupation of Germany, any areas under international administration or control,*

and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: Provided, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: And provided further, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION

SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed thirty days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such thirty-day period the authority conferred upon the President by this subsection shall be extended beyond such thirty-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) (1) *The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.*

(2) *If a corporation is created under this section—*

(i) *it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;*

(ii) *its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;*

(iii) *it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and*

(iv) *it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act.*

(3) *All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.*

(e) *Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.*

(f) *The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.*

GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

(3) provide for the efficient execution of any such programs as may be placed in operation; and

(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

NATIONAL ADVISORY COUNCIL

SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary

transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

PUBLIC ADVISORY BOARD

SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with proce-

dures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

SPECIAL ECA MISSIONS ABROAD

SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

PERSONNEL OUTSIDE UNITED STATES

SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the For-

eign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

(2) *recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.*

(b) *For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).*

(c) *No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.*

NATURE AND METHOD OF ASSISTANCE

SEC. 111. (a) *The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.*

(1) *Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.*

(2) *Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made available under*

this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

(3) Procurement of and furnishing technical information and assistance.

(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him:

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: Provided, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in coopera-

tion with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: Provided, That the amount of such guaranties in the first year after the date of the enactment of this Act does not exceed \$15,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: Provided, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: Provided, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in

subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import

Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: Provided, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

PROTECTION OF DOMESTIC ECONOMY

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: Provided, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by such section 6 of the Act of July 2, 1940, as amended, determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted).

to fulfill the requirements of participating countries under this title as determined by the Administrator: Provided, however, That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

REIMBURSEMENT TO GOVERNMENT AGENCIES

SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: Provided, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: And provided further, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

AUTHORIZATION OF APPROPRIATIONS

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: Provided, however, That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provi-

sions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: Provided, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such par-

participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States

as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: Provided, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) *It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.*

WESTERN HEMISPHERE COUNTRIES

SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

OTHER DUTIES OF THE ADMINISTRATOR

SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. When-

ever the Administrator believes that the issuance of a license for the export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advise the department, agency, or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

TERMINATION OF ASSISTANCE

SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

UNITED NATIONS

SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs

and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

TERMINATION OF PROGRAM

SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

REPORTS TO CONGRESS

SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

JOINT CONGRESSIONAL COMMITTEE

SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one from the minority party, to be appointed by the chairman of the committee; and

(2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

SEPARABILITY CLAUSE

SEC. 125. If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

TITLE II

SEC. 201. This title may be cited as the "International Children's Emergency Fund Assistance Act of 1948".

SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

(1) 72 per centum of the total resources contributed after May 31, 1947, by all governments, including the United States, for programs carried out under the supervision of such Fund: Provided, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government;

or

(2) \$100,000,000.

SEC. 205. Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

SEC. 206. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

TITLE III

SEC. 301. This title may be cited as the "Greek-Turkish Assistance Act of 1948".

SEC. 302. In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

SEC. 303. (a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Re-

construction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word "repaid" the following: "without interest".

SEC. 304. Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such Act of 1947: Provided, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

TITLE IV

SEC. 401. This title may be cited as the "China Aid Act of 1948".

SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: Provided, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: Provided further, That assistance furnished under this

title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

SEC. 403. Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

SEC. 404. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$125,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

SEC. 405. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

SEC. 406. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

SEC. 407. (a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: Provided, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both.

And the Senate agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

C. A. EATON,
J. M. VORYS,
K. E. MUNDT,
S. BLOOM,
J. KEE,

Managers on the Part of the House.

A. H. VANDENBERG,
A. CAPPER,
A. WILEY,
T. CONNALLY,
W. F. GEORGE,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendments of the House to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The differences between the House amendment and the bill as agreed to in conference are noted below, except for incidental changes made necessary by reason of agreements reached by the conferees and minor clarifying changes.

TITLE I

FINDINGS AND DECLARATION OF POLICY (SEC. 102)

The bill as passed by the Senate stated the restoration and maintenance of individual liberty, free institutions, and genuine independence as resting upon the establishment of sound economic conditions, stable economic relationships, and the achievement by the European countries of a healthy economy, free of extraordinary outside assistance. The amendment as passed by the House added political as well as economic conditions and relationships to the criteria. The House recedes in view of the concept that the European recovery program is primarily an economic undertaking although political and other gains will be the byproducts.

PARTICIPATING COUNTRIES (SEC. 103)

Section 3 (a) of the Senate bill provided that other European countries not now in the 16 country group might become participants in the program after fulfilling the steps required by the bill, but no such countries were named. The House amendment, in section 103 (a), inserted the word "Spain" in this provision but left in this qualifying language:

Provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

Thus, the House left it to the joint action of the European nations to provide for inclusion of Spain.

In conference it was felt wiser not to mention Spain or any specific country which might become a participant by fulfilling the required conditions.

The merits of the question of including Spain are not being passed upon. This enterprise is open to Spain whenever the participating

countries desire to have Spain enter the partnership. Under the theory upon which the partnership has been launched and organized, the United States leaves to the participating governments the initial decision on the admission of a new partner.

Nothing in the bill closes the door on Spain's participation. In the view of the managers on the part of the House, it is unnecessary to attempt to open a door that has never been closed in this legislation.

The provision in the amendment as passed by the House for assistance to the Free Territory of Trieste or either of its zones under the Foreign Aid Act of 1947 until such time as the territory or either of its zones becomes a participating country has been retained with an amendment which makes it clear that the \$20,000,000 authorized to be advanced by the Reconstruction Finance Corporation pending an appropriation may be made available under the authority either of subsection (a) of section 114 of S. 2202 or subsection (d) of section 11 of the Foreign Aid Act of 1947. The amendment agreed to in the committee of conference does not increase the authorization for appropriation under either the bill or the Foreign Aid Act of 1947.

In the event that Trieste should be returned to Italy, funds authorized for assistance to Trieste will, of course, remain available for the general purposes of the act under which they were authorized.

GENERAL FUNCTIONS OF ADMINISTRATOR (SEC. 105)

The House amendment to S. 2202 (a) directed the Administrator to consult with the Secretary of State in the event the Administrator believed that any action, proposed action, or omission of action on the part of the Secretary of State was inconsistent with the purposes of the European recovery program, and (b) specified that differences between the two officials in this regard should be referred to the President for final decision when the officials concerned were unable to settle these differences themselves.

The Senate recedes with an amendment which confines the relevant area of differences to functions under the European recovery program. The effect of this amendment is to make it clear that the Administrator's right to carry differences with the Secretary of State to the President is no more than equivalent to the corresponding right of the Secretary of State with respect to disagreements with the Administrator.

PUBLIC ADVISORY BOARD (SEC. 107)

The amendment to S. 2202 as passed by the House specified that the members of the Public Advisory Board should have broad and varied experience in business, labor, agriculture, and the professions, as well as in matters affecting the public interest. The House recedes from its position.

It was the view of the committee of conference that the qualifications of the members of the Public Advisory Board should be related to their broad and varied experience in matters affecting the public interest without reference to economic interest groups.

PERSONNEL OUTSIDE UNITED STATES (SEC. 110)

There was retained in substance the provision of the amendment passed by the House requiring certification by the Secretary of State

or the Administrator of his belief in the loyalty of individuals employed for, or assigned to, duties under title I. Certain changes were made (1) to permit consideration of information in addition to the Federal Bureau of Investigation report; (2) to require certifications of belief as to loyalty rather than "unquestioned loyalty"; and (3) not to bar persons who may have belonged to organizations opposing specific statutory enactments as distinguished from organizations advocating the overthrow of the government by force and violence. The proviso contained in the House bill was deleted, however, since the language which was retained made it clear that present employees of the government might be temporarily assigned to such duties for a period of three months pending the Federal Bureau of Investigation report and certification by the Administrator or Secretary of State.

It is recognized that the burden of other duties of the Secretary of State and the Administrator will preclude their making personal evaluations in each case of the Federal Bureau of Investigation reports. It is therefore envisaged that this function may be delegated by the Administrator and the Secretary of State to trusted subordinates, although the responsibility for the selection and retention of employees loyal to the United States would remain in the Secretary of State and the Administrator in their capacity as head of their respective agencies.

NATURE AND METHOD OF ASSISTANCE (SEC. 111)

The Senate recedes on the provision in section 111 (b) (1) (i) of the amendment as passed by the House respecting the assignability under the Assignment of Claims Act of 1940 of moneys due or to become due under letters of commitment. A clarifying amendment has been added by the committee of conference to identify such moneys as those due under the letters of commitment rather than under the contracts to which the letters of commitment relate.

It should be noted that the Senate recedes on the language inserted in section 111 (b) of the amendment as passed by the House requiring expenditures for commodities or services procured offshore to be accounted for exclusively on such certification as the Administrator may prescribe "in regulations promulgated by him with the approval of the Comptroller General." Experience has shown that with respect to procurement outside the United States, particularly through normal trade channels, it is frequently impossible to obtain all the standard documentation required for auditing of accounts. Hence the Administrator is authorized to prescribe the documents required in support of expenditures for offshore procurement. The purpose of the amendment made by the House was to assure that the Administrator would obtain the approval of the General Accounting Office in promulgating regulations prescribing the documentation to support such expenditures for offshore procurement.

It is contemplated that the regulations would not specify such documentation with great particularity, but would indicate general requirements assuring appropriate expenditure, while leaving details of documentation to the discretion of the Administrator who would be free to take into account the exigencies of individual situations.

The Senate recedes on the provision in section 111 (b) (3) of the amendment as passed by the House including among the guaranties which may be made the guaranties of investments in enterprises pro-

ducing or distributing informational media. The members of the committee of conference recognize that the nature of the information media industry is such that in many cases the investment to which the guaranty will apply will have been made in the United States and the product of the investment sold or exhibited abroad. In these cases the guaranty might well apply to the convertibility of foreign currencies earned by the sale or exhibition of the products of the industry, to the extent of the dollar cost of production wholly attributable to those specific products.

The Senate also recedes on the provision in section 111 (b) (3) of the amendment as passed by the House requiring that when any payment is made under a guaranty, foreign currency or credits in such currency in respect of which the guaranty was honored shall become the property of the United States. This provision will, of course, apply only to the amount of local currency or credit in such currency for which payment is made under the guaranty.

PROTECTION OF DOMESTIC ECONOMY (SEC. 112)

The House recedes on the provision written into section 112 (c) of the amendment passed by the House requiring that not less than 50 percent of the corn to be transferred by grant to the participating countries should be in the form of corn derivatives other than intoxicating liquors.

Section 12 (d) of the bill as passed by the Senate provided detailed rules to be followed by the Administrator in the procurement of surplus agricultural commodities in order to protect the domestic economy. The term "surplus agricultural commodity" was defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In section 112 (d) of the amendment passed by the House there was added to this definition "canned foods and domestically produced fishery products which are determined by the Secretary of Agriculture to be in excess of domestic requirements. The House recedes on this amendment. The generality of the definition remains intact.

AUTHORIZATION OF APPROPRIATIONS (SEC. 114)

Section 14 (a) of the bill as passed by the Senate provided that the Reconstruction Finance Corporation was to be repaid without interest from appropriations authorized under the bill for advances made by it in pursuance of the bill. In section 114 (a) of the amendment passed by the House the language was changed to provide for repayment "from funds made available for the purposes of this title." The Senate recedes on this amendment. This is in keeping with the acceptance by the committee of conference of the portions of the House amendment relating to public-debt transactions. A clarification is necessary: funds may be made available for assistance to any participating country out of the Reconstruction Finance Corporation advance prior to a determination whether such assistance should be by way of grant or loan. When such determination is made, the Reconstruction Finance Corporation will be repaid from appropriations made under section 114 (c) or from proceeds of the sale of notes under section 114 (c) (2) as the case may be.

The Senate recedes on the language adopted by the House in section 114 (c) insuring annual authorizations during the life of the program.

BILATERAL AND MULTILATERAL UNDERTAKINGS (SEC. 115)

The bill as passed by the Senate in section 15 (b) (4) would require a participating country where applicable to agree in the basic bilateral agreement to undertake measures, to the extent practicable, to locate and control in furtherance of the joint program assets, and earnings therefrom, situated in the United States and belonging to citizens of such countries. Section 115 (b) (4) of the House amendment changed this language to a requirement to identify and "put into active use" such assets and earnings. The Senate receded on this part of the House amendment with an amendment changing the word "active" to "appropriate". This provision does not require the liquidation of the assets to which it applies. For instance, investments would be considered as being put into appropriate use if the income therefrom were being used in such a manner as would contribute to the furtherance of the recovery program.

Section 15 (b) (5) of the bill as passed by the Senate provided for a clause in the bilateral agreement, if applicable, under which a participating country would undertake within reasonable limits to facilitate the transfer to the United States, for stockpiling purposes, of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. The House amendment in section 115 (b) (5) included "other" purposes along with stockpiling so as to indicate that scrap iron, and any similar materials which are immediately needed in our economy, need not be stockpiled. The Senate receded on this portion of the House amendment. In the opinion of the committee of conference materials such as scrap iron, should be available for transfer to the United States under this provision for immediate use and not for stockpiling.

In section 115 (b) (9) the House amendment added to the undertakings which might be applicable to the bilateral agreement an undertaking reinforcing the provisions included in the Senate bill respecting the acquisition of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. The participating country was to undertake to provide future schedules of minimum availabilities to the United States for future purchase and delivery, and also to provide an agreed schedule of increased production of such materials in repayment on a long term basis of grants or loans made by the Administrator to the participating country. The Senate recedes on this portion of the House amendment with amendments making it clear (1) that the bilateral agreement need only contain an agreement by the participating country to negotiate in the future for providing such schedules and (2) that a portion of the increased production of such materials would be transferred to the United States on a long term basis in consideration of assistance furnished to the participating country under Title I rather than in repayment of specific loans or grants.

Section 115 (b) (10) of the House amendment added to the undertakings which might be applicable to the bilateral agreement an undertaking to submit for the decision of the International Court of Justice or any mutually agreed tribunal any case espoused by the United

States Government involving compensation of a national of the United States for governmental measures affecting his property rights. The Senate recedes on this amendment. It should be pointed out that in making its decision as to whether to espouse a claim, the United States Government will give due regard to the availability of local remedies and to the question whether such remedies, if available, have been exhausted by the United States national concerned.

OTHER DUTIES OF THE ADMINISTRATOR (SEC. 117)

Section 17 (c) of the bill as passed by the Senate would give discretionary authority to the Administrator to defray ocean freight charges on relief packages sent by United States voluntary nonprofit relief agencies or by American individuals and consigned to residents of participating countries receiving aid under grants. Section 117 (c) of the amendment passed by the House provided for a number of extensions and refinements of this authority. It also made the defrayment of such expenses mandatory and included port charges and the handling costs from the post office at the port terminal to shipside along with the ocean freight charges as expenses which might be defrayed. The House recedes on the mandatory requirement and on the inclusion of port charges and handling costs from the port terminal post office to shipside. It was the considered judgment of the members of the committee of conference that the subsidizing of expenses beyond ocean freight would result in an excessive drain on the funds authorized to be appropriated by this bill.

The House recedes also on an additional provision which would authorize the Administrator to grant equal benefits to American relief agencies which deliver packages from stock piles abroad. It was the view of the members of the committee of conference that with the removal of port charges and the cost of handling from the terminal post office to shipside an equitable balance is struck between individuals and organizations shipping relief packages directly from the United States on the one hand and organizations which stock-pile relief supplies in Europe on the other hand.

Section 117 (d) includes a provision which was in section 112 (g) of the amendment as passed by the House relevant to the authority of the Administrator to refuse delivery to participating countries of commodities or products which go into the production of any commodities or products for delivery to any nonparticipating European country, which commodity would be refused export licenses to those countries by the United States in the interest of its national security, and further authorizing the Administrator to intervene in the national interest in the enforcement of section 6 of the act of July 2, 1940 (54 Stat. 714), as amended. The Senate recedes with an amendment.

Under the amendment as agreed to by the committee of conference, it is contemplated that pursuant to the authority conferred by section 6 of the act of July 2, 1940, as amended, regulations will be promulgated by the President under which the Administrator can make a finding whether the denial of export licenses with respect to particular commodities destined for nonparticipating countries in Europe have been refused in the interest of the national security of the United States or whether they have been refused on other grounds.

JOINT CONGRESSIONAL COMMITTEE (SEC. 124)

Section 24 of S. 2202 as originally passed by the Senate contained a provision for a Joint Committee on Foreign Economic Cooperation, to be composed of seven Members of the Senate and seven Members of the House of Representatives to be appointed respectively by the President of the Senate and the Speaker of the House. The function of this committee would be to study continuously the programs of economic assistance to foreign countries, review progress under these programs, and assist the related standing committees of the Congress having legislative jurisdiction relevant to the program.

The House amendment to S. 2202 omitted this provision. Section 108 of the House amendment provided, however, that the United States Special Representative in Europe should keep the chairmen of the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on Foreign Affairs and the Committee on Appropriations of the House currently informed on his activities. A similar provision respecting the Chief of the Special Mission to China was included in section 405. These two provisions in the House amendment were to implement the legislative and appropriating committees concerned in carrying out their responsibilities under the Legislative Reorganization Act of 1946.

The House recedes with an amendment. The provisions for the United States Special Representative in Europe and the Chief of the Economic Mission to China to make special reports to the committee chairmen concerned are omitted. As a substitute for the provision for a joint congressional committee as contained in the bill as passed by the Senate, the bill as revised in the committee of conference provides for a joint committee to consist of 10 members equally balanced as between the two Houses of Congress, of which 3 members from each House will be from the committee having legislative jurisdiction and 2 members from each House will be from the committee having jurisdiction with respect to appropriations. The joint committee thus envisaged will maintain the balance as between the two major political parties and questions of policy and purse will be brought into a common focus.

The Senate's view emphasizes the need of a joint committee having a special obligation to follow up on the effectiveness of operations carried out in this new and far-reaching experiment in foreign relations. The view of the House, on the contrary, emphasizes the need of protecting the primary responsibility of the legislative committees and of the appropriations committees concerned in the feeling that supervision is most effective when linked to responsibility.

It is the view of the majority of the managers on the part of the House that the formula worked out in the committee of conference is a most satisfactory compromise between these two points of view.

TITLE II

The Senate receded with an amendment to the House amendment inserting title II in the bill. The purpose of the amendment as agreed to in the committee of conference is to set up a more convenient formula for computing the contribution to be made to the Children's

Fund by the United States. The following is the method of computing the amount of the United States' contributions under this amendment:

The entire resources of the fund consist of contributions from three sources:

Category (1): Contributions by governments other than the United States for the benefit of persons within their own territory;

Category (2): Contributions by governments other than the United States for the benefit of persons outside their own territory;

Category (3): Contributions by the United States.

The United States is authorized to contribute up to 70 percent of the total resources contributed by all governments, including the United States. The contributions by the United States, however, are not expected to exceed the sum of the contributions by other governments. Contributions by other governments for the benefit of persons outside their own borders, i. e., category (2), must match United States contributions on a 72-28 basis.

Thus, taking the total resources as 100 percent, category (3), contributions by the United States, are not expected to exceed 50 percent but may reach 70 percent. If the contributions by other governments for the benefit of persons outside their territory, i. e., category (2), equal exactly 20 percent, there will be 30 percent in category (1). For every \$2 contributed by other governments for the benefit of persons outside their borders the United States may contribute as much as \$5 to the Fund. In case no country makes a contribution to the Fund for the benefit of children inside its own borders, the \$5 contributed by the United States would be matched only by the \$2 in category (2). The United States contribution would then amount to 70 percent of the total resources, as authorized in the proposed language of the bill. If, however, other countries contribute 30 percent of the total resources for the benefit of children within their own borders, the United States contribution will be just 50 percent of the total resources.

TITLE III

The amendment as passed by the House included military-type aid to Greece, Turkey, and China in title III. As a result of the action taken by the committee of conference military-type aid to Greece and Turkey is retained in title III and military-type aid to China is shifted to title IV.

TITLE IV

CHINA

The managers on the part of the House accepted changes which considerably shorten the text of the bill, consolidate aid to China in a single title, adjust the time period of the authorization from "until June 30, 1949" to a "period of one year", and adjust the amount authorized to the change from 15 months to 12. The purpose clause of the House bill was retained, as well as the provision on rural reconstruction. The Senate provision on an advance by RFC before appropriation was accepted.

ADMINISTRATIVE PROVISIONS

The managers on the part of the House accepted the clause from section 2 of the Senate bill, providing that aid to China is to be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. This clause is a substitute for the complex provisions of the House bill. All of section 403 of the House bill with the exception of the authorization of funds, and the last clause relating to rural reconstruction, together with section 405 of the House bill, are thus replaced by three lines from the Senate bill with no change in effect, embodied in section 403 of the conference bill.

CHINA—AMOUNT AUTHORIZED

The amount authorized was changed from a total of \$570,000,000 for approximately 15 months to a total of \$463,000,000 for a period of 12 months. The new figure is slightly more than four-fifths of the former House figure, reflecting the assumption that the scale of aid will be highest at the beginning of the program and decline thereafter.

Of the total authorization it was agreed that \$125,000,000 should be provided under the language of the Senate bill allowing for aid of military character, with \$338,000,000 remaining for the economic reconstruction type of aid. In making this adjustment the allotment for military aid is slightly larger in proportion to purely economic aid than in the original House bill. These changes are embodied in section 404 of the agreed bill.

RURAL RECONSTRUCTION

The so-called "Jimmy Yen" provision of the House bill, consisting of subparagraph (h) of section 403, together with the whole of section 404 of the House bill, was retained as section 407 of the agreed bill. The amount authorized was modified from a fraction of the total United States dollars to include either United States funds, Chinese funds made available under agreement, or both.

RFC CLAUSE

The Senate provision allowing an advance of \$50,000,000 by the Reconstruction Finance Corporation against the program for China was accepted by the managers on the part of the House. This reduces the authorization in this connection from \$150,000,000 to \$50,000,000, but in the judgment of the conferees this smaller amount will be entirely adequate for the practical needs of the program. This provision is now Section 406 of the bill.

C. A. EATON,
J. M. VORYS,
K. E. MUNDT,
S. BLOOM,
J. KEE,

Managers on the Part of the House.



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Senate

(Legislative day of Monday, March 29, 1948)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Hear, O God, our Father, the earnest supplications of the Senators gathered for this sacred moment of prayer and deepen our feelings of unity and fellowship as we pray with them and for them.

Give us wisdom to see that no good life comes without right discipline.

Give us the grace to impose it upon ourselves, lest others do it for us.

Help us to discipline our speech, that we may seek clarity rather than cleverness and sincerity instead of sarcasm.

Help us to discipline our thinking and our actions, that in this place the world may see democracy at its best and us at our best for democracy and for Thee to use us.

In the name of Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, March 31, 1948, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE RECEIVED DURING RECESS

Under authority of the order of March 31, 1948.

The Secretary of the Senate received on March 31, 1948, the following message from the House of Representatives:

That the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5314) to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes.

ENROLLED BILL SIGNED

That the Speaker had affixed his signature to the enrolled bill (H. R. 5314) to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes, and it was signed by the President pro tempore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House

had passed the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, with amendments in which it requested the concurrence of the Senate; that the House insisted upon its amendments to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. EATON, Mr. VORYS, Mr. MUNDT, Mr. BLOOM, and Mr. KEE were appointed managers on the part of the House at the conference.

EUROPEAN RECOVERY PROGRAM

The PRESIDING OFFICER (Mr. IVES in the chair) laid before the Senate the following amendments of the House of Representatives to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, together with a message from the House insisting upon its amendments and requesting a conference with the Senate thereon:

AMENDMENTS OF HOUSE

Strike out all after the enacting clause and insert "That this act may be cited as the 'Foreign Assistance Act of 1948.'"

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1948.'"

"FINDINGS AND DECLARATION OF POLICY

"SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic and

political conditions, stable international economic and political relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

"PURPOSES OF TITLE

"(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

"(1) promoting industrial and agricultural production in the participating countries;

"(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

"(3) facilitating and stimulating the growth of international trade of participat-

ing countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

"PARTICIPATING COUNTRIES"

"Sec. 103. (a) As used in this title, the term 'participating country' means—

"(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

"(2) any other country (including Spain, any of the zones of occupation of Germany, any area under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

"provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

"(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title may be utilized for the purposes of this subsection: *Provided*, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that act.

"ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION"

"Sec. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

"(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

"(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed 30 days after the date of enactment of this act, for the performance of the functions of the Administrator under this title through such departments, agencies, or es-

tablishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such 30-day period, the authority conferred upon the President by this subsection shall be extended beyond such 30-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

"(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

"(2) If a corporation is created under this section—

"(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

"(ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

"(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

"(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such act.

"(8) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

"(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed 100 may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than 25 may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

"(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

"GENERAL FUNCTIONS OF ADMINISTRATOR"

"Sec. 105. (a) The Administrator, under the control of the President, shall in addition to

all other functions vested in him by this title—

"(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

"(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

"(3) provide for the efficient execution of any such programs as may be placed in operation; and

"(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

"(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

"(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

"(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

"(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"NATIONAL ADVISORY COUNCIL"

"Sec. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"Sec. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

"PUBLIC ADVISORY BOARD"

"Sec. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and con-

sult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed 12 additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in business, labor, agriculture, the professions, and in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least one a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

"UNITED STATES SPECIAL REPRESENTATIVE ABROAD

"SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, and the House Appropriations Committee, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

"SPECIAL ECA MISSIONS ABROAD

"SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a

special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

"(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

"(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

"(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

"PERSONNEL OUTSIDE UNITED STATES

"SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States, the Administrator may—

"(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

"(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

"(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

"(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed 3 months

unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, or until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, on the basis of such report, he believes such individual is of unquestioned loyalty to the United States, its Constitution, laws, and form of government, and is not now and has never been a member of any organization advocating contrary views: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be temporarily assigned to duties under this title for the period of 3 months from the date of its enactment. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"NATURE AND METHOD OF ASSISTANCE

"SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (6) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

"(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (79th Cong.) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term 'commodity' means any commodity, material, article, supply, or goods necessary for the purposes of this title.

"(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 percent of the gross tonnage of commodities, procured within United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

"(3) Procurement of and furnishing technical information and assistance.

"(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

"(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

"(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

"(1) by establishing accounts against which, under regulations prescribed by the Administrator—

"(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due under the contracts to which they relate shall be assignable under the Assignment of Claims Act of 1940, and shall constitute obligations of applicable appropriations);

"(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries, or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

"(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

"(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: *Provided*, That the amount of such guaranties in the first year after the date of the enactment of this act does not exceed \$15,000,000), which guaranties shall terminate not later than 14 years from the date of enactment of this act: *Provided*, That—

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided*, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

"(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 percent per annum of the amount of

each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph.

"(iii) as used in this paragraph, the term 'person' means a citizen of the United States or any corporation, partnership, or other association created under the laws of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$500,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes issued under authority of paragraph (2) of subsection (c) of this section, which funds shall be obligated for this purpose at the time each such guaranty is made.

"(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

"(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. For the purpose of carrying out the provisions of this paragraph during the period of 1 year following the date of enactment of this act, and for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section the Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000. Such notes shall bear such rate of interest as may be determined by the Administrator with the approval of the Secretary of the

Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any notes issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are hereby extended to include such purpose. Payment under this paragraph of the purchase price of such notes shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of 1 year from the date of enactment of this act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

"PROTECTION OF DOMESTIC ECONOMY"

"Sec. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

"(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

"(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title. The amounts of corn and derivatives except intoxicating liquors of corn produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the derivatives except intoxicat-

ing liquors procured in the United States for transfer by grant to such countries under this title shall not be less than 50 percent of the aggregate of the unprocessed corn and corn derivatives except intoxicating liquors procured in the United States for transfer by grant to such countries under this title.

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, canned foods produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. For the purposes of this act such term shall include any domestically produced fishery product (whether fish, shellfish, mollusk, or crustaceans) which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

"(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

"(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

"(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural

commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 percent of such sales price as authorized by subsection (f) of this section.

"(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any Government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 percent of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the act of July 30, 1947. (Public Law 266, 80th Cong.), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

"(g) No export shall be authorized pursuant to authority conferred by section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the Secretary of Commerce determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however*, That such export may be authorized if the Secretary of Commerce determines that such export is otherwise in the national interest of the United States: *Provided further*, That the Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities or products which go into the production of any commodity for delivery to any nonparticipating European country which commodities or products would be refused export licenses to those countries by the United States in the interest of its national security. Whenever the Administrator determines that it is in the national interest of the United States to prohibit the exportation of any commodity to any country wholly or partly in Europe which is not a participating country, the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall take such action as may be necessary to prohibit the exportation of such commodity to such country.

"(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

"REIMBURSEMENT TO GOVERNMENT AGENCIES

"Sec. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning

agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

"(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest, for advances made by it hereunder, from funds made available for the purposes of this title.

"(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

"(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however*, That for carrying out the provisions and accomplishing the purposes of this title for the period of 1 year following the date of enactment of this act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of 12 months in order that subsequent Congresses may pass on any subsequent authorizations.

"(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provi-

sions of this title, including administrative expenses and expenses for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

"(e) The unexpended portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

"(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provisions of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

"BILATERAL AND MULTILATERAL UNDERTAKINGS

"Sec. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

"(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Coopera-

tion signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

"(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

"(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

"(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries, and in removing progressively the obstacles to the free movement of persons within Europe among the participating countries;

"(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into active use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

"(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unexpended portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), shall be held as used within such country for such purposes as may be agreed to between such

country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

"(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

"(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

"(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by (a) providing for a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of strategic materials at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the territories and possessions of the participating countries, and (b) agreeing to negotiate suitable protection for the right of access for United States enterprise as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) providing an agreed schedule of increased production of such materials where practicable in the territories or possessions of such participating countries and for delivery of an agreed percentage of such increased production in repayment on a long-term basis of grants or loans made by the Administrator to such countries;

"(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the 3 months after the date of enactment of this act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum, and petroleum products, fertilizer, pesticides, and seed to

any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

"(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to insure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

"(e) The Administrator shall encourage arrangements among the participating countries looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title. Such utilization of manpower shall include integration into the various recovery programs of the participating countries of a fair share of displaced persons who are the responsibility of the International Refugee Organization, under reasonable terms to be established in cooperation with that organization, in number and under conditions negotiated by the Administrator with the respective participating countries. The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

"(f) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

"WESTERN HEMISPHERE COUNTRIES

"SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

"OTHER DUTIES OF THE ADMINISTRATOR

"SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

"(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

"(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used by the Administrator, under rules and regulations prescribed by him, to pay port charges in the United States, including handling costs from the post office at the port terminal to ship side and ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies

donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones where practicable. The Administrator is authorized and directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph (6) of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages. The execution of such agreements by the participating countries shall be a condition precedent to the receipt of assistance under this title. The Administrator is authorized in his discretion to reimburse United States voluntary nonprofit relief agencies which are registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe and which deliver relief packages from stock piles abroad, in the amount, or any portion of the amount, of the expense of furnishing the delivery service for such packages to stock piles abroad, and the Administrator may make an agreement with any participating country in which the voluntary relief agencies above described function for the use of a portion of the local currency deposit above described, for the purpose of defraying the cost of furnishing the delivery service for such relief packages from the port of entry in such country to the place of storage therein, and to the designated shipping point of the consignee therein.

"TERMINATION OF ASSISTANCE

"SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

"EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

"SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

"EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

"SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"UNITED NATIONS

"SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

"(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

"(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

"TERMINATION OF PROGRAM

"SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

"(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or

establishments to which the related functions are transferred.

"REPORTS TO CONGRESS"

"SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

"SEPARABILITY CLAUSE"

"SEC. 124. If any provision of this act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"TITLE II"

"SEC. 201. This title may be cited as the 'International Children's Emergency Fund Assistance Act of 1948.'

"SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

"SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from funds made available pursuant to the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, 80th Cong.), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

"SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

"(1) 50 percent of the total resources contributed after May 31, 1947, by all governments for programs carried out under the supervision of such fund; or

"(2) One hundred million dollars.

"SEC. 205. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, unless, at the time of such contribution, governments other than the United States Government have provided for use in the world program for the special care and feeding of children under the supervision of the fund at least 20 percent of the total resources contributed by governments for such use after May 31, 1947.

"SEC. 206. Funds made available pursuant to such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

"SEC. 207. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

"TITLE III"

"SEC. 301. This title may be cited as the 'Greek-Turkish-Chinese Assistance Act of 1948.'

"SEC. 302. Paragraph (2) of section 1 of the act entitled 'An act to provide assistance to Greece and Turkey' (61 Stat. 103), is hereby amended to read as follows:

"(2) by detailing to the United States missions to Greece or Turkey or China under

this act, or to the Governments of those countries in implementation of the purposes of this act, any persons in the employ of the Government of the United States; and while so detailed, any such persons shall be considered, for the purpose of preserving his rights and privileges as such, as an officer or employee of the Government of the United States and of the department or agency from which detailed. Traveling expenses of such personnel to and from the place of detail shall be paid by the Government of the United States. Such personnel, and personnel detailed pursuant to paragraph (3) of this section, may receive such station allowances or additional allowances as the President may prescribe; and payments of such allowances heretofore made are hereby validated. No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State under this act until such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however,* That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be temporarily assigned to duties under this act for the period of 6 months from the date of the enactment of the Greek-Turkish-Chinese Assistance Act of 1948. The preceding sentence shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate;

"SEC. 303. Paragraph (3) of section 1 of the act entitled 'An act to provide assistance to Greece and Turkey' (61 Stat. 103) is hereby amended to read as follows:

"(3) by detailing to the United States missions to Greece or Turkey or China under this act, or to the governments of those countries in implementation of the purposes of this act, a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such act, as amended, shall, except as otherwise provided herein, be applicable to personnel detailed pursuant to this paragraph;

"SEC. 304. (a) Subsection (a) of section 4 of the act entitled 'An act to provide assistance to Greece and Turkey' (61 Stat. 103), is hereby amended by adding at the end thereof the following: 'The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000 to carry out the provisions of this act in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose.'

"(b) Subsection (b) of section 4 of the act entitled 'An act to provide assistance to Greece and Turkey' (61 Stat. 103), is hereby amended by deleting '\$400,000,000' and inserting in lieu thereof '\$675,000,000' and by inserting after the word 'repaid' the following: 'without interest.'

"(c) There is hereby authorized to be appropriated to the President not to exceed \$150,000,000 to carry out the provisions of the Act of May 22, 1947 (Public Law 75, Eightieth Congress), as amended, in relation to China,

"SEC. 305. The act entitled 'An act to provide assistance to Greece and Turkey' (61 Stat. 103), including the title thereof, is amended by inserting before the word 'Greece,' wherever appearing therein, the following: 'China,': *Provided, however,* That this section shall apply neither to the preamble of such act nor to the amendments to such act made by sections 302 and 303 of this title.

"TITLE IV"

"SEC. 401. This title may be cited as the 'China Aid Act of 1948.'

"SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic and political conditions and for stable international economic and political relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided,* That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further,* That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

"SEC. 403. In addition to the amount authorized by section 11 (a) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), appropriations in the amount of \$420,000,000 are hereby authorized for assistance to China under such act until June 30, 1949, and such act is hereby amended accordingly: *Provided, That—*

"(a) paragraphs (1), (2), and (3) of section 4, section 10, and section 11 (b) of the Foreign Aid Act of 1947 shall not apply with respect to China;

"(b) the agreement provided for by section 5 of the Foreign Aid Act of 1947 (1) shall, to the extent practicable, make appropriate provision for the matters covered by paragraphs (1), (2), (4), (5), (7), (8), (9), and (10) of subsection (b) of section 115 of title I; and (2) may contain such other undertakings by China as are necessary to improve commercial relations between China and the United States, consistent with the purposes of this title: *Provided,* That the provision for the disposal of any unencumbered balance of local currency deposits provided for in section 5 (b) of the Foreign Aid Act of 1947 shall not be effective with respect to China until September 30, 1949;

"(c) the authority to procure or provide for the procurement of commodities for China shall include authority to procure or provide for the procurement of such other commodities and services in addition to those

specified in section 3 (a) of the Foreign Aid Act of 1947 and for the furnishing of technical assistance as the President deems necessary for the accomplishment of the purposes of this title;

"(d) without regard to the provisions of section 5 of the Foreign Aid Act of 1947, assistance under such act may be provided for China during the 3 months following the date of enactment of this act when the President determines it to be essential in furtherance of the purposes of this title;

"(e) the provisions of sections 104, 105, 107, 110, 111 (c) (1), 112, 113, 117, 119, and 121 of the Economic Cooperation Act of 1948 shall be applicable to the furnishing of assistance for China under the Foreign Aid Act of 1947 in the same manner and to the same extent as such provisions are applicable to the furnishing of assistance to participating countries under the Economic Cooperation Act of 1948;

"(f) when it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator for Economic Cooperation shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. The bank shall deposit into the Treasury of the United States as miscellaneous receipts, amounts received by the bank in repayment of principal and interest on any such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended;

"(g) notwithstanding the appropriation made by the Third Supplemental Appropriation Act, 1948, for foreign aid, the provisions of section 11 (d) of the Foreign Aid Act of 1947 shall be applicable for carrying out the provisions of this act;

"(h) not less than 5 percent nor more than 10 percent of the funds made available for the purposes of this title shall be used to carry out the purposes of section 404.

"Sec. 404. The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"Sec. 405. There shall be established in China a special mission under the direction of a chief who shall be responsible for assuring the performance within China of operations under this title, and who shall take rank immediately after the chief of the United States diplomatic mission in China.

"The chief shall be appointed by the Administrator, shall receive his instructions

from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. He shall keep the chief of the United States diplomatic mission in China fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission; and the chief of the diplomatic mission in China shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the special mission shall also keep the Administrator, the Secretary of State, the chairman of the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, and the House Appropriations Committee currently informed concerning his activities. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign policy objectives of the United States in China and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign policy objectives, he shall so advise the chief of the special mission. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision."

Amend the title so as to read: "An act to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States."

Mr. VANDENBERG. Mr. President, I move that the Senate agree to the amendment of the House to the text of the bill with an amendment in the nature of a substitute; that it disagree to the amendment of the House to the title; that it agrees to the conference asked by the House; that it insist upon its amendment, ask a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. VANDENBERG, Mr. CAPPER, Mr. WILEY, Mr. CONNALLY, and Mr. GEORGE conferees on the part of the Senate.

The amendment proposed by Mr. VANDENBERG in the nature of a substitute is as follows:

In lieu of the matter inserted by the House amendment, insert the following:

"TITLE I

"Sec. 101. That this title may be cited as 'The Economic Cooperation Act of 1948.'

"FINDINGS AND DECLARATION OF POLICY

"Sec. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of

Europe of a health economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is the hope of the people of the United States that these countries through a joint organization will exert sustained common efforts which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. Accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times be dependent upon continuity of cooperation among countries participating in the program.

"PURPOSES OF TITLE

"(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

"(1) promoting industrial and agricultural production in the participating countries;

"(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

"(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

"PARTICIPATING COUNTRIES

"Sec. 103. As used in this title, the term 'participating country' means—

"(a) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

"(b) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purpose of this title.

"ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION

"Sec. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Admin-

istrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this act, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

"(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

"(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed 30 days after the date of enactment of this title, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such 30-day period, the authority conferred upon the President by this subsection shall be extended beyond such 30-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

"(d) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 14 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed 60 may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than 10 may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

"(e) The head of any department, agency, or establishment of the Government performing functions under this title may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

"GENERAL FUNCTIONS OF ADMINISTRATOR

"SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

"(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

"(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

"(3) provide for the efficient execution of any such programs as may be placed in operation; and

"(4) terminate provision of assistance or take other remedial action as provided in section 17 of this title.

"(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

"(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

"(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"NATIONAL ADVISORY COUNCIL

"SEC. 106. Section 4 (a) of the Bretton Woods Agreement Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of Treasury as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Trustees of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

"PUBLIC ADVISORY BOARD

"SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board

shall consist of the Administrator, who shall be Chairman, and not to exceed 12 additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this act, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual traveling expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

"UNITED STATES SPECIAL REPRESENTATIVE ABROAD

"SEC. 108. There shall be a United States Special Representatives in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this act. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the Chiefs of Special Missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this act.

"SPECIAL ECA MISSIONS ABROAD

"SEC. 109. (a) There shall be established in each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the

Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

"(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States special representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

"(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

"(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

"PERSONNEL OUTSIDE UNITED STATES

"SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

"(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

"(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this act, and the Secretary of State may thereafter assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

"(b) For the purpose of performing functions under this act outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

"(c) Civilian personnel who are citizens or residents of the United States employed or appointed pursuant to this section to perform functions under this title shall be investigated by the Federal Bureau of Investigation which shall make a report thereof to the appointing authority as soon as possible. *Provided, however,* That they may temporarily assume their posts and perform their functions after preliminary investigation and clearance by the Administrator or the

Secretary of State, as the case may be, but such employment may be terminated after the receipt of the report of the Federal Bureau of Investigation.

"NATURE AND METHOD OF ASSISTANCE

"SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (6) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

"(1) Procurement from any source, including Government stocks, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term 'commodity' means any commodity, material, article, supply, or goods necessary for the purposes of this title.

"(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title.

"The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 percent of the gross tonnage of commodities, procured within the United States out of funds made available under this act and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

"(3) Procurement of and furnishing technical information and assistance.

"(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

"(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

"(b) The Administrator may provide for the performance of any of the functions described in subsection (a) of this section—

"(1) by establishing accounts against which, under regulations prescribed by the Administrator—

"(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of applicable appropriations); and

"(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries, upon presentation of contracts, invoices, or other documentation specified by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided,* That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be ac-

counted for exclusively on such certification as the Administrator may prescribe to assure expenditure in furtherance of the purposes of this title, and such certification shall be binding on the accounting officers of the Government.

"(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

"(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title, which guaranties shall terminate not later than 14 years from the date of enactment of this title: *Provided, That—*

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

"(ii) the total liabilities assumed under such guaranties shall not exceed 5 percent of the total funds appropriated for the purposes of this title and any liabilities accruing under such guaranties shall be defrayed within the limits of funds so appropriated; and

"(iii) as used in this paragraph, the term 'person' means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

"(4) (i) By making, under rules and regulations prescribed by the Administrator, guaranties to any person or government in the Western Hemisphere with respect to credits any such person or government may grant for commodities and services to be transferred, with the approval of the Administrator, to a participating country: *Provided,* That guaranties to governments in the Western Hemisphere shall not exceed 70 percent of the credits so extended by any such government: *And provided further,* That the Administrator determines that the use of this method of guaranteeing credits, as opposed to this method of direct procurement and delivery to participating countries, will not substantially prejudice the extension or validity of credits or loans by other governments, by the International Bank for Reconstruction and Development, or by private persons, where such credits or loans have been, or in the future might be, prudently made without such guaranty, considering the capacity of the several participating countries to repay. In determining whether to provide for the procurement of commodities and services outside the continental limits of the United States, the Administrator shall take into account whether the government of the country in which commodities or services are available for transfer fails to extend such credits or to arrange such prices, terms, and conditions as the Administrator considers equitable and prudent in connection with such transfers. In connection with such guaranties, the Administrator, on terms and conditions prescribed by him, may agree to advance dollars on account of such guaranties at the

time such exports are made, or at any time not more than 10 years after the making of such agreement.

"(ii) As used in this paragraph, the term 'person' means a citizen of any Western Hemisphere country, or any corporation, partnership, or other association created under the law of any such country or under any political subdivision thereof, and substantially owned by citizens of Western Hemisphere countries.

"(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

"(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit as directed, and on terms specified, by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. The bank shall deposit into the Treasury of the United States, as miscellaneous receipts, amounts received by the bank in repayment of principal and interest on any such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the bank has outstanding at any one time loans and guarantees to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended.

"PROTECTION OF DOMESTIC ECONOMY

"Sec. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

"(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this act, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

"(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of wheat used to produce the wheat flour transferred to such countries under this title shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour transferred to such countries under this title.

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

"(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

"(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

"(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural com-

modity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 percent of such sales price as authorized by subsection (e) of this section.

"(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 percent of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the act of July 30, 1947 (Public Law 266, 80th Cong.), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

"(g) No export shall be authorized pursuant to authority conferred by section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the Secretary of Commerce determined that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however*, That such export may be authorized if the Secretary of Commerce determines that such export is otherwise in the national interest of the United States.

"(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

"REIMBURSEMENT TO GOVERNMENT AGENCIES

"Sec. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

"(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which the funds were expended for the procurement of such commodity.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest from appropriations authorized under this title for advances made by it hereunder.

"(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

"(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, there are hereby authorized to be appropriated to the President, from time to time through June 30, 1952, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions and accomplish the purposes of this title: *Provided, however*, That for carrying out the provisions and accomplishing the purposes of this title for the period of 1 year following the date of enactment of this title, there are hereby authorized to be so appropriated not to exceed \$5,300,000,000.

"(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this act, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard for the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

"(e) The unexpended portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of

1947 (Public Law 389, 80th Cong.) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (8) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

"(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title, shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

"BILATERAL AND MULTILATERAL UNDERTAKINGS

"SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title.

"(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

"(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

"(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange,

to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

"(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

"(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and control, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

"(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is not furnished to the participating country on terms of payment. Such special account, together with the unexpended portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong.) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), shall be held or used only for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, will be disposed of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

"(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title; and

"(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this title, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if such country (1) has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b).

of this section: *Provided*, that, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

"(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

"(e) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall if they so freely elect be repatriated prior to January 1, 1949.

"WESTERN HEMISPHERE COUNTRIES

"SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

"OTHER DUTIES OF THE ADMINISTRATOR

"SEC. 117. (a) The Administrator, in furtherance of the purposes of section 15 (b) (5), and in agreement with a participating country, may promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

"(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

"(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants, funds made available for the purposes of this title may be used, in the discretion of the Administrator, and under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies licensed for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants.

"The Administrator may make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee.

"TERMINATION OF ASSISTANCE

"SEC. 118. The Administrator, in determining the form and measure of assistance

provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States.

"EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

"SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

"EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

"SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 117 (a), as a member of an advisory committee appointed pursuant to section 117 (b), as an expert or consultant under section 114 (d), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of sections 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"UNITED NATIONS

"SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organization, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities.

"(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operation conducted under this title.

"(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

"TERMINATION OF PROGRAM

"SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the 12

months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such 12-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

"(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the 12 months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

"REPORTS TO CONGRESS

"SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

"JOINT CONGRESSIONAL COMMITTEE

"SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), and to be composed of seven Members of the Senate to be appointed by the President of the Senate, and seven Members of the House of Representatives to be appointed by the Speaker of the House. In each instance, not more than four members shall be members of the same political party. A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The President of the Senate and the Speaker of the House, acting jointly, shall appoint a chairman and a vice chairman from among the members of the committee.

"(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this title.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hear-

ings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

"SEPARABILITY CLAUSE

"SEC. 125. If any provision of this title or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"TITLE II

"ASSISTANCE TO GREECE AND TURKEY

"SEC. 201. That in addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such act, as amended.

"SEC. 202. (a) Subsection (a) of section 4 of such act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

"(b) Subsection (b) of section 4 of the said act is hereby amended by inserting after the word 'repaid' the following: 'without interest'.

"SEC. 203. Subsections (2) and (3) of section 1 of such act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States missions to Greece and Turkey, as well as to the Governments of those countries. Section 302 of the act of January 27, 1948 (Public Law 402, 80th Cong.), and section 10 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

"TITLE III

"AID TO CHINA

"SEC. 301. That this title may be cited as the 'China Aid Act of 1948.'

"SEC. 302. It is the purpose of this title to provide immediate aid to China to relieve human suffering to assist in retarding economic deterioration, and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuilding the bases for more stable economic conditions, such aid to be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

"SEC. 303. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$363,000,000 to remain available for obligation for the period of 1 year following the date of enactment of this title.

"(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$100,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of 1 year following the date of enactment of this act.

"SEC. 304. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

"SEC. 305. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 303, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 303, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection."

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 31, 1948, the President had approved and signed the following acts:

S. 203. An act to increase the equipment maintenance of rural carriers 1 cent per mile per day traveled by each rural carrier for a period of 2 years, and for other purposes; and
S. 2361. An act to provide for a temporary extension of the National Housing Act, as amended.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communications and letter, which were referred as indicated:

SUPPLEMENTAL ESTIMATE—NATIONAL MEDIATION BOARD (S. Doc. No. 138)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the National Mediation Board, amounting to \$48,800, fiscal year 1948 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—FEDERAL WORKS AGENCY (S. Doc. No. 139)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Federal Works Agency, amounting to \$50,000, fiscal year 1948 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

CONSERVATION OF GRAIN BY BREWING INDUSTRY

A letter from the Attorney General, transmitting, pursuant to law, copies of the voluntary allocation plan for conservation of grain

by the brewing industry (with accompanying papers); to the Committee on Banking and Currency.

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore.

A resolution adopted by the Richmond Hill Post, No. 212, the American Legion, Richmond Hill, N. Y., favoring the enactment of legislation providing selective service; to the Committee on Armed Services.

A resolution adopted by the Toledo (Ohio) Chapter of RONS-NROA, favoring the enactment of legislation providing universal military training, and so forth; to the Committee on Armed Services.

A resolution adopted by the Yeshivah of Bensonhurst, Inc., of the Borough of Brooklyn, N. Y., relating to the partition of Palestine; to the Committee on Foreign Relations.

A resolution adopted by the board of directors of the Keokuk (Iowa) Chamber of Commerce, favoring repeal of the sixteenth amendment to the Constitution providing for income taxes, and the adoption of a substitute therefor, placing a limitation on the taxation of income; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOBEY, from the Committee on Interstate and Foreign Commerce:

H. R. 8569. A bill to authorize the construction of a chapel and a library at the United States Merchant Marine Academy at Kings Point, N. Y., and to authorize the acceptance of private contributions to assist in defraying the cost of construction thereof; without amendment (Rept. No. 1047); and

S. Res. 210. Resolution to investigate the shortage of petroleum products and natural gas, with amendments, and, under the rules, referred to the Committee on Rules and Administration (Rept. No. 1046).

SHORTAGE OF RAILROAD CARS—INTERIM REPORT OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE (REPT. NO. 1048)

Mr. REED, from the Committee on Interstate and Foreign Commerce, submitted, pursuant to Senate Resolutions 47 and 44, an interim report relating to the shortage of railroad cars, which was ordered to be printed.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. TOBEY (by request) introduced Senate bill 2419, to amend the Air Commerce Act of 1926 (44 Stat. 568), as amended, to provide for the application to civil air navigation of laws and regulations related to animal and plant quarantine, and for other purposes, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

By Mr. WILSON:

S. 2420. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide for judicial review of orders of the Civil Aeronautics Board affecting the rights of domestic air carriers to engage in overseas or foreign air transportation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGNUSON:

S. 2421. A bill to authorize the Secretary of the Interior to provide school facilities for dependents of persons engaged on the

construction, operation, and maintenance of certain projects; to the Committee on Interior and Insular Affairs.

(Mr. McGRATH (for himself, Mr. WAGNER, and Mr. MURRAY) introduced Senate bill 2422, to provide for a national program of old-age retirement, survivors, and permanent disability insurance, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. THOMAS of Utah (by request):

S. 2423. A bill to amend section 3 (a) (c) and (e), section 5 (a) (i) 1 and ii, and section 6 (a) of the Railroad Retirement Act approved August 29, 1935, as amended; to the Committee on Labor and Public Welfare.

By Mr. LANGER:

S. 2424. A bill to authorize the Archivist of the United States to furnish copies of materials in his custody on a reimbursement of appropriations basis; to the Committee on Post Office and Civil Service.

By Mr. McCARRAN:

S. 2425. A bill for the relief of Adam Styka and Wanda Engeman Styka; to the Committee on the Judiciary.

By Mr. REED:

S. 2426. A bill to amend the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. WILSON:

S. 2427. A bill to confer jurisdiction over the Fort Des Moines Veterans' Village upon the State of Iowa; to the Committee on Banking and Currency.

(Mr. MAGNUSON introduced Senate Joint Resolution 202, to change the name of Pot-holes Dam in the Columbia Basin project to O'Sullivan Dam, which was referred to the Committee on Public Works, and appears under a separate heading.)

AMENDMENT OF AIR COMMERCE ACT RELATING TO LAWS AND REGULATIONS OF ANIMAL AND PLANT QUARANTINE

Mr. TOBEY. Mr. President, at the request of the Department of Agriculture, I ask unanimous consent to introduce for appropriate reference a bill to amend the Air Commerce Act of 1926 (44 Stat. 568), as amended, to provide for the application to civil air navigation of laws and regulations related to animal and plant quarantine, and for other purposes, and I request that a letter from the Under Secretary of Agriculture explaining the purpose of the bill may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and without objection, the letter presented by the Senator from New Hampshire will be printed in the RECORD.

There being no objection, the bill (S. 2419) to amend the Air Commerce Act of 1926 (44 Stat. 568), as amended, to provide for the application to civil air navigation of laws and regulations related to animal and plant quarantine, and for other purposes, introduced by Mr. TOBEY (by request), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The letter presented by Mr. TOBEY was ordered to be printed in the RECORD, as follows:

MARCH 22, 1948.

HON. ARTHUR H. VANDENBERG,
President pro tempore,
United States Senate,

DEAR SENATOR VANDENBERG: In carrying out the responsibility to protect the agriculture of our country from the introduction, establishment, and spread of pests and diseases injurious to animals, plants, and their prod-

ucts, the Department of Agriculture is without authority to follow practices authorized by the Air Commerce Act to inform operators of civil aircraft concerning requirements and safeguards imposed by agricultural quarantines and regulations. The need for and importance of safeguards to prevent the entry or spread of injurious agricultural pests and diseases has long been recognized and provided for by the enactment of legislation and making of appropriations to carry out the purposes of the various laws. The following laws illustrate the type and character of authority under which the Department operates in carrying out responsibilities placed on it:

The following so-called animal quarantine acts:

Acts of May 29, 1884, February 2, 1903, and March 3, 1905, as amended (21 U. S. C. 111-130, 7 U. S. C. 391, and 18 U. S. C. 118).

Act of August 30, 1890 (21 U. S. C. 101-105).

Act of March 3, 1891, as amended (46 U. S. C. 466 a and b).

Section 306 (a) and (c) of the Tariff Act of June 17, 1930, as amended (19 U. S. C. 1306 (a) and (c)).

Act of March 3, 1905 (7 U. S. C. 141-144), the so-called Insect Pest Act.

Act of March 4, 1907, as amended (21 U. S. C. 71-95), the so-called Meat Inspection Act.

Act of August 20, 1912, as amended (7 U. S. C. 151-167), the so-called Plant Quarantine Act.

Act of March 4, 1913, 21 U. S. C. 151-158, the so-called Virus, Serum, and Toxin Act.

Act of July 24, 1919, 21 U. S. C. 96, the so-called Horse Meat Act.

Section 306 (b) and (c) of the Tariff Act of June 17, 1930, as amended, 19 U. S. C. 1306 (b) and (c), the so-called Imported Meat Act.

Act of January 31, 1942, 7 U. S. C. supp. V 149, the so-called Mexican Border Act.

These laws, and the regulations associated with them, provide for safeguarding the importation, exportation, transportation, and quarantine of animals, plants, certain of their products, insects, bacterial and fungus cultures, viruses, and serums, which may be injurious to our agriculture.

To enable the Department to follow practices which have been used and found effective by other agencies of the Government in carrying out responsibilities placed on them, it is recommended that the Air Commerce Act of 1926 be amended. Such amendment should authorize the Secretary of Agriculture to issue regulations which would make laws and regulations relating to animal and plant quarantines, including the importation, exportation, transportation, and quarantine of animals, plants, their products, insects, bacterial and fungus cultures, viruses, and serums applicable to civil air navigation. A draft of a bill which would provide such authority is attached.

The Air Commerce Act now authorizes the Secretary of the Treasury, the Attorney General, and the Secretary of Commerce to provide by regulation for the application to civil air navigation of the laws and regulations pertaining to customs, immigration, and entry and clearance of vessels. The Public Health Service Act of 1944 contains comparable authority for the Surgeon General with respect to the public health laws and regulations. The proposed amendment would provide similar authority to this Department and thus permit including in the instructions to operators of civil aircraft arriving from abroad information concerning requirements of agricultural quarantines and regulations promulgated to safeguard our country from agricultural pests and diseases. The provisions of the proposed amendment would not in themselves require appropriations in addition to those needed to carry out responsibilities assigned the Department under existing legislation.

The idea of requesting authority such as would be provided by the proposed legislation has been discussed informally with representatives of interested governmental agencies. It has also been considered within the structure of the Air Coordinating Committee created by Executive Order 9781, September 19, 1946 (11 F. R. 10645). It is understood that those consulted consider the proposal desirable and the Air Coordinating Committee has advised the Department that it would support this request.

The Bureau of the Budget advises that it has no objection to submission of this proposed legislation and explanatory letter to the Congress for its consideration.

Bills before the Eightieth Congress, especially S. 1, H. R. 1699, and H. R. 2337 contemplate repeal of the Air Commerce Act of 1926 but provide for the reenactment of sections 7 and 11 of that act. The legislation here proposed could be accomplished by amending sections 7 and 11 in connection with their reenactment should the Congress deem it advisable to repeal the Air Commerce Act.

Sincerely yours,

N. E. DODD,
Under Secretary.

OLD-AGE RETIREMENT, SURVIVORS, AND PERMANENT DISABILITY INSURANCE

Mr. McGRATH. Mr. President, on behalf of the Senator from New York [Mr. WAGNER], the Senator from Montana [Mr. MURRAY], and myself, I ask unanimous consent to introduce for appropriate reference a bill providing for a national program of old-age retirement, survivors, and permanent-disability insurance, and I request that a statement I had intended to make in reference to the bill may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and, without objection, the statement will be printed in the RECORD.

There being no objection, the bill (S. 2422) to provide for a national program of old-age retirement, survivors, and permanent-disability insurance, introduced by Mr. McGRATH (for himself, Mr. WAGNER, and Mr. MURRAY), was received, read twice by its title, and referred to the Committee on Finance.

STATEMENT BY SENATOR McGRATH

Mr. President, on behalf of Senator WAGNER, Senator MURRAY, Representative DINGELL, and myself, I am introducing a comprehensive bill to extend and liberalize the old-age and survivors insurance provisions of the Social Security Act.

The bill we are introducing today brings up-to-date a similar bill we four Democratic sponsors introduced in July 1947 as S. 1679 and H. R. 4303. The Republican leadership has not called hearings on these bills or on any other bills improving social security although the cost of living makes it impossible for persons receiving insurance benefits under the present law to live decently.

The bill we have introduced today is intended to adjust the benefits in accordance with the increased cost of living which has occurred since the Eightieth Congress first convened.

I understand from what the chairman of the Finance Committee said recently on the floor that the advisory council on social security appointed by his committee will make its report public very shortly.

I merely want to say that President Truman in his budget message of January 6 of this year has endorsed amendments to liberalize and extend the social-security program. Bills to carry out this end have been introduced. If the Republican leadership will

interested; namely, the contact representatives. My understanding is that included in these \$3,000,000 is enough money for the Administrator to keep employed necessary contact representatives in all parts of the country, is that correct?

Mr. TABER. In every part of the country where they are needed. There are a thousand open positions that the Administrator has not so far filled out of the 3,000 that was allowed him.

As I understand it, according to the Legion statement that I believe the gentleman from Massachusetts brought with him, or if not him, then it was the gentlewoman from Massachusetts [Mrs. ROGERS] it would take 600 to cover what they thought was needed in the contact picture. Maybe I am wrong on that but that is the way I remember it; but in any event there is plenty of money in there to do it.

Mr. McCORMACK. And as far as the Appropriations Committee is concerned they expect the Administrator to keep contact representatives in the various offices and suboffices where they are necessary.

Mr. TABER. That is correct.

Mr. KEARNEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KEARNEY. Does the gentleman understand that out of those 8,500 employees of the Veterans' Administration who were let go under this directive to take effect March 31, that these same employees will be rehired or retained?

Mr. TABER. Insofar as the positions that they previously occupied are concerned. I would hardly expect that a man who was engaged in an administrative capacity would be reemployed as a nurse, but insofar as the position he previously occupied is continued, yes.

Mr. KEARNEY. I am glad to hear the gentleman say that, for the reason that only this morning I was advised that they were not going to retain the employees who were discharged but were going to leave the field open and go out throughout the country and hire new ones.

Mr. TABER. That was not my understanding of what should be done.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. The figures that I have show that 725 contact positions will be lost or have been lost by the reduction of the VA personnel. I think the Committee on Veterans' Affairs will bear me out in the belief that General Gray does not intend to replace many of those contact men. I think General Gray is very able but he is very new in the Veterans' Administration. I will say I do not think General Gray realizes that the contact man is the first touch that the veteran has with the Veterans' Administration. That man helps him file his claim at once and as the Members of the House know, many of the veterans cannot get any compensation prior to the time that he files his claim.

General Gray has spoken of using itinerant men. How much good is an itinerant man going to be going to many

places a hundred miles apart? How much time could he spend on each disabled veteran?

I believe General Gray testified to the Appropriations Committee that he had a thousand jobs now that he could fill, plus the \$3,000,000 and plus, I understand, the understanding that the appropriations would give him a certain amount to pay for the terminal leave of these men, then you would have plenty of jobs for these contact men and for a good many other persons.

Can the gentleman give me any idea as to what will happen there?

Mr. TABER. Whatever there is of a requirement for terminal leave for any positions that are carried along where the funds are not available will be provided for in the general 1949 appropriation bill. There is plenty of money now to put back any of the contact men who are needed with this appropriation we are providing now.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. JOHNSON of Oklahoma. I may say to the gentleman from New York that I asked General Gray this morning when he appeared before the Veterans' Affairs Committee the direct question whether if we gave him this \$3,000,000 he would reemploy these 3,000 people or what percentage would be put back into contact work. I understood him to say "None," that they were going to use it first for medical claims, insurance, and rehabilitation.

Many of us on the Veterans' Affairs Committee think that certainly a substantial percentage out of this \$3,000,000 should be used to put back contact representatives. Will the gentleman from New York tell me what the feeling of his committee was when they granted this \$3,000,000 with reference to contact men?

Mr. TABER. We went into the picture very carefully with General Gray, and General Gray told us that he thought 3,000 would give him the ones that were needed to carry on the job and do it thoroughly. We understand that that would allow him to put back any contact men that were needed and any claims men that were needed. He told us, and we have been advised, that this insurance picture does not head up until after the Supreme Court makes a decision, therefore there is no sense in building up that matter at this time.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Quoting from the hearings, General Gray was asked by the gentleman from Wisconsin [Mr. KEEFE]:

If you were given this \$6,000,000 that is called for in the resolution offered by Mr. McCORMACK and Mrs. ROGERS, what would you do with it?

General GRAY. I would put back some of the people who are now being separated.

Mr. KEEFE. How many?

General GRAY. I can only casually estimate that; I would say somewhere around 2,000—2,500—under 3,000.

Further in response to a question from the gentleman from Wisconsin [Mr. KEEFE]:

So that if Congress appropriated to you \$2,500,000 to \$3,000,000 to carry these 3,000 personnel, whom it is now contemplated to dismiss from the rolls, will you be able with those 3,000 employees to furnish the essential and necessary and decent services to the veterans?

General GRAY. Yes, sir.

I think it is clear therefore that we have provided all that General Gray feels he needs for essential services to our veterans.

Mr. TABER. That was my understanding, and that was the intention of the committee.

Mr. PEDEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Oklahoma.

Mr. PEDEN. In view of the statement made by the gentlewoman from Massachusetts [Mrs. ROGERS] and the gentleman from Oklahoma [Mr. JOHNSON], with respect to the testimony of General Gray this morning that he did not intend to replace some of these necessary contact officers, would it be advisable in expressing the true intent of Congress to put into this bill after the word "Administration" the words "including necessary contact officers" in which case we would be assured that the Administrator would follow the intent as you have expressed it that we believe the necessary contact officers should be included in this \$3,000,000?

Mr. TABER. I should not object to that amendment, but I think that this discussion which we are presently having on the floor here would be sufficient to call it to the attention of the Administrator that it is the intention of the committee and the Congress to have that done. There seems to be no discordant note here on that subject.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I yield myself 10 additional minutes.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. HAND. I want to make this perfectly clear. I think it is clear already from what the gentleman has said. In the event these contact offices that are necessary are not restored, it is wholly the fault of the Veterans' Administration and not because the veterans committee or the Congress have not given to General Gray the money asked for in this connection, is that correct?

Mr. TABER. That is my understanding.

Mr. ROSS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. ROSS. I think we should have this clarified here. This appropriation is being granted for the purpose of reinstating some of the employees that are about to be dismissed because of an order recently issued, is that correct?

Mr. TABER. Well, partly. It is also for the purpose of permitting the Ad-

ministrator to put to work necessary people in the medical set-up that he feels are especially urgent. He has placed 1,200 additional people at work in that set-up already.

Mr. ROSS. That is what I would like to have clarified. When General Clay was before the committee this morning I asked him if the bulk of this money was not to be used for employing personnel for the medical division, and his answer was "Yes." I asked him further if a number of the employees who have been dismissed and who will be reinstated would be negligible, and he said "Yes."

Mr. TABER. I think perhaps that might be so.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Texas.

Mr. MAHON. The House should fully understand, and the employees of the Veterans' Administration who might have been given notice of separation should fully understand, that General Gray emphasized the fact that he was not willing to say to Congress that he was going to employ the identical people who were threatened with separation from the service. He was against the resolution introduced by the gentleman from Massachusetts [Mr. McCORMACK] and by the gentlewoman from Massachusetts [Mrs. ROGERS], because, he said, it would require him to freeze those particular people in jobs, and he was not willing to do that. He is going to take the \$3,000,000, and with that he said he could meet the situation. That is the action of the committee.

Mr. TABER. That is what we understood.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. When the testimony was heard by the Veterans' Committee emphasis was placed on the fact that these contact offices that had exceptionally heavy case loads, that were rendering an exceptionally good service should be retained. These veterans live out in the districts and some of them cannot get into the central office without sacrifice of time and money, necessitating even several days off from their work to get the service. Do I understand the committee by granting this additional appropriation means that those contact offices with heavy loads, that were rendering these outstanding services, should be continued?

Mr. TABER. That is my understanding; that where these people are rendering a necessary and effective service, they should be cared for.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. In General Gray we recognize a very capable administrator, and I am wondering whether or not he indicated to the committee that there was any reorganization of the Veterans' Administration anticipated at the moment.

Mr. TABER. Well, there are some of these branch offices that he has not made up his mind about. I gathered that he certainly did not intend to increase the number, and that he hoped to reduce the number, and transfer some employees and put them where they were more needed.

Mr. VAN ZANDT. Is it not true that some of the employees discharged as of April 1 were probably undesirable employees?

Mr. TABER. That is probably so.

Mr. ROSS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. ROSS. It was stated before the Veterans' Committee that in this personnel reduction no members of the Medical Division would be terminated.

Mr. TABER. That is correct.

Mr. ROSS. That no members would be terminated under this recent reduction. Now we have additional appropriations being granted and most of the funds will be used for new employees who will be placed in the Medical Division. I just do not think that it should go out to the country that the Congress is now appropriating \$2,000,000 for the reemployment of 3,000 of the 8,500 that were terminated, and then not have that done.

Mr. TABER. We did not understand that that was to be the result. As I understand, 1,200 have been put in the medical service and 800 in the administrative service down to this time.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. Under the reductions recently announced, certain adjudication boards were eliminated, or the number reduced. Was there any discussion as to whether those adjudication boards would be restored? That is a vital point.

Mr. TABER. As I understand, where they were needed they would be put back.

Mr. MILLER of Connecticut. Was there any explanation given as to where they were needed?

Mr. TABER. We did not go into the details of places that they were to be put, but we were told that where they were needed they would be put back.

Mr. MILLER of Connecticut. Does it appear to the gentleman that it is excusable to take 2 months after a veteran is examined before the adjudication board can act on his claim?

Mr. TABER. It is not.

Mr. MILLER of Connecticut. Well, that has happened in some cases.

Mr. TABER. Well, it should not happen.

Mr. MATHEWS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. MATHEWS. Just to get the matter straight, it is my understanding that the appropriations made here are not made for the purpose of retaining particular people in particular jobs, but are given by the Committee on Appropria-

tions to the Veterans' Administration to do the best possible job of service to the veteran as the Administration sees fit.

Mr. TABER. To do the things that he said were necessary to do to make the job effective.

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Vermont.

Mr. PLUMLEY. As I understand, the Committee on Appropriations has not undertaken to run the Veterans' Administration.

Mr. TABER. That is correct.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JENKINS of Ohio, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendment of the House to the bill (S. 2202) entitled "An act to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world," with an amendment in the nature of a substitute; that it disagree to the amendment of the House to the title; that it agree to the conference asked by the House; that it insists upon its amendment and asks a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. VANDENBERG, Mr. CAPPER, Mr. WILEY, Mr. CONNALLY, and Mr. GEORGE to be the conferees on the part of the Senate.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, disagree to the Senate amendment to the House amendment to the text of the bill, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. RICH. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Ohio if he noted in the morning paper that Britain on March 31 had a credit balance of \$2,544,000,000? I am

wondering whether the gentleman knew that before we passed this bill last night.

Mr. VORYS. We are taking notice of that.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. EATON, VORYS, MUNDT, BLOOM, and KEE.

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the conferees on this bill may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

FIRST DEFICIENCY APPROPRIATION BILL, 1948

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6055, with Mr. JENKINS of Ohio in the chair.

The Clerk read the title of the bill.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Mississippi.

Mr. RANKIN. I was present at the veterans' committee meeting this morning when General Gray appeared and indicated that the greatest need of the Veterans' Administration is for men in the medical service to take care of our disabled veterans. He also pointed out that every veterans' organization had contact men in practically every community in the United States. So I do not want this record to leave the impression that General Gray is injuring the service by seeing that these men get proper medical treatment.

Mr. TABER. Mr. Chairman, I am going to take only a few minutes more to run through a little bit of this bill. I am not going to attempt to discuss it fully because the time for general debate will not permit.

We have carried \$150,000,000 for the Atomic Energy Commission contract authorization. We have carried a \$75,000,000 increase in the fund for rural electrification. We have carried \$143,000,000 for going ahead with the feeding of the occupied territories in Germany, Austria, Japan, and Korea. We have an item here for the construction of a road in Alaska, involving \$11,000,000. We have authorized the continuation, without interruption, of the vessel-operating functions of the Maritime Commission to the end of the fiscal year as provided for in the act of February 27, 1948. We have some minor items in the Bureau of Reclamation totaling \$1,600,000. We have an item of \$10,000,000 for the putting of the new uniform in the

Air Force. That will cost us net about \$2,500,000, according to the testimony that was given. For rivers and harbors we have a few emergency items totaling about \$2,000,000. There are some items for the Post Office Department, due to the increase in the volume of mail. There are also a few items for the State Department.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. ANDREWS of New York. The gentleman made reference to the new uniforms for the Air Force. I have been in consultation with the Air Force on the matter and am hopeful that this is predicated upon a gradual attainment of the new uniform over a period of years, based upon usage and wear of the old uniforms.

Mr. TABER. It is.

Mr. ANDREWS of New York. I thank the gentleman very much.

Mr. CANNON. Mr. Chairman, to those who make a hobby of collecting exceptional congressional papers, I recommend the retention of this committee report. In inadequacy, circuitous indirection, and lack of pertinent information, it is probably without parallel in the annals of the Congress.

To begin with there is the most astonishing omission in this report. There is no over-all summary. In every committee report down to the Eightieth Congress you will always find in an introductory paragraph near the beginning of the report a summation which analyzes and digests the bill and the report.

You will look in vain for any such summary, either at the beginning of this report or elsewhere. I do not recall having seen a committee report a bill, especially on an important bill of this kind, where you could not find even the total amount carried by the bill until you put a slide rule and an adding machine on it, and even then be certain as to whether you had not overlooked something.

What is the purpose of a report. The purpose of the report on an appropriation bill is to indicate how much is appropriated, for what purpose it is appropriated, and in what way the funds are to be expended. There is nothing in this report which gives you any such analysis.

For example, you will not find in this report any statement anywhere as to the total amount appropriated and authorized for commitment and expenditure. I do not ever recall ever having seen a report that did not give that information by way of preface. If you will turn to page 24 of the report and add the totals of title I and title II, you get \$346,629,152.23. Apparently, we are to understand that this is the total amount carried in the bill.

But as a matter of fact when you go through the bill item by item and take all the appropriations, reappropriations, contract authorizations and authority for reallocations, you find that this bill totals something in the neighborhood of

\$600,000,000. In other words, approximately twice as much as we would be led to believe is carried in the bill if you work out your own arithmetic on a basis of the figures at hand. So that the average Member coming on the floor and picking up the report will be surprised to find, when the whole thing is worked out, that the bill really carries approximately twice what it appears to carry on the face of this report.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. Is there anything under the rules which would prevent the minority from filing minority views if they do not like the majority report?

Mr. CANNON. I do not recall having seen a minority report on an appropriations bill of this character.

Mr. MILLER of Connecticut. It can be filed, though, can it not?

Mr. CANNON. It is not done. The majority with their staff of experts, and all facilities at hand, are always depended on to write the report.

I was surprised when the chairman said in answer to my question that only about \$6,000,000 or \$7,000,000 in the bill is for replacements of cuts made in former bills. If you go through this bill, you find that practically half of the new obligational availability is directly due to the need for restoration of amounts previously claimed as economies. In other words, this committee has ever since the beginning of the Eightieth Congress been operating in many instances on the installment plan. The departments come before the committee and demonstrate the need of definite funds and the committee arbitrarily cuts the appropriation below the amount on which the department can operate, and then tells the country that we have made a saving.

And when the money falls short of the requirements of the department the committee brings in a deficiency or supplemental appropriation which absorbs or more than absorbs the so-called economies.

The last deficiency bill passed here in the House was made up principally of such restitutions. And a large part of this bill is made up of such items.

These appropriations by installments do not save a thin dime. On the contrary, they involve additional and unwarranted cost to the Government. Additional work is shouldered on the Federal agencies and the Congress in the repeated processing of these "come back" estimates. Budget staffs are burdened unnecessarily with additional work and the committees and the two Houses must without profit devote valuable time and energy to these repetitious proceedings. And we end up by restoring the funds arbitrarily denied without supporting factual data.

Mr. TABER. Would the gentleman point out one such item as that?

Mr. CANNON. Certainly. Here, for example, is the amount restored for Government relief in occupied areas. And here is something like \$75,000,000 of de-

layed funds for the postal service. And there is a very substantial amount here for replacement of cuts in the provision for the Atomic Energy Commission. And here is money for the replacement of arbitrary cuts in the replenishment of the working capital of the Government Printing Office. Just these items alone will total something like \$295,000,000 instead of the \$6,000,000 or \$7,000,000 which the gentleman assured us just now would include all replacements for cuts made in previous appropriation bills and heralded to the country as savings and economies.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to my chairman, the gentleman from New York.

Mr. TABER. There was no cut in the contract authorization of atomic energy. Heretofore the cuts in the Post Office were not in the items to any extent that are involved in this deficiency, and there were no substantial cuts in appropriations that have been restored in this bill. There were a few small items, maybe six or seven millions.

Mr. CANNON. Instead of six or seven millions there are in round figures \$295,000,000 of restored cuts in the four items alone.

I have here figures supplied by the Budget Bureau which show that the original and supplemental estimates for the Post Office Department were \$1,707,473,000. The amount appropriated so far is \$1,605,934,000. And the pending supplemental estimate is \$141,319,000, of which about \$75,000,000 is to replace cuts. The Bureau says about \$75,000,000 of the supplemental appropriation requests is considered as needed to offset the cuts by the Congress.

On the Atomic Energy Commission item, the original and supplemental estimates were for a total of \$250,000,000. Of this the committee recommended and Congress appropriated \$175,000,000, leaving a deficit of \$75,000,000. The Budget Bureau says:

These figures exclude \$250,000,000 in contract authorizations requested by the President, approved and enacted. Instead of requesting additional appropriations to make up for the appropriation cuts, a supplemental request for \$150,000,000 additional in contract authorizations has been submitted—revision of original request of \$200,000,000.

The chairman does not refer to the \$2,000,000 cut made in the working capital of the Government Printing Office and here restored in part, or to the \$5,000,000 here restored in cuts from the appropriation for Government relief in occupied territory. All these are official figures from the Bureau of the Budget and aggregate roundly \$295,000,000, instead of the six or seven mentioned by the chairman.

No attempt is made in the report to summarize the contract authorizations. What is a contract authorization? It is an authorization to enter into a commitment, to create an obligation, which must ultimately be paid by appropriations. That is not economy. The mere fact that you say: "Now, instead of giving you the money I will authorize you

to go ahead and make a contract and when the contract eventuates I will pay the money," is in effect an appropriation. And eventually an appropriation must be made to pay it. It is in no sense a saving or an economy.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Wisconsin.

Mr. KEEFE. As a matter of fact that technicality of contract authorization was conceived under the brilliant leadership of the distinguished gentleman from Missouri when he was chairman of the Appropriations Committee.

Now the gentleman is criticizing his own child.

The gentleman is abandoning this own idea and criticizing his own brain child.

Mr. CANNON. Certainly. We frequently used the contractual authorization when warranted. But the gentleman cannot point to a single instance in which we tried to represent to the country that we were saving money by deferring the day of reckoning.

By way of recapitulation, Mr. Chairman, the amounts carried in this bill for Government relief of occupied areas, the postal service, the Atomic Energy Commission, and the working capital of the Government Printing Office, and not including other similar but smaller amounts, total approximately \$295,000,000 of restored cuts, which at the time were represented as savings. It now turns out they were not savings at all, and we are in this bill restoring them.

Let me emphasize. When you add this \$295,000,000 of restored cuts to prior restorations and the corresponding economies claimed at the first session of the Eightieth Congress, you will have dissipated claimed savings to the extent of upward of \$1,100,000,000.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

[Mr. CANNON addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks.)

Mr. WIGGLESWORTH. Mr. Chairman, I shall only speak briefly, but I do want to add a word with reference to the \$3,000,000 item which is recommended by your committee for the Veterans' Administration. That is an item in which many of us have been very much interested and which has created considerable concern in New England.

As has been pointed out, General Gray has assured your committee that, with the shifts in personnel which he can make and which he intends to make promptly from places where there may be excess personnel to places where there may be too little personnel, he can, in his opinion, with the money here recommended, provide all essential services for our veterans.

To my friends in New England I may add that General Gray has also testified

that New England has been shown to be undermanned, and that the situation there is to be dealt with promptly.

Now, just to keep the record straight, I want to make one or two brief observations.

First, it has been represented in veteran circles that the proposed cut on March 1 was the result of the failure by the Congress to provide sufficient funds for the fiscal year 1948.

That, Mr. Chairman, is not the fact. The proposed cut resulted primarily from the recommendations of the President in respect to the fiscal year 1949, which are substantially below appropriations for the fiscal year 1948, and the determination of the Veterans' Administration to conform to the proposed reduction in personnel, not on July 1, but 3 months in advance of that date, on March 31.

Let me quote in this connection from a statement that I made on the floor of the House on June 17, 1947, as chairman of the subcommittee in charge of the appropriation for the fiscal year 1948, when this appropriation was under consideration:

I want to emphasize as the report emphasizes that no recommendation made contemplates any cut in any benefit provided by the Congress for our veterans; that no recommendation contemplates any cut in financial assistance to the disabled, to the widowed, to the orphaned, or in medical care for those who are eligible.

And, again:

The record is clear that the Committee on Appropriations and the Congress have not denied one cent or one employee requested for hospitals.

As a matter of fact, Mr. Chairman, we all know that the Congress with respect to the fiscal year 1948 in the medical field made available not only every cent that was requested from the Appropriations Committees of the House and Senate but in addition thereto the sum of \$20,000,000.

Second, it has been represented in veteran circles that the proposed cut on March 31 was due to the fact that representatives of the Veterans' Administration had been told by the Appropriations Committee of the House that they could not come back for a deficiency appropriation.

That, Mr. Chairman, is not the fact. The representatives of the Veterans' Administration who made the assertion have admitted on the record before your committee that they can find nothing in the record to justify that statement.

I have been a member of the committee for many years. I do not recall any such statement being made at any time to the Veterans' Administration or any other agency of this Government.

I know it is unnecessary to state that the Congress will always provide whatever funds are shown to be necessary for the proper care of our veterans.

Mr. MUHLENBERG. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Pennsylvania.

Mr. MUHLENBERG. In my section of the country there has been a good deal of talk that the reduction in per-

mission to place his name on the Board's decision was obtained.

Third. It developed that the Department of Commerce Loyalty Board had been considering the case of Dr. Condon for 10 months; that they reached their decision as a result of the report of May 15, 1947, from J. Edgar Hoover, supplemented by a report of one investigator employed by the Department of Commerce.

Now in this important case, they called one witness during the entire 10 months. That one witness was Dr. Condon. In other words, during this 10 months that Dr. Condon was under investigation, no steps were taken by the Loyalty Board or the officials of the Department of Commerce, to deny him access to top secret material on atomic energy. As a matter of fact, in October of 1947, while the Board was considering Dr. Condon, and after they had received J. Edgar Hoover's letter, they permitted Dr. Condon to attend secret meetings at Oak Ridge, Tenn., and here is what is important about this unanimous opinion of the Loyalty Board. The Chairman of the Loyalty Board, Mr. Adrian S. Fisher, who is now General Counsel of the Atomic Energy Commission, having resigned as Solicitor of the Department of Commerce on February 25, testified before us that his board made a finding purely as to the individual loyalty of Dr. Condon. In other words, they made no finding as to whether through his associations, his affiliations or his indiscretions, he was a security risk, or unfit for the strategic position he held. The very essence of our report concerning Dr. Condon had to do with his associations, affiliations, and indiscretions. We did not charge Dr. Condon with being disloyal. We clearly stated that there was no evidence that Dr. Condon was a Communist, but we did state that Dr. Condon had been associating with individuals who were agents of the Soviet Government. In other words, so far as the Loyalty Board is concerned, Dr. Condon, a person who had access to highly confidential data, can associate every night with Soviet espionage agents, entertain them and be entertained by them, visit their embassies, their homes, entertain them in turn at his Government-owned home at the Bureau of Standards, associate with them socially and he and his family may hold membership in Communist front organizations. They do not take these matters into consideration in reaching their decision. They make their determination purely on whether or not he, as an individual, is loyal to the United States. He might be negligent and irresponsible in his conduct—they do not take that into consideration. They do not take into consideration whether or not he constitutes a security risk. To emphasize this point let me read you what the Chairman of the Commerce Department Loyalty Board said in this connection:

Mr. NIXON. What we want to know is what your Board has decided. As I understand it, then, from my question, your Board has decided only the narrow issue of individual loyalty of the man before you.

Mr. FISHER. That is correct.

Mr. NIXON. In other words, you have not made a decision one way or the other as to whether the man before you—and understand this is theoretical because I do not want you to refuse to answer this—whether or not the man before you may have been guilty of indiscreet associations over a period of time, and might, for that reason, be a questionable security risk for top secret documents.

Mr. FISHER. May I cite a supposititious case which, I think, will clear it up. Let me assume we had a case of a man, I will say.

Mr. NIXON. Yes.

Mr. FISHER. Economic conservative also, if I may state this, a religious man, and a southerner of which there are not economically radical people, I think. Yet, he had the bad habit of getting drunk, telling all he knew whenever he was given a drink. I think that is a supposititious case.

Mr. NIXON. Right.

Mr. FISHER. It is my interpretation under the Executive order that in that case we would have no alternative but to state his failings—

Mr. NIXON. But to clear the man for loyalty.

Mr. FISHER. That is correct. His failings are not before us.

I say that the issue here is not whether Dr. Condon fundamentally is loyal. The question is, can we entrust the very security of our Nation in the hands of an individual who apparently sees nothing wrong in associating with card-holding members of the Communist Party, with associating with persons who are known to be agents of the Soviet Union, and who affiliates with an organization which is in control of Communists? Is he not placing the security and the welfare of the people of the United States in jeopardy through such associations? If Dr. Condon, as a private scientist, wishes to engage in activities in which I know he has been engaged, that is his business, but when he, as a director of the Bureau of Standards, engages in this activity, it becomes not only the concern of the Congress of the United States, but likewise the concern of every citizen of this country. We are playing for keeps now, and misfeasance can be just as disastrous as malfeasance.

In making this statement, I call upon the President to "unfreeze" Mr. Hoover's letter of May 15. Let the Congress and the people see what J. Edgar Hoover reported to Mr. Harriman on May 15, 1947. Let us see what was in the file of Dr. Condon that caused Mr. Fisher, the Chairman of the Loyalty Board, to refer to it as "a hot potato" in his testimony before our committee.

As a result of this case, President Truman has seen fit to ring down an iron curtain between the important information in the files of the executive departments of the Government and the Congress. If we permit his action to go unchallenged, then we are surrendering one of our historic prerogatives, that of the investigative authority of the Congress.

In the Washington Post of Thursday, March 25, 1948, there is an article on page 1, under the byline of Alfred Friendly. I want to read to you a portion of this article:

The subcommittee report on Condon was released on March 1. Two days later, the Washington Post disclosed that when the subcommittee quoted in part from the now famous Hoover letter, it omitted a key sentence. It was not until yesterday, how-

ever, that it was discovered that the subcommittee also inserted three sentences which Hoover did not write.

The passage is a supposed summary of passport applications of Dr. and Mrs. Condon for foreign travel. Sources known to be familiar with the text of the Hoover letter assert that the sentences do not appear in that communication.

The Commerce Department has refused a request of the Un-American Activities Committee Subcommittee to make the Hoover letter public.

Here we have a strange situation indeed. We find that the Washington Post is able to refer freely to a document which has been denied to the people's representatives in Congress. The Washington Post is able to say what this document contains and what it does not contain, yet the Congress is refused by the Department of Commerce and Secretary Harriman the right to learn anything whatsoever concerning it. At precisely what point does the people's rights in this regard end and the privileges of the Washington Post begin? This situation calls for a thorough investigation and removal from office of all responsible and condoning parties, including the Secretary of Commerce, if he fails to take action immediately.

What is there in the file of an official of the Government, or an employee of the Government, that should not be subject to inspection by Members of Congress? To say that we who create these agencies and appropriate the money for their operations do not have an obligation to determine whether or not these agencies are being properly administered or whether the employees of these agencies are loyal or disloyal, or whether or not they constitute a security risk, is absurd. Certainly these are matters of pertinent inquiry to the committees of Congress. The country would never have known about the Teapot Dome or Benny Myers or Gerhart Eisler or Hanns Eisler, if the Congress had not had access to the files of the executive branch of the Government.

The very authority of the Congress has been defied. It is incumbent upon us to override the President's action and the dangerous precedent thereby established.

Your committee has described Dr. Condon as "one of the weakest links in our atomic security." If there are weaker links in our security chain and the same Presidential and departmental safeguards are thrown up to protect them from exposure, the committee can only suggest that the Congress and the people of the United States join together in the fervent prayer, "God help America."

[From the Washington Times-Herald of March 21, 1948]

WHO'S SMEARED SCIENCE?

(By Frank C. Waldrop)

Who smeared science? Who has got people wondering about the loyalty of scientists to the Government of the United States?

On September 5, 1945, a little man walked into the office of the Ottawa (Canada) Journal.

His English was terrible. He had under his arms a large package of papers written in a foreign language. His story was fantastic.

He said that he was a code clerk at the Russian Embassy and that he wanted to report the existence of a Russian spy ring.

operating out of the Embassy. The papers, he said, were proof of the spy ring's work, documents that he had encoded and decoded.

The Ottawa Journal decided he was a "nut" and threw him out. He tried again the next day. No luck. He tried the Canadian Government. Still no luck. That night, September 6, 1945, he took his baby out of apartment 4, at 511 Somerset Street, Ottawa, to the next-door apartment of Sgt. Harold W. Main, of the Royal Canadian Air Force, and asked Main to look after the child because he, the code clerk, expected to be killed before the night was over.

But Sergeant Main had more sense than the Ottawa Journal or the Government of Canada, both of which had flatly refused to listen to the little man.

Sergeant Main went on a bicycle for the neighborhood cops.

The cops came around to apartment 4, at 511 Somerset Street, shortly after 11 p. m., September 6, 1945, and there found:

Vitali G. Pavlov, second secretary of the Soviet Embassy and chief of the Soviet secret service in Canada, Lt. Pavel Angelov, assistant military attaché, Lieutenant Colonel Rogov, air attaché, and Alexander Farantov, cipher clerk.

They had broken in and were tearing up the apartment. One was under the bed. One was in the clothes closet.

They were after those papers the little man had been trying so desperately to push into the hands of Canada. Thus broke the greatest spy case in North America, and it may yet turn out to be the most important in world history.

For the little man with the papers was Igor Gouzenko, the Embassy's code clerk. The papers were evidence of how the Soviets had stolen samples of uranium with which the United States of America had been making atom bombs. And of how they had stolen military secrets on radar, radio, high explosive, and other scientific weapons of war.

One of the papers the little man had was a coded cablegram to the headquarters of Soviet espionage in Moscow, reading:

"To the Director:

"Facts given by Alek: (1) The test of the atom bomb was conducted in New Mexico (with "49," "94-239"). The bomb dropped on Japan was made of uranium 235.

"It is known that the output of uranium 235 amounts to 400 grams daily at the magnetic separation plant at Clinton. The output of "49" is likely two times greater (some graphite units are established, planned for 250 mega watts, i. e., grams, each day). The scientific work in this field is scheduled to be published but without the technical details. The Americans already have a published book on this subject.

"Alex (note: Spelling is from the original—FCW.) handed over to us a platinum with 162 micrograms of uranium 233 in the form of oxide in a thin lamina. We have had no news about the mail.

"Grant."

Decoded and translated, that message said that a Russian spy had furnished Russia with samples of United States atom-bomb material.

The name of the spy was Alan Nunn May.

Dr. May was an Englishman of the upper class, a professor in nuclear physics at ancient and honorable Cambridge university. His family had an ancient and honorable name in Britain. Dr. May was one of Britain's trusted scientific experts on the bomb, frequently in Washington, D. C., during the war.

And he was a Soviet spy. So much so, in fact, that the head of the Soviet spy ring in Ottawa, a Col. Gregory Zabolin, got a direct cable from Moscow to expect May's arrival.

May's spy name was "Alek." Zabolin's spy name was "Grant." And "the director" was the spy headquarters in Moscow.

Dr. May is now doing 10 years in a British prison. He should have been shot for the traitor he was. Numerous other scientists in the very heart of United States-Canadian war work, some Canadians by birth, some British by birth, were all caught in the same net he was.

They are doing time in various Canadian prisons as traitors.

Who smeared science in this case?

One further question: Where did Alan Nunn May get that sample of uranium he slipped to Spymaster Zabolin in Ottawa, Canada?

Uranium for bombs was manufactured only in the United States of America. And May was down here. Who gave him that stuff? There is but one answer possible.

What has science to say for itself? When the first atom bomb drops on America, science can accept the credit, for it was a scientists who gave the uranium to Russia in 1945.

Gentlemen of science, speak up.

[From the Paterson (N. J.) Morning Call of Monday, March 8, 1948]

TO RELAX NOW MAY MEAN TO WEEP LATER

Dr. Edward Condon, whose alleged association with Soviet agents is under congressional scrutiny, blithely advises us that he is "entirely reliable" and that "the country can relax." However, there is something in the record against him now before the House Un-American Activities Committee which makes us question the soundness of his advice.

Being Director of the United States National Bureau of Standards, Dr. Condon has access to all our atomic science records and files, and as a scientist has confidential knowledge of the mysteries of the atomic bomb, the one weapon Stalin longs for to speed up the Communist program of Europe's and then the world's subjugation. He of all people should be so beyond suspicion of disloyalty that no voice from any governmental quarter could be raised against him. Not only should he be "not disloyal" as he claims. He should be positively and passionately loyal to the United States, whose Government he is serving in so responsible a position of trust.

But the congressional committee, thank heavens, is not so easily taken off guard, for they have garnered evidence of questionable associations which belie his assurance that "the country can relax." This evidence points to some of his friends and intimates as "alleged Soviet espionage agents." It points to contacts with men and women, who while American citizens are said to be members of the Communist Party, and also to representatives of the Soviet and her satellite nations. It has reference to his membership in a society affiliated with an organization branded by the United States Attorney General himself as subversive.

Certainly these associations of Dr. Condon are not very conducive to inspiring public confidence in his assertion that "the country can relax," while he flits about among those who make no secret of their intent to overthrow our American democracy. Our Congress is right therefore in calling the administration to task for thus letting down its guard at so critical a moment in our Nation's history. It is surely not the time to throw our vigilance out of the window by giving to indiscreet officials in high places, with atomic bombs in their pockets, the benefit of every doubt. With Communist plotters to the east, west, north, and south of us, even cause for the slightest doubt calls for a searching and never-relaxing investigation.

Washington's patriotic advice to be vigilant in the hour of danger won us our liberty. Dr. Condon's unpatriotic advice to relax is the surest way of having it stolen from us.

(Mr. VAIL asked and was given permission to revise and extend his remarks and include two editorials.)

Mr. McDOWELL. Mr. Speaker, I want to thank the gentleman from Illinois for his very excellent and very factual and very informative statement on this matter. May I also ask the gentleman from Illinois if he has taken cognizance of the many, many accusations to the effect that the committee has attacked scientists all over the Nation, and that scientists have been warned they may be subject to attacks and smears and one thing and another?

Mr. VAIL. I am quite aware of that.

Mr. McDOWELL. I wonder if the gentleman from Illinois knows how many scientists have been named in any matters ever issued by the Committee on Un-American Activities.

Mr. VAIL. I recall of no other scientist.

Mr. McDOWELL. There were two, I will say to the gentleman from Illinois, the moon-gazing, left-wing, fellow-traveling gentleman from Harvard University, Dr. Harlow Shapley, and Dr. Condon.

There is one other matter that ought to be cleared up. The accusation has been made by some radio commentators than an irresponsible subcommittee of the Committee on Un-American Activities issued this release. I would like to point out that the subcommittee consists, of course, of the gentleman from Illinois, who is known to the other members of the committee as being one of the most energetic, one of the most able fact-finders, one of the hardest working members of the committee and also one of the most conservative members of the committee. The other two members of the committee consist of the chairman of the full committee who has been a member of the Committee on Un-American Activities ever since it was first established in 1938. The third member of the committee was the minority member, the Honorable JOHN S. WOOD, of Georgia, known to this House for many years for his integrity, his ability, and who most certainly as chairman of the full committee was cautious about those things he did.

Again I wish to thank the gentleman from Illinois.

Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

FOREIGN ASSISTANCE ACT OF 1948— CONFERENCE REPORT

Mr. EATON submitted the following conference report and statement on S. 2022:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendments of the House to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, having met, after full and free conference, have agreed to recommend, and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment and the House amendment, insert the following:

"That this Act may be cited as the 'Foreign Assistance Act of 1948'.

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1948'.

"Findings and declaration of policy

"SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

"Purposes of title

"(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

"(1) promoting industrial and agricultural production in the participating countries;

"(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

"(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

"Participating countries

"SEC. 103. (a) As used in this title, the term 'participating country' means—

"(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

"(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

"(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: *Provided*, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

"Establishment of Economic Cooperation Administration

"SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

"(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

"(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to ex-

ceed thirty days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such thirty-day period, the authority conferred upon the President by this subsection shall be extended beyond such thirty-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

"(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

"(2) If a corporation is created under this section—

"(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

"(ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

"(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

"(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act.

"(3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

"(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

"(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such

functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

"General functions of Administrator"

"SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

"(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

"(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

"(3) provide for the efficient execution of any such programs as may be placed in operation; and

"(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

"(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

"(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

"(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

"(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"NATIONAL ADVISORY COUNCIL"

"SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period

as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

"Public Advisory Board"

"SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

"United States special representative abroad"

"SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowance as a chief of mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

"Special ECA missions abroad"

"SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

"(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

"(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

"(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

"Personnel outside United States"

"SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

"(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

"(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

"(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

"(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"Nature and method of assistance

"Sec. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

"(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

"(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

"(3) Procurement of and furnishing technical information and assistance.

"(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

"(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

"(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

"(1) by establishing accounts against which, under regulations prescribed by the Administrator—

"(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

"(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

"(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

"(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: *Provided*, That the amount of such guaranties in the first year after the date of the enactment of this Act does not exceed \$15,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided*, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

"(ii) the Administrator may charge a fee in an amount determined by him not ex-

ceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

"(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guarantee.

"(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

"(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guar-

anties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

"Protection of domestic economy"

"SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

"(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

"(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

"(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

"(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

"(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

"(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization

of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

"(g) No export shall be authorized pursuant to authority conferred by section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940, as amended, determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided*, however, That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

"(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

"Reimbursement to Government agencies"

"SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

"(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of

Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

"Authorization of appropriations"

"SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

"(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

"(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

"(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

"(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the

same terms and conditions as are provided in section 115 (b) (6) of this title.

"(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

"Bilateral and multilateral undertakings"

"SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided,* That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

"(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

"(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable,

shall include projects for increased production of coal, steel, transportation facilities, and food;

"(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

"(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

"(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

"(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

"(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

"(8) furnishing promptly, upon request of the United States, any relevant information

which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

"(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

"(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

"(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

"(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

"(f) The Administrator will request the Secretary of State to obtain the agreement

of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

"(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

"Western Hemisphere countries"

"SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

"Other duties of the Administrator"

"SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

"(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

"(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used, insofar as practicable, by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

"(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. Whenever the Administrator believes that the issuance of a license for the

export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advise the department, agency, or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"Termination of assistance"

"SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

"Exemption from contract and accounting laws"

"SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

"Exemption from certain Federal laws relating to employment"

"SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"United Nations"

"SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise

confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

"(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

"(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

"Termination of program"

"SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

"(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

"Reports to Congress"

"SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

"Joint congressional committee"

"SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows:

"(1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one from the minority party, to be appointed by the chairman of the committee; and

"(2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from

the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

"(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

"Separability clause"

"SEC. 125. If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"TITLE II"

"SEC. 201. This title may be cited as the 'International Children's Emergency Fund Assistance Act of 1948'.

"SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

"SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

"SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

"(1) 72 percent of the total resources contributed after May 31, 1947, by all governments, including the United States for programs carried out under the supervision of such Fund: *Provided*, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government; or

"(2) \$100,000,000.

"SEC. 205. Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

"SEC. 206. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

"TITLE III"

"SEC. 301. This title may be cited as the 'Greek-Turkish-Chinese Assistance Act of 1948'.

"SEC. 302. In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

"SEC. 303. (a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: 'The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose.'

"(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word 'repaid' the following: 'without interest'.

"SEC. 304. Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such Act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

"TITLE IV"

"SEC. 401. This title may be cited as the 'China Aid Act of 1948'.

"SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of

individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided*, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further*, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

"SEC. 403. Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

"SEC. 404. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

"(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$100,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of the enactment of this Act.

"SEC. 405. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

"SEC. 406. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction

Finance Corporation in implementation of this section.

"SEC. 407. (a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both."

And the Senate agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

C. A. EATON,
J. M. VORYS,
K. E. MUNDT,
S. BLOOM,
J. KEE,

Managers on the Part of the House.

A. H. VANDENBERG,
A. CAPPER,
A. WILEY,
T. CONNALLY,
W. F. GEORGE,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendments of the House to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The differences between the House amendment and the bill as agreed to in conference are noted below, except for incidental changes made necessary by reason of agreements reached by the conferees and minor clarifying changes.

TITLE I

Findings and declaration of policy (sec. 102)

The bill as passed by the Senate stated the restoration and maintenance of individual liberty, free institutions, and genuine independence as resting upon the establishment of sound economic conditions, stable economic relationships, and the achievement by the European countries of a healthy economy, free of extraordinary outside assistance. The amendment as passed by the House added political as well as economic conditions and relationships to the criteria. The House recedes in view of the concept that the European recovery program is primarily

an economic undertaking although political and other gains will be the byproducts.

Participating countries (sec. 103)

Section 3 (a) of the Senate bill provided that other European countries not now in the 16 country group might become participants in the program after fulfilling the steps required by the bill, but no such countries were named. The House amendment, in section 103 (a), inserted the word "Spain" in this provision but left in this qualifying language: "Provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title." Thus, the House left it to the joint action of the European nations to provide for inclusion of Spain.

In conference it was felt wiser not to mention Spain or any specific country which might become a participant by fulfilling the required conditions.

The merits of the question of including Spain are not being passed upon. This enterprise is open to Spain whenever the participating countries desire to have Spain enter the partnership. Under the theory upon which the partnership has been launched and organized, the United States leaves to the participating governments the initial decision on the admission of a new partner.

Nothing in the bill closes the door on Spain's participation. In the view of the managers on the part of the House, it is unnecessary to attempt to open a door that has never been closed in this legislation.

The provision in the amendment as passed by the House for assistance to the Free Territory of Trieste or either of its zones under the Foreign Aid Act of 1947 until such time as the territory or either of its zones becomes a participating country has been retained with an amendment which makes it clear that the \$20,000,000 authorized to be advanced by the Reconstruction Finance Corporation pending an appropriation may be made available under the authority either of subsection (a) of section 114 of S. 2202 or subsection (d) of section 11 of the Foreign Aid Act of 1947. The amendment agreed to in the committee of conference does not increase the authorization for appropriation under either the bill or the Foreign Aid Act of 1947.

In the event that Trieste should be returned to Italy, funds authorized for assistance to Trieste will, of course, remain available for the general purposes of the act under which they were authorized.

General functions of administrator (sec. 105)

The House amendment to S. 2202 (a) directed the Administrator to consult with the Secretary of State in the event the Administrator believed that any action, proposed action, or omission of action on the part of the Secretary of State was inconsistent with the purposes of the European recovery program, and (b) specified that differences between the two officials in this regard should be referred to the President for final decision when the officials concerned were unable to settle these differences themselves.

The Senate recedes with an amendment which confines the relevant area of differences to functions under the European recovery program. The effect of this amendment is to make it clear that the Administrator's right to carry differences with the Secretary of State to the President is no more than equivalent to the corresponding right of the Secretary of State with respect to disagreements with the Administrator.

Public Advisory Board (sec. 107)

The amendment to S. 2202 as passed by the House specified that the members of the Public Advisory Board should have broad and

varied experience in business, labor, agriculture, and the professions, as well as in matters affecting the public interest. The House recedes from its position.

It was the view of the committee of conference that the qualifications of the members of the Public Advisory Board should be related to their broad and varied experience in matters affecting the public interest without reference to economic interest groups.

Personnel outside United States (sec. 110)

There was retained in substance the provision of the amendment passed by the House requiring certification by the Secretary of State or the Administrator of his belief in the loyalty of individuals employed for, or assigned to, duties under title I. Certain changes were made (1) to permit consideration of information in addition to the Federal Bureau of Investigation report; (2) to require certifications of belief as to loyalty rather than "unquestioned loyalty"; and (3) not to bar persons who may have belonged to organizations opposing specific statutory enactments as distinguished from organizations advocating the overthrow of the government by force and violence. The proviso contained in the House bill was deleted, however, since the language which was retained made it clear that present employees of the government might be temporarily assigned to such duties for a period of three months pending the Federal Bureau of Investigation report and certification by the Administrator or Secretary of State.

It is recognized that the burden of other duties of the Secretary of State and the Administrator will preclude their making personal evaluations in each case of the Federal Bureau of Investigation reports. It is therefore envisaged that this function may be delegated by the Administrator and the Secretary of State to trusted subordinates, although the responsibility for the selection and retention of employees loyal to the United States would remain in the Secretary of State and the Administrator in their capacity as head of their respective agencies.

Nature and method of assistance (sec. 111)

The Senate recedes on the provision in section 111 (b) (1) (i) of the amendment as passed by the House respecting the assignability under the Assignment of Claims Act of 1940 of moneys due or to become due under letters of commitment. A clarifying amendment has been added by the committee of conference to identify such moneys as those due under the letters of commitment rather than under the contracts to which the letters of commitment relate.

It should be noted that the Senate recedes on the language inserted in section 111 (b) of the amendment as passed by the House requiring expenditures for commodities or services procured offshore to be accounted for exclusively on such certification as the Administrator may prescribe "in regulations promulgated by him with the approval of the Comptroller General." Experience has shown that with respect to procurement outside the United States, particularly through normal trade channels, it is frequently impossible to obtain all the standard documentation required for auditing of accounts. Hence the Administrator is authorized to prescribe the documents required in support of expenditures for offshore procurement. The purpose of the amendment made by the House was to assure that the Administrator would obtain the approval of the General Accounting Office in promulgating regulations prescribing the documentation to support such expenditures for offshore procurement.

It is contemplated that the regulations would not specify such documentation with great particularity, but would indicate general requirements assuring appropriate expenditure, while leaving details of documentation to the discretion of the Administrator who would be free to take into account the exigencies of individual situations.

The Senate recedes on the provision in section 111 (b) (3) of the amendment as passed by the House including among the guaranties which may be made the guaranties of investments in enterprises producing or distributing informational media. The members of the committee of conference recognize that the nature of the information media industry is such that in many cases the investment to which the guaranty will apply will have been made in the United States and the product of the investment sold or exhibited abroad. In these cases the guaranty might well apply to the convertibility of foreign currencies earned by the sale or exhibition of the products of the industry, to the extent of the dollar cost of production wholly attributable to those specific products.

The Senate also recedes on the provision in section 111 (b) (3) of the amendment as passed by the House requiring that when any payment is made under a guaranty, foreign currency or credits in such currency in respect of which the guaranty was honored shall become the property of the United States. This provision will, of course, apply only to the amount of local currency or credit in such currency for which payment is made under the guaranty.

Protection of domestic economy (sec. 112)

The House recedes on the provision written into section 112 (c) of the amendment passed by the House requiring that not less than 50 percent of the corn to be transferred by grant to the participating countries should be in the form of corn derivatives other than intoxicating liquors.

Section 12 (d) of the bill as passed by the Senate provided detailed rules to be followed by the Administrator in the procurement of surplus agricultural commodities in order to protect the domestic economy. The term "surplus agricultural commodity" was defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In section 112 (d) of the amendment passed by the House there was added to this definition "canned foods and domestically produced fishery products which are determined by the Secretary of Agriculture to be in excess of domestic requirements. The House recedes on this amendment. The generality of the definition remains intact.

Authorization of appropriations (sec. 114)

Section 14 (a) of the bill as passed by the Senate provided that the Reconstruction Finance Corporation was to be repaid without interest from appropriations authorized under the bill for advances made by it in pursuance of the bill. In section 114 (a) of the amendment passed by the House the language was changed to provide for repayment "from funds made available for the purposes of this title." The Senate recedes on this amendment. This is in keeping with the acceptance by the committee of conference of the portions of the House amendment relating to public-debt transactions. A clarification is necessary: funds may be made available for assistance to any participating country out of the Reconstruction Finance Corporation advance prior to a determination whether such assistance should be by way of grant or loan. When such determination is made, the Reconstruction Finance Corporation will be repaid from appropriations made under section 114 (c) or from proceeds of the sale of notes under section 114 (c) (2) as the case may be.

The Senate recedes on the language adopted by the House in section 114 (c) insuring annual authorizations during the life of the program.

Bilateral and multilateral undertakings (sec. 115)

The bill as passed by the Senate in section 15 (b) (4) would require a participating country where applicable to agree in the

basic bilateral agreement to undertake measures, to the extent practicable, to locate and control in furtherance of the joint program assets, and earnings therefrom, situated in the United States and belonging to citizens of such countries. Section 115 (b) (4) of the House amendment changed this language to a requirement to identify and "put into active use" such assets and earnings. The Senate receded on this part of the House amendment with an amendment changing the word "active" to "appropriate". This provision does not require the liquidation of the assets to which it applies. For instance, investments would be considered as being put into appropriate use if the income therefrom were being used in such a manner as would contribute to the furtherance of the recovery program.

Section 15 (b) (5) of the bill as passed by the Senate provided for a clause in the bilateral agreement, if applicable, under which a participating country would undertake within reasonable limits to facilitate the transfer to the United States, for stock-piling purposes, of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. The House amendment in section 115 (b) (5) included "other" purposes along with stock piling so as to indicate that scrap iron, and any similar materials which are immediately needed in our economy, need not be stock-piled. The Senate receded on this portion of the House amendment. In the opinion of the committee of conference materials such as scrap iron should be available for transfer to the United States under this provision for immediate use and not for stock piling.

In section 115 (b) (9) the House amendment added to the undertakings which might be applicable to the bilateral agreement an undertaking reinforcing the provisions included in the Senate bill respecting the acquisition of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. The participating country was to undertake to provide future schedules of minimum availabilities to the United States for future purchase and delivery, and also to provide an agreed schedule of increased production of such materials in repayment on a long-term basis of grants or loans made by the Administrator to the participating country. The Senate recedes on this portion of the House amendment with amendments making it clear (1) that the bilateral agreement need only contain an agreement by the participating country to negotiate in the future for providing such schedules and (2) that a portion of the increased production of such materials would be transferred to the United States on a long-term basis in consideration of assistance furnished to the participating country under Title I rather than in repayment of specific loans or grants.

Section 115 (b) (10) of the House amendment added to the undertakings which might be applicable to the bilateral agreement an undertaking to submit for the decision of the International Court of Justice or any mutually agreed tribunal any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights. The Senate recedes on this amendment. It should be pointed out that in making its decision as to whether to espouse a claim, the United States Government will give due regard to the availability of local remedies and to the question whether such remedies, if available, have been exhausted by the United States national concerned.

Other duties of the Administrator (sec. 117)

Section 17 (c) of the bill as passed by the Senate would give discretionary authority to the Administrator to defray ocean freight charges on relief packages sent by United States voluntary nonprofit relief agencies or by American individuals and consigned to

residents of participating countries receiving aid under grants. Section 117 (c) of the amendment passed by the House provided for a number of extensions and refinements of this authority. It also made the defrayment of such expenses mandatory and included port charges and the handling cost from the post office at the port terminal to shipside along with the ocean freight charges as expenses which might be defrayed. The House recedes on the mandatory requirement and on the inclusion of port charges and handling costs from the port terminal post office to shipside. It was the considered judgment of the members of the committee of conference that the subsidizing of expenses beyond ocean freight would result in an excessive drain on the funds authorized to be appropriated by this bill.

The House recedes also on an additional provision which would authorize the Administrator to grant equal benefits to American relief agencies which deliver packages from stock piles abroad. It was the view of the members of the committee of conference that with the removal of port charges and the cost of handling from the terminal post office to shipside an equitable balance is struck between individuals and organizations shipping relief packages directly from the United States on the one hand and organizations which stock-pile relief supplies in Europe on the other hand.

Section 117 (d) includes a provision which was in section 112 (g) of the amendment as passed by the House relevant to the authority of the Administrator to refuse delivery to participating countries of commodities or products which go into the production of any commodities or products for delivery to any nonparticipating European country, which commodity would be refused export licenses to those countries by the United States in the interest of its national security, and further authorizing the Administrator to intervene in the national interest in the enforcement of section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended. The Senate recedes with an amendment.

Under the amendment as agreed to by the committee of conference, it is contemplated that pursuant to the authority conferred by section 6 of the act of July 2, 1940, as amended, regulations will be promulgated by the President under which the Administrator can make a finding whether the denial of export licenses with respect to particular commodities destined for nonparticipating countries in Europe have been refused in the interest of the national security of the United States or whether they have been refused on other grounds.

Joint congressional committee (sec. 124)

Section 24 of S. 2202 as originally passed by the Senate contained a provision for a Joint Committee on Foreign Economic Cooperation, to be composed of seven Members of the Senate and seven Members of the House of Representatives to be appointed respectively by the President of the Senate and the Speaker of the House. The function of this committee would be to study continuously the programs of economic assistance to foreign countries, review progress under these programs, and assist the related standing committees of the Congress having legislative jurisdiction relevant to the program.

The House amendment to S. 2202 omitted this provision. Section 108 of the House amendment provided, however, that the United States Special Representative in Europe should keep the chairmen of the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on Foreign Affairs and the Committee on Appropriations of the House currently informed on his activities. A similar provision respecting the Chief of the Special Mission to China was included in section 405. These two provisions in the

House amendment were to implement the legislative and appropriating committees concerned in carrying out their responsibilities under the Legislative Reorganization Act of 1946.

The House recedes with an amendment. The provisions for the United States Special Representative in Europe and the Chief of the Economic Mission to China to make special reports to the committee chairmen concerned are omitted. As a substitute for the provision for a joint congressional committee as contained in the bill as passed by the Senate, the bill as revised in the committee of conference provides for a joint committee to consist of 10 members equally balanced as between the two Houses of Congress, of which 3 members from each House will be from the committee having legislative jurisdiction and 2 members from each House will be from the committee having jurisdiction with respect to appropriations. The joint committee thus envisaged will maintain the balance as between the two major political parties and questions of policy and purse will be brought into a common focus.

The Senate's view emphasizes the need of a joint committee having a special obligation to follow up on the effectiveness of operations carried out in this new and far-reaching experiment in foreign relations. The view of the House, on the contrary, emphasizes the need of protecting the primary responsibility of the legislative committees and of the appropriations committees concerned in the feeling that supervision is most effective when linked to responsibility.

It is the view of the majority of the managers on the part of the House that the formula worked out in the committee of conference is a most satisfactory compromise between these two points of view.

TITLE II

The Senate receded with an amendment to the House amendment inserting title II in the bill. The purpose of the amendment as agreed to in the committee of conference is to set up a more convenient formula for computing the contribution to be made to the Children's Fund by the United States. The following is the method of computing the amount of the United States contributions under this amendment:

The entire resources of the fund consist of contributions from three sources:

Category (1): Contributions by governments other than the United States for the benefit of persons within their own territory;

Category (2): Contributions by governments other than the United States for the benefit of persons outside their own territory;

Category (3): Contributions by the United States.

The United States is authorized to contribute up to 70 percent of the total resources contributed by all governments, including the United States. The contributions by the United States, however, are not expected to exceed the sum of the contributions by other governments. Contributions by other governments for the benefit of persons outside their own borders, i. e., category (2), must match United States contributions on a 72-28 basis.

Thus, taking the total resources as 100 percent, category (3), contributions by the United States, are not expected to exceed 50 percent but may reach 70 percent. If the contributions by other governments for the benefit of persons outside their territory, i. e., category (2), equal exactly 20 percent, there will be 30 percent in category (1). For every \$2 contributed by other governments for the benefit of persons outside their borders the United States may contribute as much as \$5 to the Fund. In case no country makes a contribution to the Fund for the benefit of children inside its own borders, the \$5 contributed by the United

States would be matched only by the \$2 in category (2). The United States contribution would then amount to 70 percent of the total resources, as authorized in the proposed language of the bill. If, however, other countries contribute 30 percent of the total resources for the benefit of children within their own borders, the United States contribution will be just 50 percent of the total resources.

TITLE III

The amendment as passed by the House included military-type aid to Greece, Turkey, and China in title III. As a result of the action taken by the committee of conference military-type aid to Greece and Turkey is retained in title III and military-type aid to China is shifted to title IV.

TITLE IV

China

The managers on the part of the House accepted changes which considerably shorten the text of the bill, consolidate aid to China in a single title, adjust the time period of the authorization from "until June 30, 1949" to a "period of one year", and adjust the amount authorized to the change from 15 months to 12. The purpose clause of the House bill was retained, as well as the provision on rural reconstruction. The Senate provision on an advance by RFC before appropriation was accepted.

Administrative Provisions

The managers on the part of the House accepted the clause from section 2 of the Senate bill, providing that aid to China is to be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. This clause is a substitute for the complex provisions of the House bill. All of section 403 of the House bill with the exception of the authorization of funds, and the last clause relating to rural reconstruction, together with section 405 of the House bill, are thus replaced by three lines from the Senate bill with no change in effect, embodied in section 403 of the conference bill.

China—Amount Authorized

The amount authorized was changed from a total of \$570,000,000 for approximately 15 months to a total of \$463,000,000 for a period of 12 months. The new figure is slightly more than four-fifths of the former House figure, reflecting the assumption that the scale of aid will be highest at the beginning of the program and decline thereafter.

Of the total authorization it was agreed that \$125,000,000 should be provided under the language of the Senate bill allowing for aid of military character, with \$338,000,000 remaining for the economic reconstruction type of aid. In making this adjustment the allotment for military aid is slightly larger in proportion to purely economic aid than in the original House bill. These changes are embodied in section 404 of the agreed bill.

Rural Reconstruction

The so-called "Jimmy Yen" provision of the House bill, consisting of subparagraph (h) of section 403, together with the whole of section 404 of the House bill, was retained as section 407 of the agreed bill. The amount authorized was modified from a fraction of the total United States dollars to include either United States funds, Chinese funds made available under agreement, or both.

RFC Clause

The Senate provision allowing an advance of \$50,000,000 by the Reconstruction Finance Corporation against the program for China was accepted by the managers on the part of the House. This reduces the authorization in this connection from \$150,000,000 to \$50,000,000, but in the judgment of the conferees this smaller amount will be entirely

adequate for the practical needs of the program. This provision is now section 406 of the bill.

C. A. EATON,
J. M. VORYS,
K. E. MUNDT,
S. BLOOM,
J. KEE,

Managers on the Part of the House.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on March 31, 1948, present to the President, for his approval, a bill of the House of the following title:

H. R. 5314. An act to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes.

ADJOURNMENT

Mr. McDOWELL, Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 40 minutes p. m.) the House adjourned until tomorrow, Friday, April 2, 1948, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1431. A letter from the Secretary of the Army, transmitting a draft of a proposed bill to amend the Federal Tort Claims Act; to the Committee on the Judiciary.

1432. A letter from the Assistant to the Attorney General, transmitting a draft of a proposed bill to amend the Alien Registration Act of 1940; to the Committee on the Judiciary.

1433. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated January 28, 1948, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of Noyo River and Harbor, Calif., authorized by the River and Harbor Act approved on March 2, 1945 (H. Doc. No. 586); to the Committee on Public Works and ordered to be printed, with one illustration.

1434. A letter from the Secretary of the Interior, transmitting a report and findings on the Cachuma unit of the Santa Barbara County project, California (H. Doc. No. 587); to the Committee on Public Lands and ordered to be printed, with illustrations.

1435. A communication from the President of the United States, transmitting a draft of a proposed provision for a contract authorization of \$375,000,000 for the Treasury Department, in the form of an amendment to the budget for the fiscal year 1949 (H. Doc. No. 588); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CASE of New Jersey: Committee on the Judiciary. S. 1648. An act to authorize the expenditure of income from Federal Prison Industries, Inc., for training of Federal prisoners; with an amendment (Rept. No. 1653). Referred to the Committee of the Whole House on the State of the Union.

Mr. STEVENSON: Committee on Post Office and Civil Service. House Joint Resolution 347. Joint resolution to authorize the Postmaster General to withhold the awarding of star-route contracts for a period of 60 days; without amendment (Rept. No. 1654). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REEVES: Committee on the Judiciary. S. 1235. An act for the relief of Merchants Trapier Rogers; without amendment (Rept. No. 1623). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. S. 1307. An act for the relief of Edward Trapier Rogers; without amendment (Rept. No. 1624). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. S. 1312. An act for the relief of Jeanette C. Jones and minor children; without amendment (Rept. No. 1625). Referred to the Committee of the Whole House.

Mr. FOOTE: Committee on the Judiciary. H. R. 371. A bill for the relief of Jeanness C. Thomas; without amendment (Rept. No. 1626). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H. R. 564. A bill for the relief of Sarah Lee Cregg; without amendment (Rept. No. 1627). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 636. A bill for the relief of Knox Lumber Sales Co., Thomson, Ga.; with amendments (Rept. No. 1628). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 838. A bill for the relief of Frank J. Patzke, Archie Mitchell, J. L. Shoemaker, Einar Engen, and N. L. Gifford; with amendments (Rept. No. 1629). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 1303. A bill for the relief of E. La Ree Smoot; with an amendment (Rept. No. 1630). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 1779. A bill for the relief of the Winona Machine & Foundry Co., a corporation, of Winona, Minn.; without amendment (Rept. No. 1631). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 1801. A bill for the relief of Mose Altman; with an amendment (Rept. No. 1632). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 2131. A bill for the relief of Fred E. Gross; without amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 2785. A bill for the relief of the New Amsterdam Casualty Co.; without amendment (Rept. No. 1634). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 2918. A bill for the relief of the Sumner County Colored Fair Association; without amendment (Rept. No. 1635). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 3007. A bill for the relief of Ernest F. Lutzken; with an amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 3114. A bill for the relief of the estate of John Delman; with an amendment (Rept. No. 1637). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 3189. A bill for the relief of Joe Parry, with amendments (Rept. No. 1638). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 3261. A bill for the relief of Capt. Carroll C. Garretson; without amendment (Rept. No. 1639). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 3553. A bill for the relief of the estate of Mrs. Minerva C. Davis; without amendment (Rept. No. 1640). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 3644. A bill for the relief of James M. Dingwall, Eileen Reynolds, W. G. Peterson, Bert Woolsey, and Maisie Purser Davis; with amendments (Rept. No. 1641). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 3931. A bill for the relief of James W. Keith; with an amendment (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 4518. A bill for the relief of Gerald S. Furman; with an amendment (Rept. No. 1643). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 4602. A bill for the relief of Forest L. Weatherly; with an amendment (Rept. No. 1644). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 4718. A bill for the relief of Louis Brown; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 5330. A bill for the relief of W. W. DeLoach; without amendment (Rept. No. 1646). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 5387. A bill for the relief of certain officers and employees of the Department of the Treasury who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and whose claims for such losses have been considered and approved by the Secretary of the Treasury upon the recommendations of a Treasury claim board; without amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. S. 1263. An act for the relief of Fire District No. 1 of the town of Colchester, Vt.; without amendment (Rept. No. 1648). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3497. A bill for the relief of Mrs. Shirley Leinwand; without amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3740. A bill for the relief of Andrew Osiecinski Czapski; without amendment (Rept. No. 1650). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 4199. A bill for the relief of George Haniotis; with an amendment (Rept. No. 1651). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 4484. A bill for the relief of Theodore Loetsch; without amendment (Rept. No. 1652). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 6085. A bill to amend section 26 of the Shipping Act of 1916; to the Committee on Merchant Marine and Fisheries.

By Mr. CURTIS:

H. R. 6086. A bill to define partnerships and partners for income-tax purposes; to the Committee on Ways and Means.

By Mr. DIRKSEN:

H. R. 6087. A bill to amend the act entitled "An act to regulate the practice of optometry in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. EVINS:

H. R. 6088. A bill to amend the Reconstruction Finance Corporation Act so as to authorize the Reconstruction Finance Corporation to purchase home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944; to the Committee on Banking and Currency.

By Mr. LYLE:

H. R. 6089. A bill to amend the act of July 6, 1945, Public Law 134; to the Committee on Post Office and Civil Service.

By Mr. MICHENER:

H. R. 6090. A bill authorizing the Secretary of the Interior to issue patents for lands held under color of title; to the Committee on Public Lands.

By Mr. WELCH:

H. R. 6091. A bill to withdraw certain land as available land within the meaning of the Hawaiian Homes Commission Act of 1920 (42 Stat. 108), as amended, and to restore it to its previous status under the control of the Territory of Hawaii; to the Committee of Public Lands.

By Mr. WORLEY:

H. R. 6092. A bill to authorize the erection of additional facilities at the existing Veterans' Administration facility at Amarillo, Tex.; to the Committee on Veterans' Affairs.

By Mr. LATHAM:

H. R. 6093. A bill to amend section 26 of the Shipping Act of 1916; to the Committee on Merchant Marine and Fisheries.

By Mr. YOUNGBLOOD:

H. R. 6094. A bill to authorize the United States during an emergency period to undertake its fair share in the resettlement of displaced persons and expellees by permitting their admission into the United States; to the Committee on the Judiciary.

By Mr. HAGEN:

H. R. 6095. A bill to provide for the collection and publication of statistical information by the Bureau of the Census; to the Committee on Post Office and Civil Service.

By Mr. JOHNSON of Illinois:

H. R. 6096. A bill to provide for making available the Government-owned alcohol plants at Muscatine, Iowa; Kansas City, Mo.; and Omaha, Nebr.; for the production of products from agricultural commodities in the furtherance of authorized programs of

the Department of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. MURDOCK:

H. R. 6097. A bill to authorize the furnishing of water to the Yuma auxiliary project, Arizona, through the works of the Gila project, Arizona, and for other purposes; to the Committee on Public Lands.

By Mr. SHAFER:

H. R. 6098. A bill to promote the common defense by providing for the retention and maintenance of a national reserve of industrial productive capacity, and for other purposes; to the Committee on Armed Services.

By Mr. ANGELL:

H. R. 6099. A bill to provide for a national program of old-age retirement, survivors, and permanent disability insurance; to the Committee on Ways and Means.

By Mr. NODAR:

H. R. 6100. A bill to provide free mailing privileges for patients in or at veterans' hospitals; to the Committee on Post Office and Civil Service.

H. R. 6101. A bill to extend for 3 years the period in which first-class letter mail matter may be transmitted free of postage by members of the armed forces; to the Committee on Armed Services.

H. R. 6102. A bill increasing the immigration quotas for Greece; to the Committee on the Judiciary.

By Mr. GATHINGS:

H. R. 6103. A bill to repeal the exemption from income tax now existing in favor of certain cooperative associations and corporations; to the Committee on Ways and Means.

By Mr. HARTLEY:

H. Res. 518. Resolution to provide funds for the Committee on Education and Labor; to the Committee on House Administration.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Commonwealth of Kentucky memorializing the President and the Congress of the United States concerning the acquisition and maintenance, as a national shrine, of the Albert Sidney Johnston home, the old courthouse and old post office located in the town of Washington, in Mason County, Ky.; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. REED of Illinois:

H. R. 6104. A bill for the relief of Thomas Falese; to the Committee on the Judiciary.

By Mr. RUSSELL:

H. R. 6105. A bill for the relief of Serapio Zabala-Arrien; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1708. By Mr. CANFIELD: Petition of sundry citizens for passage of such legislation as may be required for the reduction of shipping rates to stricken foreign countries; to the Committee on Post Office and Civil Service.

1709. By Mr. NORBLAD: Petition signed by Mrs. William J. Hamilton and 33 other citizens of Salem, Oreg., urging the abolition of the tax on yellow margarine; to the Committee on Agriculture.

1710. Also, petition signed by Mr. C. A. McCall and 33 other citizens of Salem, Oreg., urging the abolition of the tax on yellow margarine; to the Committee on Agriculture.

1711. By Mr. WELCH: California State Senate Resolution 30, memorializing Congress to take such steps as may be necessary to increase the compensation of the postal employees sufficiently to enable them to meet the enormously increased cost of living; to the Committee on Post Office and Civil Service.

1712. Also, California State Senate Resolution 39, memorializing Congress to adopt the resolution proposed by Representative WELCH asking that the Army, Navy, and Interior Department engineers study the possibility of building a dam at the northern end of San Francisco Bay to separate the salt water of the Pacific from the fresh water of the two rivers; to the Committee on Public Works.

1713. By the SPEAKER: Petition of the Board of Selectmen of Holliston, Mass., petitioning consideration of their resolution with reference to amending the United Nations Charter; to the Committee on Foreign Affairs.

1714. Also, petition of Henry M. Barnhart, Mount Dora, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1715. Also, petition of Mrs. Maude M. Gibson, Orlo Vista, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1716. Also, petition of Mrs. Ruey E. Collins, St. Cloud, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1717. Also, petition of Leslie D. Sallor and others, petitioning consideration of their resolution with reference to enactment of universal military training; to the Committee on Armed Services.

quarters of a century. Those who agitate in the South for so-called civil rights are actually doing the Negro an irreparable harm.

Southern people are rightfully alarmed by the tendency to ignore the fact that there is a line which must not be crossed. We are anxious for the Negro to achieve equality of opportunity for education, for economic advancement, for culture. But that goal cannot be reached by an insistence on unrestricted social equality. Any recommendation which fails to recognize this fundamental fact must be regarded with distrust.

The President's recommendation for antidiscrimination legislation, in common with the programs of all the radical, left-wing communistic elements of the Nation, ignores this one essential condition. We must interpret the President's recommendation to mean the complete abolition of segregation among the races. Until it is acknowledged that segregation is the line which must not be crossed, the South cannot and will not accept any help, however well-intended, from people in other areas of the Nation.

We welcome any and all efforts to assist us and we believe that assistance can be extremely helpful—provided the basic principle of segregation is not menaced. We insist upon the recognition of the fact that the race situation in the Southland is not the same as the Negro situation in any northern State, and that the methods employed in many northern areas just will not work in the South. Segregation is the shield of southern culture and civilization. Once that shield is pierced the very life of the South is in danger. We welcome the assistance of any American citizen who is willing to recognize this one vital principle.

Yes, we can use help, but not the kind of help we are getting from President Truman, not the kind of help we are getting from the President's so-called civil-rights program, not the kind of help we are getting from the National Association for the Advancement of Colored People, not the kind of help we are getting from the Communist Party. We cannot use that kind of help. To paraphrase the President's own St. Patrick's Day speech: "The price is too high—we are not buying."

If these people want to help us, they can demonstrate their sincerity by working with us to build up the South economically. They can join our fight to eliminate unjust economic discriminations against the people of the South, discrimination against southern industry and agriculture in the form of inequitable freight rates. Let them pitch in and help the Southern States to develop their economic resources, promote expansion of southern industry, give southern agriculture an opportunity to compete on even terms with the rest of the Nation. The South's Negro problem is fundamentally a problem of education, and the South's education problems are fundamentally financial. Give us the opportunity, without interference and outside discrimination, to develop southern enterprise and raise the general standard of living among our people,

and the first step will have been taken toward a final solution of the problem of equal opportunity for Negroes.

If these organizations must fight for a cause, let them direct toward these ends the tremendous amount of time, money, and energy they are now devoting to their unholy crusade to break through the retaining wall of southern culture—segregation.

Within the concept of segregation, the people of the South are today bending every effort to provide equal opportunity for Negroes. We are moving rapidly toward the goal of equal educational opportunity. Southern States are spending more on Negro education than at any time in history. Increasing sums of money are being allocated for Negro health programs, hospitalization, social welfare, and recreation. This is both a difficult and a costly task, but we are determined to see it through. The South is rich in culture and potentialities, but the per capita monetary income in the States of the South is far below that of our more prosperous northern neighbors. An entirely disproportionate share of that per capita income is required to carry on public education for Negro and white alike. Our schools remain relatively poor in spite of the heavy tax burdens imposed for school purposes. The Southern States contain 28 percent of the population of the Nation, educate 32 percent of the children of the Nation, but receive only 8 percent of the national income on a per capita basis.

In spite of this staggering handicap, the people of the Southern States have made valiant strides toward improving social conditions. We shall not permit that progress to be jeopardized by either well-meaning but ill-advised interference, or communistic techniques of propaganda and agitation. Segregation is the line that must not be crossed. Segregation is the only sensible answer to the racial situation. American statesmen throughout our history have recognized this truth. Thomas Jefferson and Abraham Lincoln, two of our staunchest supporters of real civil rights, realized that the Negro and white races cannot live together peacefully except on the basis of segregation. The great Negro leaders have accepted and confirmed this view. Booker T. Washington deplored the efforts of those who sought to break the social barriers between Negro and white. He said:

In all things which are purely social, we can be as separate as the fingers, yet one as the hand in all things essential to mutual progress.

We of the South are not indifferent to the welfare of the Negro. Long experience has convinced us that the Negro's welfare is best promoted in separate schools, separate churches, separate communities, separate railroad cars. We can be divided in these things, yet united in all things essential to mutual progress.

In these trying hours, our great country, which has been called the melting pot of the world, cannot survive unless all of us work and pray for the preservation of the principles which contribute to our strength and security.

PERMISSION TO ADDRESS THE HOUSE

Mr. BOGGS of Louisiana. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

BERLIN CUT OFF BY RUSSIA

Mr. BOGGS of Louisiana. Mr. Speaker, I hold in my hand the very latest edition of the Washington News which carries the headline "Berlin cut off." The gist of the story is that the Soviet authorities have closed all rail and highway communications into the capital of Germany. I cannot imagine a more serious threat to the peace of the world, nor can I imagine a more direct challenge to the Congress of the United States. That challenge means that we must, without further delay, consider and pass legislation providing for the re-institution of selective service so that we may bring our armed forces up to their requisite strength and be prepared for any emergency.

EXTENSION OF REMARKS

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD.

Mr. ROSS asked and was given permission to extend his remarks in the RECORD and include an article appearing in the New York Herald Tribune.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. SANBORN asked and was given permission to extend his remarks in the RECORD and include two letters.

Mr. TRIMBLE (at the request of Mr. HAYS) was given permission to extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include an editorial appearing in the Chicago Tribune entitled "Same Old MacLeish."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SAME OLD MACLEISH

Mr. CHURCH. Mr. Speaker, a dizzy-headed poet, Archibald MacLeish, has sounded off condemning the House Committee on Un-American Activities. MacLeish came from my congressional district. For all of the fine patriotic people back home Mr. Speaker, I apologize for Mr. MacLeish's coming from that wonderful congressional district. He was a misfit there and went away.

For the balance of my minute, Mr. Speaker, let me bow my head and pray

that he may some day recover from his dizziness and keep quiet until he does.

Be sure to read the Chicago Daily Tribune editorial of today, as follows:

SAME OLD MAC LEISH

Archibald MacLeish, the poet whose native dizziness was heightened by the whirl given him by Mr. Roosevelt, has broken his vow of silence just when people were beginning to hope they had heard the last from him. MacLeish, in condemning the House Committee on Un-American Activities, states that the committee "has done more in a year and a half to breach the defenses of freedom and to introduce the wooden horse of terror into the United States than all the Communists on earth."

All the Communists on earth would presumably include Stalin's Russia, which has bowled over one helpless country after another in its avowed march toward world domination; the Communist Party in the United States, which is dedicated to the destruction of the Republic, and all of its agents and fellow travelers who are stirring up class, race, and religious hatreds, trying to subvert the labor unions, and engaging in a thousand and one other conspiratorial activities to wreck freedom in America.

MacLeish was never distinguished for good sense when he was busy helping Roosevelt gum up the war as head of the New Deal propaganda establishment called the "Office of Facts and Figures," as a self-appointed prophet of millennial informationalism while on the pay roll as Librarian of Congress, in his activities as Assistant Secretary of State, or in his capacity as an administration mouthpiece in the United Nations. He has, however, never made a sillier statement than his latest.

He is of such tender sensibility toward Communists that he overlooks what his political bedmate, General Marshall, calls the Communist "reign of terror" in Czechoslovakia in order to view goggle-eyed a fancied "terror" here. The Committee on Un-American Activities hasn't shot or sent anybody to jail out of hand. Only the Communists are doing that. All it has done is to turn up a lot of Communists in Government and elsewhere and to designate some bureaucrats who certainly are under obligation to explain why Communists are their chosen associates.

PERMISSION TO ADDRESS THE HOUSE

Mr. HUGH D. SCOTT, JR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

HENRY WALLACE

Mr. HUGH D. SCOTT, JR. Mr. Speaker, the distinguished and amiable Professor Einstein is reported in the journals of the day to hold the theory that Henry Wallace can save us at home and abroad. It has often been noted that not more than a dozen persons can understand the Einstein theory.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a speech.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks will appear hereafter in the Appendix.]

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 35]

Abbitt	Delaney	Miller, Nebr.
Allen, Ill.	Dingell	Morgan
Andresen,	Dirksen	Murray, Wis.
August H.	Douglas	Norrell
Andrews, Ala.	Eaton	Norton
Andrews, N. Y.	Feighan	Owens
Beall	Grant, Ala.	Passman
Bell	Hartley	Pfeifer
Bender	Harvey	Poulson
Bland	Havener	Rains
Bloom	Hébert	Ramey
Boykin	Hendricks	Reeves
Brooks	Hill	Richards
Buck	Holifield	Rivers
Buckley	Jackson, Calif.	Rizley
Busbey	Jarman	Rooney
Chapman	Jenkins, Pa.	Sadowski
Clark	Jennings	Sikes
Clippinger	Kee	Stratten
Cole, N. Y.	King	Taylor
Combs	Lesinski	Thomas, N. J.
Cox	Ludlow	West
Cravens	Manasco	
Dawson, Ill.	Mason	

The SPEAKER. On this roll call, 359 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR TOMORROW

Mr. HALLECK. Mr. Speaker, I wish to make a brief announcement for the information of the Members. I understand it has now been definitely established that a message on the tax-reduction bill will be here at noon tomorrow, and it is expected that prompt action will be taken on that measure. It is possible that the conference action on the so-called foreign-aid bill will be completed today, in which event it is my hope that final action on the bill can be taken tomorrow.

EXTENSION OF REMARKS

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. GAMBLE. Mr. Speaker, on March 23 I obtained a unanimous-consent request to extend my remarks in the RECORD and include a Lincoln Day address by Dr. Paul Austin Wolfe. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$195.25, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. KERSTEN of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an article.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

THE EUROPEAN RECOVERY PROGRAM

Mr. KERSTEN of Wisconsin. Mr. Speaker, a mature appraisal of congressional feeling as the ERP debate came to a close was given by the veteran radio commentator, George Reedy, this morning. While I do not necessarily subscribe to the precise analysis of the motives given by Mr. Reedy, it is of interest to note his comments, which were as follows:

The European recovery program is now for all practical purposes the foreign policy of the United States. There are still disagreements to be ironed out and technicalities to be handled, but, basically, there is no doubt that we are committed to the measure.

What little doubt may have existed was decisively removed last night. The bill was approved by one of the largest House votes in recent years. Nothing remains now except a get-together with the Senate over the final version of the legislation.

It may seem strange to those who remember the twenties that this country would ever approve such a bill. It has not been too long since the United States was definitely in the isolationist column. Americans wanted no part of Europe.

And yet today we are committed to rebuilding the shattered cities of the Old World and putting that continent back on its economic feet. Furthermore, we have taken that step knowing full well that it means depriving ourselves of many luxuries.

It is impossible to overestimate the historic importance of that decision. It goes far beyond any foreign-policy legislation ever proposed by the late President Roosevelt. It sets the United States upon a course never before tried by any nation.

Despite the overwhelming majority, the Members of the House did not vote for the bill with enthusiasm. To those around the Chamber yesterday, the uneasiness was obvious. Several legislators said openly they did not like the measure, but could see no other path.

That was the argument that clinched the final decision. It was not that every Member believed deeply in the European relief program. It was simply that most of them could see no alternative other than war. They decided to take the gamble.

Of course, the bill could never have been passed were it not for the fear of Soviet expansion. It should be stressed that the European recovery program is not the original Marshall plan. It has gone far beyond that stage.

The Marshall plan, as it was first proposed, was simply a program for rebuilding Europe. It was based on the idea that it was cheaper to get European economy running again than to go on giving hand-outs to the people of foreign countries.

Many shrewd observers of the political scene believe that measure could not have been jammed through Congress. They think it would have been defeated by a large vote. Something other than a recovery bill was needed to capture the vote.

That something other was provided by a mustached gentleman named Joseph Stalin. It was he and not Secretary of State Marshall who persuaded Congress to approve the Marshall plan. Had he kept a zipper on his lip, it might never have seen the light of day.

The measure that passed the House late yesterday was openly a bill to fight Communist imperialism. It was based on the belief that we should build up strong democratic countries in western Europe as a check to the Soviet Union.

The supporters of the bill believed privately that there was no other way of checking communism short of war. They admitted that, it was a gamble, but they said that the gamble was worth taking. Only time will tell whether they were right.

At any rate, for good or bad, the United States has been committed to the program. We have set our sights on the goal of world leadership through the Marshall plan. Once on that path there is no turning back. We must walk it to the end.

EXTENSION OF REMARKS

Mr. TOWE. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. HARTLEY] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

THE COAL STRIKE

Mr. HARTLEY. Mr. Speaker, the Congress of the United States is now seriously considering the appropriation of billions of dollars to aid Europe, and millions for aid in other parts of the world. We contemplate expending large sums to strengthen the armed forces, inasmuch as this Nation is faced with problems that are world-wide and far-reaching and calculated to tax the statesmanship of the liberty loving people everywhere.

While all of this is going on, what do we find at home—here in the United States of America? On the 15th day of March this country was plunged into a coal strike, the results of which may rock the very foundations of our economic structure. The country is now faced with the sorry spectacle of one labor leader defying all orderly processes of Government. Is there anyone so naive as to believe for one moment that John L. Lewis is not responsible for the present coal strike? Is there anyone who honestly believes that some 350,000 union members all decided to quit work simultaneously—without the guiding influence of John L. Lewis? No, that labor leader is defying the law of the land, and the administration is faced with the solemn responsibility of acting under the law in the interest of the people.

I have looked into the matter and in order that the record may be clear I shall briefly summarize the issues involved in this coal strike: A collective bargaining agreement was entered into and became effective the first of July 1947. In that agreement there was a provision which permitted the so-called welfare fund to be financed by collecting from the producers of coal throughout the land the sum of 10 cents per ton on every ton produced. This was to be an irrevocable trust fund, and the representatives of the coal mine owners named a trustee; the representatives of the union named a trustee—none other than Mr. Lewis—and those two trustees named a third or neutral trustee, as provided by law. The coal mine owners who made the contract delegated to the trustees the sole respon-

sibility for working out a plan by which pensions, death benefits, and other welfare contributions should be made to those entitled to receive them. Mr. Lewis, according to the record, has insisted that all members of his union should become the beneficiaries of this fund. The law clearly requires that only employees of employers parties to the contract are entitled to benefits from this fund. The trustee representing the coal mine owners is on record as saying that Mr. Lewis is demanding benefits for some thirty to forty thousand men who are not entitled to receive such benefits, since they are not employed by the very persons who are paying the bill. Therefore, in utter disregard of the provisions of the Labor-Management Relations Act of 1947, Mr. Lewis is demanding that the law be violated.

This is an intricate subject—as are all trust agreements. However, private actuaries were employed to make a study of this matter and upon receipt of their reports Mr. Lewis rejected their conclusions because they did not sustain his contentions. Thereupon, the Social Security Administration of the United States was asked to make an actuarial study and it did so, but Mr. Lewis has completely ignored that study, because in all of its main provisions it sustained the privately made study, and again did not support Mr. Lewis' contentions. This is a matter of record and has been stated by the trustee representing the coal operators—the fund is not sufficient to grant the demands of Mr. Lewis that all miners reaching the age of 60, who have served 20 years, shall be entitled to a pension of \$100 per month.

The contract expires on the 30th of June 1948. Over \$30,000,000 are now in this fund, and the matter is deadlocked because Mr. Lewis cannot have his way.

The third or neutral trustee has resigned his assignment as of January 1, 1948, declining to accept the full responsibility of this question, and Mr. Lewis has publicly stated that the whole matter could have been satisfactorily concluded had the third or neutral trustee decided with him. This is begging the question simply because any money could be disposed of as long as everyone acceded to Mr. Lewis' wishes.

The record shows that Mr. Lewis has failed to join hands with the trustee representing the operators in the naming of another neutral trustee; consequently the trustee representing the mine owners has gone into the Federal court, in accordance with the provisions of the law, and requested the court to name a third or neutral trustee.

What about the coal-mine owners? I am advised they have repeatedly offered to meet and discuss with Mr. Lewis any grievance he might have whenever he returns the men to work. The contract entered into between the contracting parties clearly provides that any grievance or dispute shall be handled by the contracting parties as it has been the custom for many years not to discuss disputes while the men are out on strike. Lewis now ignores this practice.

This action on the part of one labor leader is giving aid and comfort to those

elements in our national life that would weaken and destroy our system of Government. Lewis has defied the Board of Inquiry created by the President under the provisions of the Labor-Management Relations Act of 1947. These are all the facts on record. Charges that stand unanswered of record before the President's Board of Inquiry.

I want it made clear that I am as appreciative as any man in this Congress of the benefits John L. Lewis has brought to the coal miners. In fact, it was the deplorable conditions under which these miners lived and worked that made a John L. Lewis possible.

A John L. Lewis who was able to effectuate his just demands against the coal operators is the same John L. Lewis who now defies the legally constituted authority of the Government.

This Congress should understand that chaos faces the Nation if this strike continues many more days. Already transportation services have been curtailed, steel plants are closing down part of their operations; the European relief program is being jeopardized, and I for one do not believe that the great United States Government is so impotent as not to be able to handle this ruthless labor leader in such a manner as to restore the production of coal.

Lewis, of course, denies that he has called a strike, but when he writes to his membership using violent language, what can they do—they are well trained—but follow their master, and they have without doubt complied with that intention.

Much of the present discussion concerning the current strike has centered around the question of whether or not the national emergency provisions of the Labor-Management Relations Act of 1947 are adequate to handle the United Mine Workers once and for all.

First. We will not know for some time whether or not the Taft-Hartley Act is adequate to deal with the current strike. The House should realize that its application by the present administration leaves much to be desired. The emergency strike provisions were designed to be administered rapidly in order to achieve the objectives of the act. That these provisions have not been administered rapidly is no fault of this House or its Committee on Labor.

Second. This House should realize that the emergency strike provisions of the Taft-Hartley Act were designed to delay strike action while reasonable men could arrive at an honest agreement on wages, hours, and other conditions of employment.

The time has come for us to consider legislation designed to drive Lewis into a position where his arbitrary actions are impossible.

It so happened that the original Hartley bill, as passed by this House, contained adequate provision, not only to end the current coal strike, but also to end, once and for all, the threat of John L. Lewis and other labor bosses of his type.

These provisions were redrafted into a new bill, which I introduced yesterday.

In explanation, I want to point out that every provision in this legislation has al-

ready been approved by the House of Representatives at the time you passed the original Hartley bill.

These provisions include:

First. A definition of monopolistic strikes.

Second. A provision making such monopolistic strikes unlawful concerted activities.

Third. Amendments to the Clayton Act permitting the Department of Justice to prosecute instigators of monopolistic strikes under the Sherman anti-trust law.

I hope the Members of this body will consider this legislation carefully.

EXTENSION OF REMARKS

Mr. LEONARD W. HALL asked and was given permission to extend his remarks in the RECORD and include a statement.

Mr. MILLER of Connecticut asked and was given permission to extend his remarks in the RECORD in two instances and include newspaper clippings.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD.

Mr. JOHNSON of Texas asked and was given permission to extend his remarks in the RECORD in two instances and include certain newspaper articles, excerpts, and editorials.

Mr. BATTLE asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Alabama State Board of Public Welfare.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include letters and telegrams.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. WEICHEL. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

FIRST DEFICIENCY APPROPRIATION BILL, 1948

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be confined to 2 hours, the time to be equally divided and controlled by the gentleman from Missouri [Mr. CANNON] and myself.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. CANNON. Mr. Speaker, reserving the right to object, the gentleman's request is not to exceed 2 hours for general debate?

Mr. TABER. That is right.

Mr. CANNON. And if debate can be concluded in less time, less time will be used?

Mr. TABER. That is right; just as little as possible.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from New York [Mr. TABER].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6055, with Mr. JENKINS of Ohio in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. TABER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill carries \$332,407,000 of direct appropriations for activities of the Government, \$14,000,000 for judgments and authorized claims, and \$200,000,000 in reductions of appropriations. The appropriations are \$66,000,000 below the budget and the reductions in appropriations \$50,000,000 above. There is also \$150,000,000 for contract authorizations, and several transfers of Navy funds.

I am going to take up first the item in the bill which I believe more Members are interested in than any other, that is, the item relating to the Veterans' Administration, although it is a comparatively small item.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. CANNON. Before the gentleman leaves the over-all figures, I should like to ask, because I do not find them specifically mentioned in the report, what is the total amount of cash appropriations and what is the total amount of contract authorizations carried by the bill?

Mr. TABER. The total amount, including contract authorizations, approximates \$500,000,000.

Mr. CANNON. That is the authorizations or the total?

Mr. TABER. Contract authorizations and cash. The cash appropriation is \$346,000,000.

Mr. CANNON. What amount in this bill is authorized to be transferred from other funds?

Mr. TABER. There is about \$5,000,000. I do not have the exact figure in my head, but it is about that amount.

Mr. CANNON. What amount of receipts which otherwise would be covered into the Treasury are authorized for expenditure by this bill?

Mr. TABER. I do not know that any receipts that would otherwise be covered into the Treasury are involved here. There might be, but I do not have the figures in my head.

Mr. CANNON. What about the Maritime Commission? Is not it authorized to use certain receipts?

Mr. TABER. Yes, it is authorized to use an amount that runs a little over \$4,000,000. I am just guessing at it.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. The amount of receipts authorized to be used is, I

think, \$17,600,000 for the Maritime Commission.

Mr. CANNON. What amounts in this bill are replacements of cuts made in previous appropriation bills?

Mr. TABER. A very small amount, comparatively: I would say maybe six or seven million dollars over all.

The veterans situation came to a head as a result of a letter that went out to the Office of the Administrator of Veterans' Affairs on the 16th of January reducing the personnel of the Veterans' Administration in their Administrative Section. We had the gentlewoman from Massachusetts [Mrs. ROGERS] and the gentleman from Massachusetts [Mr. MCCORMACK] before the committee on some resolutions they had introduced. We had General Gray, the Administrator, and Mr. Clark, Assistant Administrator, and Mr. Moore, the comptroller, and Mr. Sweet, the personnel officer. General Gray told us he felt he did not have the funds to take care of some needed activities which he wished to carry on through the balance of this fiscal year. We went into the matter very thoroughly. Finally he reached the point where he said that he would like to have authority to put on 3,000 additional personnel. We figured the cost based on that particular type of personnel would be in the neighborhood of \$10,500,000 a year. So as to be on the safe side for the 3 months from April 1 to July 1, we made it \$3,000,000, so that there would be enough money to cover it. He went to work on it immediately. He has already increased the number of personnel in the Medical Department by 1,200 and the administrative end by 800. He told me he thought that that would take care of the situation.

It was the intention of the committee that the needed personnel for administration should be put back into the Veterans' Administration. It was not the intention, nor do I believe it is the intention of the House, that we carry personnel that are not needed or are not doing the job and rendering useful service. My understanding is that there has been some hesitancy on the part of the Veterans' Administration in putting back contact employees. My attitude, and I think the attitude of the Committee on Appropriations, is that where these contact people are needed to bring about efficient administration that they should be put back or put in whether they are in now or not. I expect that the Administrator will do that. That is what we had in mind when we laid this picture out: that needed things would be done; that the most pressing things would be done. I want to see the claims set-up handled in such a way that the veterans' claims will be taken care of thoroughly and promptly. Where they need contact men, I want to see them put in.

I am glad to yield to the gentleman from Massachusetts.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I yield myself 10 additional minutes.

Mr. MCCORMACK. The gentleman has by his last remarks, I believe, conveyed information to the Members on a matter in which they are very generally

which he argued have now been established by the Home Loan Bank Board. The Long Beach Savings and Loan Association has been returned to its rightful owners. Many other Dyke policies have since been adopted. Mr. Dyke's dismissal is a national disgrace.

The Dyke case calls attention to the hypocritical cry of the Truman administration that competent and responsible businessmen cannot be secured for Government service. Mr. Truman and those around him say that high-grade business executives refused to serve in Washington because of the low salaries paid Government workers. They say that these salaries are not sufficient to attract good men. Well, of course, that is not true either. It is just another political hoax being perpetrated on the American people. There are scores of able and wealthy business executives who are anxious to serve their country, but when they witness the shameful treatment of Mr. Dyke and others we cannot blame them for not coming to Washington.

Mr. Dyke is no job holder or seeker. On the contrary, the 6 years he served his Government in Washington cost him thousands of dollars out of his own pocket. He is a wealthy businessman from Little Rock, Ark. The financial returns of the best job in Washington could not possibly interest him. He came to Washington in 1942 to inquire about priorities for his vast lumber business and the first thing he knew they gave him a desk at the War Production Board and asked him to help solve the many lumber-production problems. Mr. Dyke readily agreed to the request. After that he was given one assignment after another because of his superior knowledge of the lumber, building-materials, banking, and home-financing industries. Mr. Dyke heads up some 20 different corporations from coast-to-coast dealing in these various types of businesses, which are really integrated under the heading of homes and the things that go into their construction and financing.

After he had completed his assignment with the War Production Board, Mr. Dyke was asked to serve as consultant to the War Mobilization Board. Later, he went over as consultant to the Smaller War Plants Corporation, and from there he went to the Federal Deposit Insurance Corporation.

In all of this period, from 1942 until the summer of 1947, Mr. Dyke received no compensation from the Federal Government. Living in Washington and trying to run his business on the side cost him money out of his own pocket, as I have said. In the summer of 1947 Mr. Dyke was made a member of the Federal Home Loan Bank Board and for the first time accepted Government compensation which he was required to do by law. He did not last long, for he clashed almost immediately with Mr. Fahey over policies with which he disagreed. The final blow-up came when Mr. Fahey placed the Long Beach Association in the hands of a conservator.

Now I see by the papers that Mr. Dyke is being mentioned for a top executive job in the European relief program and in this connection I wish to insert in the RECORD a story from the American Banker of March 23, 1948:

DYKE POSSIBLE CHOICE TO ADMINISTER ERP
 AMERICAN BANKER BUREAU

WASHINGTON, March 22.—Nathaniel Dyke, Jr., formerly with the Federal Home Loan Bank Board, previously an adviser of the Federal Deposit Insurance Corporation, and during the war on the War Production Board, is being prominently mentioned as under White House consideration for administrator of the European relief program.

And another from the Washington Post of March 24, 1948, which appeared in the column of Jerry Klutetz:

Politics: Bumbling White House operators are trying to interest Nathaniel Dyke, Jr., in a top job in the European Relief Administration. The Dyke story is one of the reasons why the President finds it difficult to persuade good men to enter Federal service. Dyke was made a member of the Home Loan Bank Board and he was promised the chairmanship. The next thing he knew he was fired. Now the White House assistant who knifed him is talking him up for an ERA job.

Good men will be needed to run the ERP and they are going to be hard to find, only because of the disgraceful treatment of Mr. Dyke and others.

For Members of the House who are interested in a detailed account of the Dyke story, I suggest reading the back files of Banktrends, a Washington weekly newsletter edited and published by U. V. Wilcox, one of the country's outstanding financial reporters.

EXTENSION OF REMARKS

Mr. GOODWIN asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution from the National Guard Association of Massachusetts.

Mr. SEELY-BROWN asked and was given permission to extend his remarks in the RECORD and include a speech.

CORRECTION OF RECORD

Mr. BENNETT of Missouri. Mr. Speaker, yesterday, on page 3933, at the top of the third column my name is spelled with the figure "8" as the middle initial. While I am often behind the eight ball it is not part of my legal name, and I ask unanimous consent that the letter "T" may be substituted in the permanent RECORD for the figure "8."

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

APRIL FOOL

Mr. RICH. Mr. Speaker, when I pick up this morning's Washington Post and

see that Britain last year made a \$2,544,000,000 surplus for the year ending March 31, 1948, and then think that this is the first day of April, called April Fool's Day, as far as the action on Congress is concerned, today might as well have been yesterday so far as fooling the American people. Britain has fooled our legislators.

At a time when I feel depressed, let me quote from Abraham Lincoln:

I do the best I know. The very best I can; and I mean to keep right on doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, 10 angels swearing I was right would make no difference.

Still quoting, let me read you part of a poem by Ella Wheeler Wilcox:

Let those who have failed take courage,
 Though the enemy seemed to have won,
 Though his rank be strong, if he be in the wrong,
 The battle is not yet done.
 For sure as the morning follows
 The darkest hour of night,
 No question is ever settled
 Until it is settled right.

O man bowed down with labor,
 O woman young, yet old;
 O heart oppressed in the toiler's breast,
 And crushed by the power of gold,
 Keep on with your weary battle
 Against triumphant night;
 No question is ever settled
 Until it is settled right.

ERP was not a settlement; I am sure it was a colossal blunder by the Congress; a hardship on America; a real mistake. Time will tell.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, on March 30, the distinguished gentleman from Georgia [Mr. Cox] received permission to insert his remarks in the RECORD and include a newspaper article. The Government Printing Office advises that it will exceed 2 pages of the RECORD and will cost \$177.50. The gentleman from Georgia is unavoidably absent this morning. I ask unanimous consent that the article be printed notwithstanding the cost.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CELLER asked and was given permission to extend his remarks in the RECORD on three subjects.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include an address delivered by Eamon de Valera at the Mayflower Hotel the other evening.

Mr. KELLEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address by Judge Eugene V. Alessandrini.

Mr. BARTLETT asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the United States Junior Chamber of Commerce endorsing statehood for Alaska.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD in two instances, in one to include a statement he made.

Mr. ENGLE of California asked and was given permission to extend his remarks in the RECORD and include an editorial from the Sacramento Bee.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

PERMISSION TO ADDRESS THE HOUSE

Mr. DEVITT. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMENDMENTS TO MARSHALL PLAN PROPOSALS

Mr. DEVITT. Mr. Speaker, in the final hours of debate yesterday on the Marshall proposals, I proposed certain amendments which were adopted by the House and which will have far-reaching effects in the furnishing of relief by means of individual gift packages to needy people in Europe. Because of the shortness of time, I did not have an opportunity to fully explain the amendments, although they were accepted by the Committee on Foreign Affairs. Under permission to revise and extend my remarks, I have inserted a statement in explanation of the amendments. This is contained on page 3952 of the CONGRESSIONAL RECORD for March 31. I urge that the Members of the House read that portion of the RECORD.

The effect of these amendments is going to be that we will have a tremendous increase in the number of gift packages sent by individuals in this country to persons in the 16 Marshall plan countries of Europe. The amendments have the effect of reducing the postage rates on such packages by approximately 75 percent and making it mandatory that the governments of the participating countries change their laws so as to permit the tax-free entry of such relief packages.

By way of example, it should be pointed out that in many cases the postage rate on relief packages to Europe at present is as much as, or more than, the value of the article sent. For instance, the postage rate to occupied Germany from my home city of St. Paul, Minn., is 14 cents per pound. This means that it would cost \$3.08 to send a 22-pound package to Germany. Under the amendments to the ERP bill accepted by the House yesterday, the Administrator is required to provide for free transportation of such relief packages from the port of embarkation in America to the port of landing in Europe and to provide by the use of revolving-fund moneys set up under the plan for additional free transportation of such packages from the port of landing to the place of residence of the addressee. The sender of such a package pays the postage only from his home in the United States to the port of embarkation. Instead of

paying \$3.08 as at present, the sender of a 22-pound package from St. Paul, Minn., would be required to pay only 74 cents. This is a reduction of more than 75 percent.

The inclusion of this provision in the bill will undoubtedly have the effect of encouraging more people to send more packages to Europe. This will mean quicker recovery and lessening of the financial burden on the Government of the United States.

The amendment adopted yesterday will serve another purpose. To wit, it will bring about the abolishment of import duties now imposed by many of the European countries on relief packages sent there since the amendment makes it a condition precedent to the receipt of the relief under the Marshall plan that the recipient countries agree with the Secretary of State for the free entry of such packages. In recent months many of these foreign countries have raised their import duties even on necessities of life such as food and clothing.

Since such a large portion of funds appropriated by the ERP bill go strictly to relief, as distinguished from rehabilitation projects, it is submitted that the proposals accepted yesterday are most meritorious in that they will bring about speedier relief in Europe and build up a great amount of good will through individual giving between peoples of America and destitute peoples of Europe.

I importune the House conferees on this bill to be adamant in their insistence that these worthwhile amendments be retained in the bill when it goes into conference. The provisions of the Senate bill are not as intelligently generous in these provisions as are the terms of the House bill. It is urged that the conferees on the part of the House exercise their utmost faculties to insure the retention of these meritorious provisions of the bill.

PERMISSION TO ADDRESS THE HOUSE

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

CIVIL DISOBEDIENCE DRIVE

Mr. BRYSON. Mr. Speaker, I am sure many of us were shocked to learn through the radio and accounts of the morning press that certain alleged Negro leaders were advocating what they call a "civil disobedience drive" against any reinstitution of selective service or universal military training at this crucial time in the history of the world.

Since both Houses of Congress have by a substantial majority now approved the so-called Marshall or European recovery plan, it is now imperative that we take immediate steps to increase our military forces.

Recent acts on the part of high officials in the Democratic Party have greatly increased any racial tension that may have heretofore existed. We simply must have unity now if we are to survive. The very last thing that any sincere

American would want to do is to contribute to any already formidable problem. On the contrary, every true American should use every legitimate method to suppress and eradicate any influence that would tend to divide us.

We of the South admit that we have a race problem which we have been facing squarely. Although greatly handicapped by many impeding factors, progress is being made in the solution of race relationships. Sincere and effective efforts are being made to provide equal opportunities for education and gainful employment for the colored population. My colleagues in the Congress who represent various Southern States have always been acutely aware of the Negro problem and they have tirelessly worked for the Negro's advancement in every phase of life. Whether the fact is acknowledged or not, the best friends of the Negro are southerners of high principle who know the Negro better than any people in any other section of these United States could possibly know him.

The South has moved a long way in solving its Negro problem. That we have been moving in the right direction is evidenced by the fact that racial tension in the South, until the announcement by the President of his civil-rights program, is today at the lowest pitch in history, and understanding between Negroes and whites is growing day by day, year by year. Anything that tends to interrupt this ordered process of improvement constitutes a potential danger to the entire question of relations between the two races.

I repeat, interference is dangerous. Furthermore, interference can be disastrous when it is based—as it so often is—upon a complete lack of understanding of the problems of the South. That is why the President's recent message on civil rights has met with such opposition from southern Democratic leaders. For the President's civil-rights program includes those very measures that are designed to disrupt the entire southern approach to the racial problem. His acquiescence in the civil-rights affair was the major blunder of President Truman's otherwise excellent record as Chief Executive of the United States. We must believe that the President was poorly advised, that he did not weigh carefully the real import of his message or understand fully its consequences for the Democratic Party and the people of the South. Surely President Truman must realize that the southern race situation cannot safely be subjected to the Gordian knot technique. There is no short cut. There is no easy way. The problems that exist in the South between the Negro and white races will be solved to the full satisfaction of all concerned if the South is left alone to solve them without outside interference and pressure techniques.

Intelligent Negroes in the South recognize this fact. They do not interpret the barrage of racial propaganda from other sections as contributory and helpful to their uplift. On the contrary, they are seriously concerned lest the inflammatory schemes of the agitators undo all the progress that has been so painfully achieved during the past three-

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued April 3, 1948
For actions of April 2, 1948
80th-2nd, No. 62

NOTE — Distribution of Legislative Material

The funds available for the purchase of legislative material (such as bills, hearings, reports, documents, and slip laws) from the Government Printing Office are very limited. While the Division of Legislative Reports attempts to make this material go as far as possible in meeting official needs of the Department, it is sometimes impossible to provide the material in the quantities desired.

In order to meet the essential needs of the Department for these legislative documents, it will be appreciated if each agency and member of the Department will limit requests for this material to their minimum requirements so that the available supplies can be distributed as equitably as possible.

This office and the various agencies of the Department frequently receive requests from persons outside the Department for copies of various hearings, reports, and other Congressional documents. In some cases, of course, it may be appropriate and desirable for the Department to fill these requests. In many instances, however, it is appropriate to explain to the persons making the requests that the departmental supply is limited, and to suggest that they obtain copies from the Government Printing Office, the Congressional document rooms, or other sources provided for the general public.

The cooperation of all agencies and members of the Department in this connection will be greatly appreciated.

W. A. Gunning
Director of Finance

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HIGHLIGHTS: Both Houses agreed to conference report on foreign-aid bill; President approved bill Apr. 3. Both Houses received and overrode President's veto of income-tax reduction bill. Rep. Rivers entered motion to discharge Agriculture Committee from oleomargarine-tax repeal bill. House committee approved for reporting

a bill to transfer 3 alcohol plants to USDA for research. Rep. Rees criticized grain consumption by distillers. Both Houses received President's recommendation for permanent executive-branch reorganization legislation. Rep. Pace introduced bill to increase interest rate on farm-tenant loans and make other changes in Tenant Act. Rep. Busby urged Anderson subcommittee to investigate potato-price-support program.

HOUSE

1. FOREIGN AID. Both Houses agreed to the conference report on S. 2202, the "Foreign Assistance Act of 1948" (pp. 4139-48, 4166-73). The President approved the bill Apr. 3. The vote on the conference report in the House was 318-75.

Following is a summary of the Act:

Title I, "Economic Cooperation Act of 1948," provides for aid to Europe. Creates an Economic Cooperation Administration, to be headed by an Administrator for Economic Cooperation, to be appointed by the President and confirmed by the Senate, receive \$20,000, report to the President with requirements for cooperation between him and the Secretary of State, and have Cabinet status. Authorizes the Administrator, with Presidential approval, to create a corporation to carry out the program. Provides for a Public Advisory Board, with the Administrator as Chairman, to advise in carrying out the program. Provides for a U. S. Special Representative in Europe to work with cooperating countries, etc., and a special mission for each participating country. Gives the Administrator rather wide powers in carrying out the program.

Authorizes the Administrator to provide for procurement of commodities and services, and to utilize the services and facilities of Government departments and agencies as the President directs. Permits loans through Export-Import Bank within a total of \$1,000,000,000. Requires the Administrator to provide for procurement in the U. S. in such a way as to minimize effect on the domestic economy and needs. Requires that at least 25% of the wheat grants shall be in the form of flour.

Provides, in general, that surplus agricultural commodities for the program be purchased in the U. S. and that each class or type of such surplus be purchased in the approximate proportion that they bear to the total amount of surplus. Requires that surplus agricultural commodities be used to the maximum extent practicable and that CCC shall receive cost but in no event more than market price. Permits USDA to pay not over 50% of the price of surplus agricultural commodities from Sec. 32 funds, and cancels the 1947 rescission of such funds.

Strengthens the export-control authority regarding non-participating countries. Requires use of private trade channels to the maximum extent. Requires reimbursement by ECA to owning agencies for commodities and services used, provides that these may be procured only with the consent of the owning agencies, and provides that reimbursement shall be credited to such agencies' funds.

Directs advance of \$1,000,000,000 from RFC pending appropriations. Authorizes appropriation of \$4,300,000,000 (in addition to \$1,000,000,000 for Export-Import Bank) for the first year, and states that additional funds shall be available through June 1952 to the extent authorized and appropriated.

Provides for bilateral and multilateral agreements with participating nations in carrying out the program. Requires the President to encourage assistance by all Western Hemisphere countries. Establishes a Joint Committee on Foreign Economic Cooperation to watch the program.

Title II, "International Children's Emergency Fund Assistance Act of 1948," authorizes appropriation of \$60,000,000 additional, to be spent for this Fund, under certain circumstances.

Title III, "Greek-Turkish-Chinese Assistance Act of 1948," authorizes appropriation of \$275,000,000 additional for aid to Greece and Turkey.

Title IV, "China Aid Act of 1948," authorizes appropriation of \$125,000,000 for military aid and \$338,000,000 for economic aid.

2. TAX REDUCTION. Both Houses received the President's message vetoing H. R. 4790, the income-tax reduction bill (pp. 4131-2, 4164-5). The House overrode the veto 311-88 (pp. 4165-6). The Senate overrode it 77-10 (pp. 4132-9). Thus the bill became law.
 3. OLEOMARGARINE TAXES. Rep. Rivers, S. C., gave notice of a motion to discharge the Agriculture Committee from further consideration of H. R. 2245, to repeal such taxes, and inserted the list of 218 members who had signed the petition (pp. 4181-2). Under the Rules of the House this motion can be brought up on Apr. 26. The first vote will be on the motion to discharge, and 20 minutes of debate will be allowed on this motion. If the motion is agreed to, it will be in order to consider the bill immediately and to debate it until it is disposed of.
 4. ALCOHOL PLANTS. The Agriculture Committee approved, but did not actually report, H. R. 6096, providing for transfer of Government-owned alcohol plants at Muscatine, Iowa; Kansas City, Mo.; and Omaha, Nebr., to USDA for production of products from agricultural commodities and research (p. D321).
 5. PERSONNEL. A Judiciary subcommittee ordered favorably reported to the full Committee H. R. 127, which would prohibit multiple State taxation on wages and salaries of Federal employees. The "Daily Digest" says the bill was "amended to provide that in order to be relieved of income tax in the State or municipality where he temporarily resides the employee must furnish evidence that a tax on his compensation has been paid in the State he declares to be his domicile." (p. D322.)
 6. GRAIN CONSERVATION. Rep. Rees, Kans., criticized consumption of grain by distillers (p. 4178).
 7. ADJOURNED until Tues., Apr. 6 (p. 4181). Legislative program: Tues., consent and private calendars; Wed., H. R. 5098, foot-and-mouth disease research; Thurs., road-authorizations bill; Fri., undetermined; conference reports at any time (p. D323).
- SENATE
8. EXECUTIVE REORGANIZATION. Both Houses received from the President recommendations for permanent legislation for reorganization in the executive branch and elimination of exemption of certain agencies from the act (H.Doc. 590) (pp. 4118-9, 4182). To Expenditures in Executive Departments Committees.
 9. GRAZING LANDS. The Interior and Insular Affairs Committee reported with amendment S. 1874, to authorize compensation to holders of grazing permits and licenses for losses sustained by reason of use of public lands for national defense (S.Rept. 1050) (p. 4119).
 10. FORESTS AND FORESTRY. The Interior and Insular Affairs Committee reported without amendment S. 2240, to include certain lands within the Uintah and Wasatch National Forests, Utah (S.Rept. 1051) (p. 4119).
 11. LIVESTOCK AND MEAT. Sen. Butler, Nebr., inserted a Mayerville, Ill., telegram setting forth producers' views, as contrasted to those of others, in reference to the meat-packing-industry strike (pp. 4148-9).

12. DAYLIGHT-SAVING TIME. Agreed to unanimous consent request to make the unfinished business S. 1481, to authorize the D.C. Board of Commissioners to establish daylight-saving time in the District (p. 4162).
13. VETERANS' BENEFITS. Debated the conference report on S. 1393, to increase veterans' on-the-job training allowances (pp. 4122-31, 4160-3).
14. ELECTRIFICATION. Sen. McCarran, Nev., inserted and discussed his press statement urging immediate action by the Bureau of Reclamation to release additional power from the Shasta Dam (pp. 4159-60).
15. TAXATION. The Expenditures in the Executive Departments Committee submitted a report on Federal and State tax relationships (S. 1054) (p. 4119).
16. APPROPRIATIONS. Received from the President (Mar. 31) supplemental appropriation estimates of \$2,560,000 for Labor Department for operation of State employment offices, including farm-placement work (S. Doc. 131); and \$4,000,000 for completion of the hydrogenation demonstration plant at Louisiana, Mo., for production of synthetic fuels (S. Doc. 134).
17. RECESSED until Tues., Apr. 6 (p. 4163).

BILLS INTRODUCED

18. LAND TITLES. S. 2418 (see Digest 60) eliminates the 10-year time limitation for the Secretary of Agriculture to adjust titles to lands acquired by the U.S. which are subject to his administration, custody, or control.
19. FOREST LANDS. H.R. 6113, by Rep. Murray, Wis., to transfer certain land in Langlade County, Wis., to the U.S. Forest Service. To Agriculture Committee. (p. 4182.)
20. FARM LOANS. H.R. 6114, by Rep. Pace, Ga., to amend title I of the Bankhead-Jones Farm Tenant Act so as to increase the interest rate on title I loans, to provide for the redemption of nondelinquent insured mortgages, and to authorize advances for the preservation and protection of the insured loan security. To Agriculture Committee. (p. 4182.)

ITEMS IN APPENDIX

21. POTATOES. Rep. Busbey, Ill., inserted his letter to Rep. Andresen (Minn.), chairman of the Subcommittee on Food Shortages, urging that committee to investigate "The disposal of potatoes in the Chicago market under the price-support program," and citing certain information which he has obtained on the subject (pp. A2202-3).
22. COTTON. Rep. Boggs, La., inserted a New Orleans Item editorial commenting on the fact that "New Orleans is seriously challenging New York's volume leadership in cotton-futures trading" (pp. A2195-6).
23. OLEOMARGARINE. Rep. Huber, Ohio, inserted a letter from the health commissioner of Erie County, Ohio, urging repeal of the taxes on oleomargarine (pp. A2197-9).
24. FOREIGN TRADE. Extension of remarks of Sen. Hawkes, N.J., criticizing certain aspects of reciprocal trade agreements and including letters from John Breckinridge on the subject (pp. A2180-1).
25. SOCIAL SECURITY. Rep. Murray, Wis., inserted a Wood County, Wis., resolution

urging that social-security benefits be extended to farmers and farm laborers (pp. A2201-2).

26. FOREIGN AID. Various insertions and remarks on foreign aid (pp. A2185, A2191-2, ~~A2192-3~~, A2205).

27. TAXATION. Various remarks and insertions on the income tax reduction bill (pp. A2178-9, A2179, A2179-80, A2205-6).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Apr. 5: S. Expenditures in the Executive Departments, transfer of WAA and Bureau of Federal Supply to FWA; H. Rules, road authorizations; S. Appropriations, to mark up War Department civil functions appropriation bill (ex.) and State-Justice-Commerce-Judiciary appropriations; S. Public Works, TVA Act amendments; H. Appropriations, Military Establishments, Interior, Labor-Federal Security, and Government corporations appropriations (ex.). For Apr. 6: S. Agriculture and Forestry, cattle-grub research.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. A vote "yea" is a vote to override the veto, and a vote "nay" is a vote to sustain it; is that correct?

The PRESIDENT pro tempore. The Senator is correct.

The Chief Clerk called the roll.

Mr. WHERRY. Mr. President, the Senator from New Hampshire [Mr. TOBEY] who is necessarily absent, is paired with the Senator from Washington [Mr. MAGNUSON] and the Senator from Oklahoma [Mr. THOMAS]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Washington would vote "yea," with the Senator from Oklahoma voting "nay."

Mr. LUCAS. I announce that the Senator from Washington [Mr. MAGNUSON], the Senator from Rhode Island [Mr. McGRATH], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Idaho [Mr. TAYLOR] is absent on public business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

On this question the Senator from Washington [Mr. MAGNUSON] and the Senator from New Hampshire [Mr. TOBEY], both of whom would vote "yea" if present, are paired with the Senator from Oklahoma [Mr. THOMAS], who would vote "nay" if present.

If present and voting, the Senator from Rhode Island [Mr. McGRATH], the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from New York [Mr. WAGNER] would vote "nay".

The yeas and nays resulted—yeas 77, nays 10, as follows:

YEAS—77

Aiken	Hawkes	O'Daniel
Baldwin	Hickenlooper	Overton
Ball	Hill	Pepper
Brewster	Hoey	Reed
Bricker	Holland	Revercomb
Bridges	Ives	Robertson, Va.
Brooks	Jenner	Robertson, Wyo.
Buck	Johnson, Colo.	Russell
Bushfield	Johnston, S. C.	Saltonstall
Butler	Kem	Smith
Byrd	Knowland	Sparkman
Cain	Langer	Stennis
Capehart	Lodge	Stewart
Capper	Lucas	Taft
Chavez	McCarran	Thomas, Utah
Cooper	McCarthy	Thye
Cordon	McClellan	Umstead
Donnell	McKellar	Vandenberg
Dworshak	McMahon	Watkins
Eastland	Malone	Wherry
Eaton	Martin	White
Ellender	Maybank	Wiley
Ferguson	Millikin	Williams
Flanders	Moore	Willson
George	Morse	Young
Gurney	O'Connor	

NAYS—10

Barkley	Green	McFarland
Connally	Hatch	Myers
Downey	Hayden	
Fulbright	Kilgore	

NOT VOTING—9

McGrath	O'Mahoney	Tobey
Magnuson	Taylor	Tydings
Murray	Thomas, Okla.	Wagner

The PRESIDING OFFICER (Mr. CAIN in the chair). On this question the yeas are 77, the nays 10. More than

two-thirds of the Senators present have voted in the affirmative, the bill is passed, the objections of the President of the United States to the contrary notwithstanding.

In event the question shall hereafter arise as to the time of the passage of the bill over the veto the Chair announces the hour to be 3:18 o'clock p. m.

FOREIGN ASSISTANCE ACT—CONFERENCE REPORT

Mr. VANDENBERG. Mr. President, if the Senator from Oregon [Mr. MORSE] does not object, I should like to present the conference report on the omnibus recovery measure.

Mr. MORSE. Mr. President, I should be very glad to accommodate the Senator from Michigan.

Mr. VANDENBERG submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendments of the House to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, having met, after full and free conference, have agreed to recommend, and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter inserted by the Senate amendment and the House amendment, insert the following: "That this Act may be cited as the 'Foreign Assistance Act of 1948'."

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1948'."

"FINDINGS AND DECLARATION OF POLICY

"SEC. 102. (a). Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European

Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

"PURPOSES OF TITLE

"(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

- "(1) promoting industrial and agricultural production in the participating countries;
- "(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and
- "(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

"PARTICIPATING COUNTRIES

"SEC. 103. (a) As used in this title, the term "participating country" means—

"(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

"(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

"(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: *Provided*, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

"ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION

"SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government

which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

"(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

"(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed thirty days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such thirty-day period, the authority conferred upon the President by this subsection shall be extended beyond such thirty-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

"(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

"(2) If a corporation is created under this section—

"(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

"(ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

"(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

"(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act.

"(3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

"(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which

is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

"(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

"GENERAL FUNCTIONS OF ADMINISTRATOR

"SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

"(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

"(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

"(3) provide for the efficient execution of any such programs as may be placed in operation; and

"(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

"(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

"(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

"(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

"(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including

prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"NATIONAL ADVISORY COUNCIL

"SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

"PUBLIC ADVISORY BOARD

"SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

"UNITED STATES SPECIAL REPRESENTATIVE ABROAD

"SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be

the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

"SPECIAL ECA MISSIONS ABROAD

"SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

"(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

"(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

"(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

"PERSONNEL OUTSIDE UNITED STATES

"SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

"(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

"(2) recommend the appointment or assignment of persons, the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

"(b) for the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

"(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"NATURE AND METHOD OF ASSISTANCE

"SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

"(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

"(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made

available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

"(3) Procurement of and furnishing technical information and assistance.

"(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

"(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

"(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

"(1) by establishing accounts against which, under regulations prescribed by the Administrator—

"(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

"(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

"(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

"(3) by making, under rules and regulations to be prescribed by the Administrator,

guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: *Provided*, That the amount of such guaranties in the first year after the date of the enactment of this Act does not exceed \$15,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided*, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

"(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

"(iii) as used in this paragraph, the term 'person' means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

"(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such

payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

"(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

"PROTECTION OF DOMESTIC ECONOMY

"Sec. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

"(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

"(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

"(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

"(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

"(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Govern-

ment administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

"(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 percentum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

"(g) No export shall be authorized pursuant to authority conferred by section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by such section 6 of the Act of July 2, 1940, as amended, determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however*, That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

"(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

"REIMBURSEMENT TO GOVERNMENT AGENCIES

"SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Admin-

istrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be produced replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment thereof shall be covered into the Treasury as miscellaneous receipts.

"(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

"(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

"(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however*, That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

"(d) Funds made available for the purposes of this title shall be available for in-

curring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

"(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

"(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

"BILATERAL AND MULTILATERAL UNDERTAKINGS

"SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

"(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery pro-

gram based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

"(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

"(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

"(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

"(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

"(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the

Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

"(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

"(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

"(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

"(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which partici-

pated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

"(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

"(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

"(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

"(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

"WESTERN HEMISPHERE COUNTRIES

"SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

"OTHER DUTIES OF THE ADMINISTRATOR

"SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

"(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

"(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title

in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

"(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. Whenever the Administrator believes that the issuance of a license for the export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advise the department, agency, or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, and if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

"TERMINATION OF ASSISTANCE

"SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

"EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

"SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

"EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

"SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall

not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"UNITED NATIONS

"SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purpose, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

"(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

"(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

"TERMINATION OF PROGRAM

"SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

"(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

"REPORTS TO CONGRESS

"SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all opera-

tions under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

"JOINT CONGRESSIONAL COMMITTEE

"SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows:

"(1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one from the minority party, to be appointed by the chairman of the committee; and

"(2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

"(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 and 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section,

to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

"SEPARABILITY CLAUSE"

"SEC. 125. If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"TITLE II"

"SEC. 201. This title may be cited as the 'International Children's Emergency Fund Assistance Act of 1948'.

"SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

"SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

"SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

"(1) 72 per centum of the total resources contributed after May 31, 1947, by all governments, including the United States, for programs carried out under the supervision of such Fund: *Provided*, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government; or

"(2) \$100,000,000.

"SEC. 205. Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

"SEC. 206. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

"TITLE III"

"SEC. 301. This title may be cited as the 'Greek-Turkish Assistance Act of 1948'.

"SEC. 302. In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

"SEC. 303. (a) Subsection (a) of section 4, of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: 'The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose.'

"(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word 'repaid' the following: 'without interest'.

"SEC. 304. Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons re-

ferred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such Act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

"TITLE IV"

"SEC. 401. This title may be cited as the 'China Aid Act of 1948'.

"SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided*, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further*, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

"SEC. 403. Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

"SEC. 404. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

"(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$125,000,000 for additional aid to

China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

"SEC. 405. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

"SEC. 406. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

"SEC. 407. (a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both."

And the Senate agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

A. H. VANDENBERG,
A. CAPPER,
A. WILEY,
T. CONNALLY,
W. F. GEORGE,

Managers on the Part of the Senate.

C. A. EATON,
J. M. VORYS,
K. E. MUNDT,
S. BLOOM,
J. KEE,

Managers on the Part of the House.

Mr. VANDENBERG. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. VANDENBERG. Mr. President, I should like to make a very brief ex-

planation of the conference report and what it contains.

In a general way the text of the various Senate bills which have been included in the ultimate omnibus bill remains substantially unchanged, except in a few particulars; and I shall indicate to the Senate the differences between the bill as reported by the conferees and the original three separate bills as passed by the Senate. I shall omit a number of mere clarifying and procedural amendments which I am sure are of no particular concern to the Senate.

I may say that the conference report has just been adopted in the House by a vote of 317 to 75.

The first difference between the conference report and the previous action of the Senate is that the conference report includes provision for economic and human relief in Trieste to the amount of \$20,000,000. The Senate did not have that subject before it, but the \$20,000,000 involved for Trieste is included within the totals previously voted by the Senate. Therefore it represents no additional expenditure.

The Senate may be interested in knowing that the conferees removed from the bill the recognition of Spain as a participating country, as voted originally by the House. It was the attitude of the Senate conferees—and the House conferees ultimately agreed—that the membership in the European recovery program is an autonomous institution of its own, that the 16 European participating countries are the ones who control the right of membership in their cooperative adventure, and that it is not for us to undertake to dictate the membership. It is for this reason, fundamentally, without passing upon the merits of the question itself, that the Spanish amendment was eliminated.

The conference report includes permission to the Administrator to organize a corporate form of administration if he concludes that it is desirable to do so. I know that that is a matter of interest to some Senators, because many of them favored the corporate form in the first instance; and at least to the extent that a corporate form is permissive, their viewpoint is reflected in the conference report.

The House bill sought to eliminate what has been loosely called the "watch dog" committee, which was a device created in the Senate bill to provide constant liaison between Congress and the administrative operation involved in the entire European recovery program, so that we could be in constant touch with every phase of the problem from day to day, and thus be in a position to pass adequate judgment upon the annual occasions when it is renewed. I repeat, the House voted out what has been called the "watch dog" committee, but in conference it was restored, except that the type of its membership was identified in a different way. It will now consist of three members of the Senate Foreign Relations Committee, two members of the Senate Appropriations Committee, and three members each of the comparable committees in the House.

Under the Senate bill as originally passed the authorization was for 4 years, although, of course, annual appropriations had to be made under the authorization. The House insisted that the authorizations as well as the appropriations must be annual, and the Senate conferees receded upon that point. That is the basis upon which the bill is written.

As the bill passed the Senate it involved a total of \$5,300,000,000 for loans and grants. There was no specification as to the amount which had to be segregated for loans. As the bill passed the House \$1,000,000,000 was required to be segregated for loans and for the guaranties which are made to industry in respect to the convertibility of currency. The House provision for \$1,000,000,000, representing loans and credit guaranties, was put upon the basis of being financed by Treasury notes instead of by taxation. The Senate agreed to that arrangement. As a result, the appropriation under the bill would require at its maximum \$4,300,000,000 instead of \$5,300,000,000, the additional billion being segregated to loans and guaranties.

Some changes were made by the House in the Senate language in respect to the acquisition of strategic materials. All the changes were in the direction of a greater insistence upon the recognition of our right to a reciprocal consideration in regard to strategic materials; and since every one of those changes is in the direction of an additional recognition of the right of the Government and the people of the United States in this cooperation in regard to strategic materials, I am sure that the Senate will be very happy with those changes.

So far as exports are concerned, the House by its action underscored the fact that there is considerable dissatisfaction with export control as exercised in the Department of Commerce, particularly in respect to some of the nonparticipating countries in the European enterprise. In the final conference report, sympathizing as we did with some aspects of that criticism, it is now arranged that while the export control, both to participating and nonparticipating countries, continues to remain in the Department of Commerce under the statute which covers that situation, nevertheless, if the Administrator of the European relief program finds that the exercise of this authority in the Department of Commerce is colliding in any fashion with what he believes to be the national interest and the national security in respect to the European recovery program, that dispute may be taken to the President, as umpire, precisely as the Senate may recall was the arrangement made if, as, and when there might be any dispute on foreign policy between the Secretary of State and the Administrator.

With respect to aid to China—

Mr. PEPPER. Mr. President, would the Senator prefer to wait until he has finished before any questions are asked? The reason I rise at this time is that in the report of the conferees the subject which comes next after the general functions of the Administrator, to which the Senator has just referred, and the Na-

tional Advisory Council, is that of the Public Advisory Board, and the action taken by the conferees with respect thereto.

Mr. VANDENBERG. I shall be glad to comment on that subject. If the Senator will allow me to conclude my general summary first, I shall then speak about the Public Advisory Board.

Mr. PEPPER. Very well.

Mr. VANDENBERG. So far as the Senate bill was concerned, the Senator from Florida will recall that the only definition of eligibility to the Public Advisory Board was a requirement—I have forgotten the precise language—that the members should be chosen from among citizens of the United States of broad and varied experience in matters affecting the public interest. The House amended that provision so as either to require or suggest that various specified interests—agricultural interests, labor interests, and so forth—should be covered in the selection of the Public Advisory Board.

Mr. LANGER. Mr. President, let me inquire how many members there are to be on the board.

Mr. VANDENBERG. There are to be not to exceed 12 members.

Mr. LANGER. I thank the Senator.

Mr. VANDENBERG. The Senate conferees felt that although it is highly desirable that the selection of the public advisory board should represent in the greatest possible degree a cross-section of the various fundamental interests in the life of the Nation, with particular emphasis upon agriculture and labor, nevertheless because of the small size of the public advisory board it would be exceedingly difficult if the President were required to start to divide it up categorically in respect to representation for various interests, because if it were ever undertaken to make that sort of division by categories, probably there would be more categories than there would be places that could be filled. The Senate conferees felt that in the final analysis, the public advisory board amounts to the dignity of such a tremendous responsibility in behalf of the public welfare that there should be no criterion in respect to the appointment of the members of the board except the fundamental criterion that they are totally equal to the total responsibility which they assume. I wish to repeat that that is said without derogation of the expectation and desire that the interests and the voice of labor, agriculture, and other fundamental interests most certainly will be considered and should be considered in the selection of the board.

Mr. PEPPER. Mr. President, I thank the Senator from Michigan very much. I think the words he has just uttered clarify the conference report, and they are entirely satisfactory.

Mr. VANDENBERG. I thank the Senator for his observation.

Mr. President, there are only one or two things more to be said.

The conference report includes an authorization of \$60,000,000 for the International Children's Fund which was provided for in the House bill, but was never

brought to the independent attention of the Senate. That has been included in the omnibus bill.

So far as the Greek-Turkish provision is concerned, it appears in the conference report in the precise form in which it passed the Senate. Therefore, there can be no Senate controversy at that point.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. VANDENBERG. I ask the Senator please to permit me to finish this statement first.

Mr. LANGER. Certainly.

Mr. VANDENBERG. So far as the China-aid provision is concerned, it follows the general form of the text of the bill passed by the Senate, with the exception of the adoption of the preamble from the House text and a change in the figure of \$100,000,000 which the Senate allowed for an independent grant to the Government of China. The conference report provides for an increase of that amount from \$100,000,000 to \$125,000,000, with a proportionate reduction in the amount available for economic aid.

I should add that in the Chinese aid provision there is now identified specifically, as was the case in the House bill, a recognition of the tremendously valuable rural reconstruction enterprise which is being carried on by a great organized group in China, and which the Senate conferees agreed with the House conferees represents one of the great tangible hopes of value for China in connection with this aid program.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I wish to yield first to the Senator from North Dakota.

Mr. LANGER. Mr. President, I should like to get the name of the children's organization the Senator from Michigan mentioned.

Mr. VANDENBERG. It is the International Children's Fund.

Mr. LANGER. What countries does it include?

Mr. VANDENBERG. I am unable to tell the Senator. It is a specialized agency of the United Nations; and so far as I am advised, it covers all nations which qualify for the fund as a result of the surveys.

Mr. LANGER. Would it include the children of western Germany?

Mr. VANDENBERG. Up to the present time western Germany has not been included in the program of the children's fund, but it is my understanding that arrangements may be made at a later date for such participation.

Mr. LANGER. Would it also include the children of the ten or eleven million expellees who have come into western Germany from other countries?

Mr. VANDENBERG. Yes.

Now I yield to the Senator from Florida.

Mr. PEPPER. Mr. President, I was not quite clear as to the amount allowed in the China program for rural reconstruction.

Mr. VANDENBERG. Up to 10 percent of the portion of the fund which is considered primarily for economic purposes. That would be \$30,000,000 or \$35,000,000. It is to be available either

in dollars or in the local currency funds, because in the interior of China the local currency funds may be more useful.

Mr. PEPPER. Will the Senator tell us how that fund is to be expended or what sort of supervision or direction it is to have?

Mr. VANDENBERG. I am afraid I have no specific information for the Senator upon that score. All of it is subject to the investigation and exploration of the Administrator of our fund before anything is done about it.

Mr. PEPPER. Mr. President, will the Senator further yield?

Mr. VANDENBERG. I yield.

Mr. PEPPER. I think the important thing is that that, too, comes under the supervision of the American administrator, so he can see to it that those funds reach that objective.

Mr. VANDENBERG. The Senator is entirely correct.

Mr. PEPPER. Mr. President, I wish to commend, indeed, both the chairman and the conferees for specifically allocating funds for that purpose. I hope that in future appropriations we can constantly enlarge that kind of aid. I think it is extremely vital in the interests of democracy.

Mr. VANDENBERG. I agree with the Senator that it symbolizes a type of aid which is most refreshing in its prospectus.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. SMITH. On page 23 of the conference report, title III says:

SEC. 301. This title may be cited as the "Greek-Turkish-Chinese Assistance Act of 1948."

Mr. VANDENBERG. Mr. President, that is a typographical error.

Mr. SMITH. I assumed it was.

Mr. VANDENBERG. And it has been corrected in the conference report as submitted.

Mr. SMITH. Then the Chinese Act is title IV, known as the "China Aid Act of 1948," and is a separate title; is it?

Mr. VANDENBERG. That is correct.

Mr. President, I think that covers the water front.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. PEPPER. Mr. President, there is one other question which I wish to ask the Senator. The amount provided in the conference report for the International Children's Emergency Fund is \$60,000,000, I believe.

Mr. VANDENBERG. That is correct.

Mr. PEPPER. I wish to express regret that the amount was not made larger than the \$60,000,000. As the Senator will recall, we debated that question somewhat in the Senate when we had the original European relief program bill before us. At that time we were told that perhaps we had better not add an amendment to the then pending bill, because an appropriation or authorization on that subject was coming through.

What disturbed the Senator from Florida was that the report of the international organization, the International Children's Emergency Fund, said they

needed \$250,000,000 and that in the world there were 20,000,000 children who were hungry and needed help, and that the United States was going to have to bear, obviously, the principal part of that burden.

Although I am gratified that \$60,000,000 has been provided, it must be remembered that it is for the children of the world, and there are probably 30,000,000 or 40,000,000 who need help; but 20,000,000 need help at the present time.

Heretofore we had allowed only \$15,000,000; that is to say, the United States had appropriated \$15,000,000 for this purpose. That was on the basis of matching, which required 43 cents to be made available by other countries for every 57 cents put up by us.

Although this is a beginning and it is a step forward, yet I wonder whether the Senator from Michigan can give us any encouragement to believe that as this fund is expended, if the need is made to appear, and if the international organization conducts its affairs in a way that inspires the confidence of the Congress, we may hope for further assistance from the United States Government for this humanitarian purpose of aiding the children of the world.

Mr. VANDENBERG. The Senator from Michigan can understand the enthusiasm of the Senator from Florida for this great cause. Of course, it will depend upon events.

Mr. President, inasmuch as the conference report follows almost completely the various Senate bills on the subject, I doubt that there is any controversy, and I wonder whether we may have a vote on the conference report at this time.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LUCAS obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator from Illinois yield? I was suggesting a voice vote on the conference report. The Senator could then be recognized on the other pending question.

Mr. LUCAS. In that event I would lose the floor, so I propose to proceed.

Mr. WHERRY. That could be taken care of by a unanimous-consent agreement.

Mr. CONNALLY. No; I think not.

Mr. VANDENBERG. The Senator would not lose the floor. I ask unanimous consent that he do not lose the floor, if he yields for a vote on the conference report.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the conference report.

The report was agreed to.

THE MEAT-PACKING STRIKE—RESOLUTION OF DE KALB LIVESTOCK FEEDERS ASSOCIATION

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a telegram under date of March 31, from Naperville, Ill., setting forth the views of producers, as contrasted with those of others, in reference to the strike that is now occurring in the meat-packing industry.

which a prospective deficit in 1949 is made to appear as a surplus. Actually, the surplus available for debt retirement for the 2 years 1948 and 1949 would not be affected in the slightest by such a shift in accounting.

The public debt is \$253 billion. I repeat what I have so often said before—if we do not reduce the public debt by substantial amounts during a prosperous period such as the present, there is little prospect that it will ever be materially reduced.

I am aware that some hold the view that it would be proper to reduce taxes now, and that it will be time enough to restore adequate Federal revenues when the full extent and cost of our commitments are more definitely determined. I cannot subscribe to such an erratic and vacillating tax policy. We already know enough about the Government's financial outlook to demonstrate the serious effects of reducing revenues now by \$5 billion. The additional expenditures which are in prospect, although not exactly determined as to amount, are of sufficient size to make clear the short-sightedness of cutting taxes at the very time our obligations are increasing. If I endorsed tax reduction now, knowing that to do so would in all likelihood mean increased taxes next year, I would not be dealing fairly with the American people.

This bill would undermine the soundness of our Government finances at a time when world peace depends upon the strength of the United States.

It would also gamble with the dangers of further inflation. I have urged on many occasions that steps be taken to relieve the distressing effects of high prices. Since these steps have not been taken, the most important force restraining inflation has been the Government surplus and the use of this surplus to reduce the public debt. This bill would reduce or eliminate this important weapon against inflation.

It has been argued that tax reduction now would furnish incentives for more active investment and business enterprise and, consequently, more production. The plain facts show that neither funds nor profit incentives are lacking for investment and business enterprise at present tax rates.

Industrial expenditures for new plant and equipment reached the record level of more than \$16 billion in 1947, contrasted with \$12 billion in 1946 and \$8 billion in 1941. Preliminary estimates indicate that industrial expenditures for new plant and equipment during the first quarter of 1948 ran much higher than the average for 1947.

Corporate profits were at extraordinary levels during 1947, reaching \$17.3 billion after taxes, contrasted with a previous peak of \$12.5 billion in 1946. Preliminary estimates indicate that corporate profits during the first quarter of 1948 have substantially maintained the very high level of 1947.

The national income is at a record level. Employment is at a record level. Production is at a record peacetime level. The resources and labor force of this country are fully employed. Under these

circumstances, tax reduction could only result in higher prices—not in higher production.

From the viewpoint of the average family, which spends most of its income to buy the necessities of life, the kind of tax reduction which this bill provides would be an evil in disguise. Inflation is still here, and the cost of living has not descended to reasonable levels. The consumers' price index, which was 159 for 1947 as a whole, was 167.5 in February 1948, and preliminary figures indicate that it was even higher in March. A large tax reduction at this time would help to drive the cost of living still higher.

With wise and careful planning the American tax system can make an important contribution to economic progress. But if we dissipate the strength of our revenue system by ill-timed tax reduction, we shall sacrifice for many years our opportunities to lay a solid foundation for a more effective tax system. Major reforms are needed in all important areas of the Federal tax system—excise taxes, corporate taxes, individual income taxes, and estate and gift taxes. The enactment of H. R. 4790 would, by prematurely weakening the tax system, not only aggravate our immediate problems but also constitute a serious obstacle in the path of realizing many urgently needed fundamental tax reforms.

The tax reduction provided by this bill is inequitable as well as untimely.

In the case of the income tax, nearly forty percent of the reduction would go to individuals with net incomes in excess of \$5,000, who constitute less than 5 percent of all taxpayers.

In the case of the estate and gift taxes, nearly all of the \$250 million annual reduction would go to only about 12,000 of the most wealthy families. The discovery that it is possible to make very substantial savings in the gift and estate taxes by dividing a family's wealth between husband and wife has brought forth much ingenious argument to the effect that the provisions in this bill are needed to equalize the application of these taxes in community-property and common-law States. In fact, this equalization was in all essential respects achieved by legislation enacted by the Congress in 1942.

For the reasons I have set forth, H. R. 4790 is not compatible with the requirements of the critical international situation. It is not compatible with sound domestic economic and debt-management policies. If enacted, it would materially weaken this Nation's efforts to maintain peace abroad and prosperity at home.

It is bad policy to reduce taxes in a manner which would encourage inflation and bring greater hardship, not relief, to our people. It is bad policy to endanger the soundness of our national finances at a time when our responsibilities are great in an unsettled world.

I am confident that the men and women of our country prefer the maintenance of our national strength to a

reduction in taxes under the present circumstances.

I consider it my clear duty, therefore, to return H. R. 4790 without my approval.

HARRY S. TRUMAN.

THE WHITE HOUSE, April 1, 1948.

The SPEAKER. The objections of the President will be spread at large upon the Journal and the bill and message will be printed as a House document.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Mr. KNUTSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. Under the Constitution, this vote must be determined by the yeas and nays.

The question was taken; and there were—yeas 311, nays 88, not voting 32, as follows:

[Roll No. 39]
YEAS—311

Abbott	Davis, Tenn.	Horan
Abernethy	Davis, Wis.	Hull
Allen, Calif.	Dawson, Utah	Jackson, Wash.
Allen, Ill.	Devitt	Javits
Allen, La.	D'Ewart	Jenison
Almond	Dirksen	Jenkins, Ohio
Anderson, Calif.	Dolliver	Jennings
Andresen,	Domengeaux	Jensen
August H.	Dondero	Johnson, Calif.
Andrews, N. Y.	Donohue	Johnson, Ill.
Angell	Doughton	Johnson, Ind.
Arends	Durham	Johnson, Okla.
Arnold	Eaton	Jones, Ala.
Auchincloss	Elliott	Jones, N. C.
Bakewell	Ellis	Jones, Wash.
Banta	Ellsworth	Jonkman
Barden	Elsaesser	Judd
Barrett	Elston	Kean
Bates, Mass.	Engel, Mich.	Kearney
Battle	Fallon	Kearns
Beall	Fellows	Keating
Bender	Fenton	Keefe
Bennett, Mich.	Fisher	Kelley
Bennett, Mo.	Fletcher	Kerr
Bishop	Folger	Kersten, Wis.
Blackney	Foote	Kilburn
Boggs, Del.	Fuller	Kilday
Boggs, La.	Fulton	Knutson
Bolton	Gallagher	Kunkel
Bonner	Gamble	Landis
Bradley	Garmatz	Lane
Bramblett	Gary	Lanham
Brehm	Gathings	Larcade
Brooks	Gavin	Latham
Brophy	Gearhart	Lea
Brown, Ga.	Gillette	LeCompte
Brown, Ohio	Gillie	LeFevre
Bryson	Goff	Lemke
Buffett	Goodwin	Lewis
Bulwinkle	Gossett	Lichtenwalter
Burke	Graham	Lodge
Busbey	Grant, Ind.	Love
Butler	Griffiths	Lucas
Byrnes, Wis.	Gross	Lyle
Camp	Gwinn, N. Y.	McConnell
Canfield	Gwynne, Iowa	McCown
Carson	Hagen	McCulloch
Case, N. J.	Hale	McDonough
Case, S. Dak.	Hall	McDowell
Chadwick	Edwin Arthur	McGarvey
Chenoweth	Hall	McGregor
Chiperfield	Leonard W.	McMahon
Church	Halleck	McMillan, S. C.
Clason	Hand	Mack
Clevenger	Harness, Ind.	MacKinnon
Clippinger	Harris	Macy
Coffin	Hart	Maloney
Cole, Kans.	Harvey	Martin, Iowa
Cole, Mo.	Hays	Mason
Colmer	Hébert	Mathews
Corbett	Hedrick	Meade, Ky.
Cotton	Herter	Meade, Md.
Coudert	Heseltun	Merron
Cravens	Hess	Meyer
Crawford	Hill	Michener
Crow	Hinsaw	Miller, Conn.
Cunningham	Hoeven	Miller, Md.
Curtis	Hoffman	Miller, Nebr.
Dague	Holmes	Mills
Davis, Ga.	Hope	Mitchell

Morris	Riley	Sundstrom
Morrison	Rivers	Taber
Muhlenberg	Robertson	Talle
Mundt	Rockwell	Teague
Murray, Tenn.	Rogers, Fla.	Thomas, Tex.
Murray, Wis.	Rogers, Mass.	Thompson
Nicholson	Rohrbough	Tibbott
Nixon	Ross	Tollefson
Nodar	Russell	Towe
Norblad	Sadlak	Twyman
O'Hara	St. George	Vail
O'Konski	Sanborn	Van Zandt
Pace	Sarbacher	Vinson
Patterson	Sasscer	Vorys
Peterson	Schwabe, Mo.	Vursell
Philbin	Schwabe, Okla.	Wadsworth
Phillips, Calif.	Scoblick	Walter
Phillips, Tenn.	Scott, Hardie	Weichel
Ploeser	Scott,	Welch
Plumley	Hugh D., Jr.	West
Potter	Scrivner	Wheeler
Potts	Seely-Brown	Whitten
Poulson	Sheppard	Whittington
Preston	Short	Wigglesworth
Price, Fla.	Simpson, Ill.	Williams
Ramey	Simpson, Pa.	Wilson, Ind.
Rankin	Smith, Kans.	Wilson, Tex.
Redden	Smith, Maine	Winstead
Reed, Ill.	Smith, Ohio	Wolcott
Reed, N. Y.	Smith, Wis.	Wolverton
Rees	Snyder	Wood
Reeves	Stanley	Woodruff
Regan	Stefan	Worley
Rich	Stevenson	Youngblood
Riehlman	Stockman	Zimmerman

NAYS—88

Albert	Fernandez	McCormack
Andersen,	Flannagan	Madden
H. Carl	Fogarty	Mahon
Bates, Ky.	Forand	Mansfield
Beckworth	Gordon	Marcantonio
Bell	Gore	Miller, Calif.
Blatnik	Gorski	Monroney
Bloom	Granger	Morton
Buchanan	Gregory	Multer
Burleson	Hardy	Murdock
Byrne, N. Y.	Harless, Ariz.	Norton
Cannon	Harrison	O'Brien
Carroll	Havener	Patman
Celler	Heffernan	Peden
Chelf	Hobbs	Pfeifer
Clark	Hollifield	Pickett
Combs	Huber	Poage
Cooley	Isacson	Powell
Cooper	Johnson, Tex.	Price, Ill.
Courtney	Karsten, Mo.	Priest
Crosser	Kee	Rayburn
Dawson, Ill.	Kefauver	Sabath
Deane	Kennedy	Sadowski
Delaney	Keogh	Smathers
Dorn	King	Smith, Va.
Douglas	Kirwan	Somers
Eberharter	Klein	Spence
Engle, Calif.	Ludlow	Stigler
Evins	Lusk	Trimble
Feighan	Lynch	

NOT VOTING—32

Andrews, Ala.	Hendricks	Passman
Bland	Jackson, Calif.	Bains
Boykin	Jarman	Richards
Buck	Jenkins, Pa.	Rizley
Buckley	Lesinski	Rooney
Chapman	McMillen, Ill.	Shafer
Cole, N. Y.	Manasco	Sikes
Cox	Morgan	Stratton
Dingell	Norrell	Taylor
Grant, Ala.	O'Toole	Thomas, N. J.
Hartley	Owens	

So, two-thirds having voted in favor of, the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Chapman and Mr. Owens for, with Mr. Rooney against.

Mr. Sikes and Mr. Rizley for, with Mr. Morgan against.

Mr. Shafer and Mr. Passman for, with Mr. Dingell against.

Mr. McMillen of Illinois and Mr. Buck for, with Mr. Lesinski against.

Mr. Cox and Mr. Stratton for, with Mr. Buckley against.

Mr. Jenkins of Pennsylvania and Mr. Richards for, with Mr. O'Toole against.

Mr. Boykin and Mr. Hartley for, with Mr. Bland against.

General pairs:

Mr. Cole of New York with Mr. Norrell.

Mr. Taylor with Mr. Andrews of Alabama.

Mr. Jackson of California with Mr. Rainey.

Mr. Thomas of New Jersey with Mr. Manasco.

The result of the vote was announced as above recorded.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute in order to announce the program for the balance of today and for next week.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM

Mr. HALLECK. Mr. Speaker, after the conference report on the foreign-aid bill is disposed of, so far as I know, there is no further business for today. I might advise that a record vote is expected on the conference report.

Later in the day I shall ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Tuesday next. I also intend to ask unanimous consent that the Consent Calendar may be called on Tuesday, so that on Tuesday of next week, both the Consent Calendar and the Private Calendar will be called.

On Wednesday it is expected that we will take up H. R. 5098, the so-called hoof-and-mouth-disease research bill.

On Thursday we expect to take up H. R. 5888, to extend the Federal-Aid Highway Act.

The business for Friday is undetermined.

FOREIGN ASSISTANCE ACT OF 1948

Mr. VORYS. Mr. Speaker, I call up the conference report on the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, and ask unanimous consent that the statement of the Managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio.

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of April 1, 1948.)

The SPEAKER. The question is on agreeing to the conference report.

Mr. VORYS. Mr. Speaker, I wish to apologize to the Speaker and to the floor leader. We are 24 hours late on the program which the leadership planned for the consideration of this matter. However, we are a week ahead of the program that the critics of this package plan considered possible.

In conference we had to recede on certain matters, of course, and make certain adjustments, but there are few

changes between the conference report and the House bill passed 2 days ago.

First. Provision is retained for a complete annual review of authorization and appropriations.

Second. The \$1,000,000,000 cut in the amount for appropriations is still in the bill. The total is now \$107,000,000 less than the House bill, or \$6,095,000,000. Of this amount \$1,000,000,000 is available solely for loans and guaranties.

Third. An independent administrator, with provision for use of a corporation for carrying on the program, is still in the bill.

Fourth. Trieste, the children's fund, Greek-Turkish assistance, and China are in. China is in for \$125,000,000 military aid and \$338,000,000 other aid for a period of 12 months, slightly over the proportionate figure for that period in the House bill.

Fifth. The loyalty test is in.

Sixth. The Mundt-Colmer amendment is in.

Spain is out. The House amendment left it to the joint action of the 16 countries as to whether Spain should be admitted to the plan. The conferees felt it was wiser to name no specific country among the many which might become participants by complying with the requirements of the joint plan. In this legislation we do not need to open a door that has never been closed. That is the situation with respect to mentioning Spain.

Corn, canned goods, and fish are out. They can be used if they meet standards for the program, but the conferees decided there was no need for their specific mention, as in the House bill.

Port charges for relief packages are out. It was found that this would amount to about \$30,000,000, but ocean-freight payment for such relief packages is retained in the bill.

The so-called new watchdog committee proposed by the Senate is out, but instead a joint committee made up of Members of the House Foreign Affairs Committee and Appropriations Committee and similar committees of the other body is to aid in collecting information for the standing committees in carrying on their regular duties of checking the administration of laws under the Reorganization Act.

Mr. Speaker, I now yield to our distinguished and beloved chairman, the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Speaker, I wish to call the attention of the House to the fact that this is really an historic moment in the development of legislation by this body. I doubt if in our entire history we have laid the foundations of so broad and far-reaching a world policy as we have in this legislation. We of the Foreign Affairs Committee are just about one week short of three solid months of terrific and continuous toil in its preparation. I am thankful to say that we have come here today with a bill that is worthy of the favorable consideration of every Member of this House and the support of the people.

As to the watchdog committee, I do not like watchdogs, which constitute a reflection upon the integrity of that to be watched. The House voted over-

whelmingly not to have one. But we in conference decided to have a little imitation one to satisfy the brethren who had a hungering in that direction. So I am going along with them to that extent.

Mr. VORYS. Mr. Speaker, I yield 5 minutes to the gentleman from South Dakota [Mr. MUNDT] to explain the so-called Mundt-Colmer amendment.

Mr. MUNDT. Mr. Speaker, I expect to explain the amendments mentioned by the able and energetic gentleman from Ohio [Mr. VORYS] in just a minute, but first I would like to call to the attention of the membership the fact that seldom, if ever, in the 10 years that I have been a Member of this House have we had such good success as House conferees in conferring with the other body as was true with this legislation.

I would like to pay my tribute to the gentlemen from the other end of the Capitol in having yielded to the House position on virtually all the major items of controversy. There were nine major items of disagreement, and on seven of the nine the gentlemen from the other end of the Capitol accepted the position of the House.

Mr. Speaker, the nine most significant items in disagreement between our two legislative bodies were as follows:

First. Should this be a single-package bill including all of the major-assistance items required by the so-called Marshall-plan countries plus China and including both economic and military-type aid or should we handle these programs by separate items of legislation. The other body proposed handling the items separately; the House Foreign Affairs Committee argued that the time has come to wrap into one package the world programs in which we are engaged to contain and curb communism abroad. The position of the House prevailed in the conference. We are today voting for final passage of a single-package bill and may I add, sir, that this is also a distinct victory for our able and beloved Speaker and for his talented aide, our majority leader, since both of them favored the package approach. In settling the differences between the two types of legislation so quickly and in having the whole series of programs ready for passage today we have confounded the critics who a month or so ago were arguing that "the single package approach would delay aid to Italy and the other western countries." It did not make for delay. Quite to the contrary the single-package approach has made for far greater speed in implementing this rounded-out program of assistance than would otherwise have been possible. A month ago the State Department expressed the hope we could get this legislation through Congress "not later than April 10." Well sir, here it is today, ready for the President's signature and with RFC money immediately available for utilization on April 2. We beat the State Department's timetable by 8 days.

Second. The second major difference between Senate and House versions of the bill was on the matter of amount. Should this all be appropriated money available for grants or should a substantial portion be set aside for loans

and guaranties? Again the House position prevailed in conference. One billion dollars of this aid need not be appropriated as it is to be extended as loans or guaranties. Much, maybe most, of this money should return to our Federal Treasury.

Third. The third point at issue was the matter of the time to be covered by this authorization. The Senate proposed 1952 as the termination date of this authorization. In language inserted by me during the committee consideration of this bill, we insisted that there be annual authorizations as well as annual appropriations. The House position prevailed in conference. So this legislation covers 12 months only. Another authorization, a new piece of legislation, a new series of hearings, and a new affirmative action by Congress will all be required to extend this program beyond 12 months. We all hope the program works so well and that the world is so peaceful and patient that we shall feel it wise and prudent to extend this program further when it comes before us again next year, if it is again brought before us. If we have it with us again next year, it will be an indication the program is measuring up to what is hoped of it. But today's commitment is for 1 year and for 1 year only.

Fourth. Our fourth difference of opinion grew out of what is to be done with the assets of foreigners in the United States. What should we do about these hidden assets owned by wealthy aliens and maintained in this country? The House language insisted through an amendment which you will recall my offering on the floor of the House and which you approved that these assets be put into active use. Again the House position prevailed. The conference language says "put into appropriate use." That is an improvement over my language. It means that when located and identified these assets of rich foreigners are to be put into appropriate use in the furtherance of this program. That is right and proper. It will help relieve the burden on American taxpayers by utilizing the earnings and assets of the foreigners whose homelands we are endeavoring to stabilize and save.

Fifth. On the matter of providing for repayment to the United States insofar as practicable of the assistance we extend by shipping to this country or making available to us metals and minerals which are in short supply, again the position of the House prevailed. Our amendment to guarantee us access to foreign minerals and to mandate the Administrator of this program to secure agreements where possible to ship us critical and strategic minerals in compensation for our assistance will be made part of this law as you vote final approval for it today.

Sixth. The FBI loyalty check remains in the bill, virtually in the same fashion that it passed the House. If anything, it has been strengthened because now we require the Economic Administrator or the Secretary of State to certify in writing after full consideration of the FBI report that the individuals in question are loyal to this Government and are not now or never have been members of an organization of a subversive nature, or

which sponsors policies or programs contrary to the Constitution of the United States. I submit to you that that is the tightest and the toughest prohibition against the employment by the Federal Government of Communists and their fellow travelers that has ever been written into a criminal statute. I think it is going to operate successfully.

This amendment which follows but strengthens the pattern which our committee has insisted on writing into all of our foreign-aid proposals since our unhappy and unfortunate experiences with UNRRA is the best formula which we have yet found for keeping Communists and crypto-Communists out of Government service. This amendment is as full of teeth as a crocodile's jaw. It provides for a screening and scrutiny of the background of potential employees which should result in the appointment of men and women for ERP who have the same sense of sturdy Americanism as the agents of the FBI itself. Again the Senate receded, the position of the House prevailed in conference, and we bring this legislation back to you with a loyalty check of which we can all be proud. Unless the Administrator and/or the Secretary of State authorize the attachment of their signatures to certifications of loyalty under this act which are gross falsehoods and deliberate deceptions, I believe we can be assured of good American personnel in the administration of this act.

Seventh. The export prohibition amendment was retained also with all of its full impact and import in the intention in which it passed the House. In fact, the first section of it, the part which prohibits the reshipment to the Soviet sphere from any cooperating country of anything which we, in turn, deny our own producers the right to ship because of our national interest, remains exactly in the language that was approved by the House in adopting my export-control amendment.

We spent over 3 hours in controversy with the Senate last night over the second part of the export-control amendment. The gentlemen from the other end of the Capitol wanted to be sure that it was written in a constitutional manner, just as we wanted, and to be sure that it was workable. We think we have a formula which does exactly what the House has in mind. It places upon the Economic Administrator the responsibility, when he finds it in conformity with the purposes of this act, which you will recall, includes the protection of the national interests of the United States, to advise against shipping or exporting to any nonparticipating country in Europe any product jeopardizing our national security and interest. We make it mandatory upon the Administrator then to advise the Department of Commerce, or any other agency of the Government which may have control of export licenses at the time, that he feels prohibition should be made on such exports sent to the Soviet sphere, which we refer to in the language of statesmanship as the nonparticipating countries.

If the export-control authorities refuse to go along, the controversy is car-

ried to the President and decided by him. It means that in the regular reports that the Economic Administrator makes to the Congress he has to define his position and his actions on such matters. He has to submit it in writing so that everybody in the country will know from now on if we ship machine tools or war potentials or war supplies to the Soviet sphere that is was done with the official approval of the President of the United States. There will be no dodging or no ducking of responsibility. I join all of you, I know, in the hope this export-control provision will be faithfully carried out and that hereafter no more war supplies or military potentials will be sent to the countries under Communist domination.

Mr. Speaker, I want to call attention now to one important correction, a typographical error on page 29 of the report. About 12:30 last night when we left the conference room it was agreed that the language appearing in the second line from the top of page 29 would be stricken from the report so that the report would read as follows, and I want this to appear in the permanent RECORD clearly since the conferees are in complete agreement about this, so that no administrator will ever come back to the Congress and say, "I was governed by a typographical error in the conference report." Beginning at the bottom of page 28, the correct and unanimously approved language of our conference report should read as follows:

There was retained in substance the provision of the amendment passed by the House requiring certification by the Secretary of State or the Administrator of his belief in the loyalty of individuals employed for, or assigned to, duties under title I.

Immediately following that should be deleted, and the deleted part reads as follows:

Certain changes were made (1) to permit consideration of information in addition to the Federal Bureau of Investigation report.

That language should not be in this report. Those words were stricken out by the conferees last night and the people who had charge of assembling the report deleted them. They appear in the report today purely as a typographical error. The Administrator is not permitted to ignore the FBI report or to set up another investigating group. He has to make his findings based upon full consideration of the FBI report, nothing more, nothing less. Let there be no misunderstanding about that. Let the Secretary of State and whoever is to be made Administrator of this act be governed accordingly.

Now, Mr. Speaker, a few words about the two remaining major points at issue between the two bodies, the issues on which your House conferees were compelled to recede and concur with the Senate.

The eighth point at issue was whether Spain should be mentioned by name as a country eligible for participation in the western European recovery program or whether the phrase "other countries" should be ample to make America's position clear on that point. The Senate preferred to mention no country by name

outside of the 16 original participating countries. The House concurred with the Senate position and specific reference to Spain was deleted. As the gentleman from Ohio [Mr. VORYS] has said, however, that was not done as an indication that Congress believes that Spain should be excluded. As demonstrated by the vote of this House on the specific question a few days ago it is clear that a great body of opinion in America hopes that the 16 participating countries will utilize the cooperation of Spain in strengthening and stabilizing the economy and the political relationships of all the European countries still remaining outside of the Communist grasp.

On point 9, the so-called watchdog committee, a compromise amendment was accepted halfway between the position of the House and the position of the Senate. There will be a joint committee as the Senate language recommended but it will be comprised of six members of the Foreign Affairs and Foreign Relations Committee and four members of the Appropriations Committees of the two bodies. I think the language of the report is self-explanatory and clear on this amendment.

Mr. Speaker, after nearly 90 days and very many nights of hard labor on this legislation, our task is now completed. It leaves our committee with our prayers and yours that it may succeed. It represents the greatest adventure of American history in the active waging of peace. It is a mighty effort on the part of this great Christian country to curb the aggressions of Godless communism without war. It totally and finally marks the end of the era of appeasement which this country has followed since the conference at Tehran, and even earlier, down to the shipload of war supplies which the Russian freighter, the steamship *Chukotka*, carried out of the Claremont Terminal in Jersey City, N. J., with officially approved sailing orders last Saturday night.

If this plan for waging a peace succeeds it will be the most profitable and productive investment in American history. If it fails, war will become inevitable as the only remaining alternative for our own survival. If it succeeds, the costs will be as nothing compared with the costs of failure. If it fails, the costs we shall then face will shrink into insignificance compared with what we now propose to spend to win the peace. Should we try and fail we shall have done our best. But should we fail to try, America might face the setting sun of civilization's destiny without ever having devoted her great strength toward trying to precipitate the dawn of permanent peace. Therefore, we are resolved to try our best.

Mr. VORYS. Mr. Speaker, there are three typographical errors in the printed conference report:

On page 23, in section 301, the citation should read "Greek-Turkish Assistance Act of 1948"; and on page 25, in section 404 (b), the figure should be \$125,000,000 in lieu of \$100,000,000. The amount is correctly shown in the statement of managers on page 35 of the printed report.

And then, as the gentleman from South Dakota [Mr. MUNDT] stated, there is the correction on page 29. The enrolled bill is correct.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. On page 18, subsection (e) of section 115, is the point where the Administrator shall encourage arrangements among participating countries in conjunction with the International Refugee Organization. That means, does it not, that the Administrator under this act has the right and the duty to negotiate agreements so that these participating countries will take their fair share of displaced persons now in Europe and in the various zones?

Mr. VORYS. Yes. The purpose is, however, to make it clear that he does not displace the head of the International Refugee Organization.

Mr. FULTON. Yes; but he has the duty to negotiate.

Mr. VORYS. Yes.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. JAVITS. The provision that is now in the section in regard to the shipment of relief packages by United States voluntary-nonprofit agencies and individuals, is confined to ocean freight only and omits port charges and delivery charges from the post office to the terminal. Are we to understand that present provision was designed in that way to limit the amount of the cost of shipment to be absorbed, and the reason that the CARE amendment was left out was to preserve the equality between CARE and the voluntary agencies and individuals by confining the cost to be absorbed to this one item of ocean freight charges.

Mr. VORYS. Yes.

Mr. Speaker, I now ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THERE WILL BE HOPE FOR PEACE.

Mr. JOHNSON of Texas. Mr. Speaker, the long hours of debate on this legislation are nearly ended, and soon this House will be called upon to vote "yes" or "no," on this program of financial aid to the free nations of the world across the seas.

No parliament of man ever before was confronted with a decision of more importance, for when we vote we will be voting "yes" or "no" upon the future of the human race.

If the vote is "yes," there will be hope for peace.

I would prefer to strike out that word "hope." I wish that I could say an affirmative vote on this measure would mean peace. In all honesty, that cannot be said. Our expenditure of this money is a gamble—the most heroic gamble in the history of mankind. Therefore, we can only hope that this will secure the peace.

THE SAFER RISK

But this is no reason for weak-hearted men to cower and retreat and run pell-mell away from destiny. In this world of violence, any course our Nation might take would be a gamble.

The course outlined in this legislation is, I believe, the safer risk.

If the vote should be "no," civilization would turn down the short and terrifying dead-end street of atomic warfare. From that path there would be no return.

Since the inception of this program many months ago the arguments have been heard at great length both for and against the proposal.

We have heard the America Firsters and the Russia Firsters rant and rave against it.

We have heard the voice of isolationism arise once more, parroting phrases of false prophecy and contending that economy in Government is more to be desired than peace in the world.

We have heard the voice of hysteria scream again, mimicking the voice of Moscow and telling us that we are warmongers because we are replacing bullets with bread in this field of international relations.

IRRESPONSIBLE POLITICAL CLOWNS

Yes; and I would particularly like to recall that in the chambers of debate there have been those irresponsible political clowns who shouted that this program of foreign aid was conceived in Moscow. What could be further from the truth?

This legislation was not written in Moscow.

This legislation was not written in Wall Street.

It was written on the Main Streets of America.

This legislation is what the great majority of the American public demands as minimum security for this hard-earned peace which we now hold so tentatively within our grasp.

VOTE HEARD AROUND THE WORLD

Whatever we do here as individuals acting upon this legislation, our final votes will long outlive our names in the memory of mankind. This vote will be heard around the world—and it will echo on and on, so long as the peace is kept among men.

Why is this vote so important? Why does so much hinge upon the appropriation of some \$6,000,000,000 for aid to countries abroad?

The answer is this: For the first time in the history of the world a great Nation will, if this foreign aid bill becomes law, attempt to wage peace.

WARS BEGET WARS

Waging war is an old, established enterprise among nations. It has brought the greatest glory—and most tragic infamy—known to the history of nations. But wars beget wars, with the language of surrender supplying the vanquished with the text for aggression.

Events of the past few weeks have brought into focus, I believe, the dreadful reality we face. The cycle of war arising from war threatens to repeat—not 20 years hence, 10 years hence, or 5

years hence. It threatens to repeat within a matter of days.

Our course of action can proceed in either of two directions:

First, we can surrender ourselves and our civilization to a terrible, unnecessary pattern of history—we can prepare to fight a war.

Or, secondly, we can discard the dismay and cynicism of the past and assume a new posture of statesmanship: we can prepare to fight the peace.

I chose the course of peace.

This legislation opens the way to the last remaining chance for peace, and I am willing and anxious to try this course.

It is my belief that even if no threat of communism, no threat of aggression existed abroad in this aftermath of World War II, this Nation should take the course presented in this legislation.

WE ALONE HAVE STRENGTH TO HELP

The United States is singularly situated in the geography of the world to function as a peace-maker. Surrounded by friendly neighbors and neutral seas, our land has escaped the ravages of war. We, alone among nations, have the strength to help others.

It would be the Christian thing, the humanitarian thing, to lend our strength to reviving the stricken countries of Europe and Asia in the wake of the terrible devastation of war.

But today, in this mad world of ours, there is another consideration which makes this legislation essential.

That is the simple fact of self-preservation. It is a primitive and basic consideration, I agree. But this course of foreign aid is the only course we can take with any hope that it will keep war from us—and from the world.

A sinister and ruthless evil creeps forward across the continent of Europe, feeding on the despair and desolation and hunger of the ravaged nations and the weary people. This evil gnaws at the vitals of freedom everywhere, feeding always on uncertainty and despair.

WE SHALL WIN FIGHT FOR PEACE

By sending food, by sending financial aid, by sending faith abroad, we contest with the evil in a battle for peace. If despair is replaced by faith, if desolation is replaced by construction, if hunger is answered by food—if those things are done, we shall be victors in the battle.

If those things are not done, we shall lose the peace.

I believe that the people of America, for the first time in their history, are now determined to wage peace as successfully as they have waged war in the past.

This legislation is the outgrowth of that determination.

I, for one, am confident that we are taking a great step toward establishing a lasting peace.

COLONIES AND ERP

Mr. POWELL. Mr. Speaker, it is impossible to give a proper evaluation of the European recovery program without taking into account the colonial implications and consequences of that proposed program.

Britain, France, Belgium, Netherlands, and Portugal are imperialist powers.

They are the rulers of well over two-thirds of the 300,000,000 colonial subjects of Asia, Africa, and the West Indies.

Throughout modern history, the peoples and resources of these lands have been exploited to enrich the ruling class of the colonial overlords. Today that exploitation is carried on by powerful monopoly interests which not only hold the colonial empires in economic serfdom but also block the development of economic democracy in the European countries themselves.

A valid economic aid program for Europe cannot be based, as the administration-sponsored ERP is, upon the continuation of such a system of vested interests.

A valid economic aid program for Europe cannot be based, as the administration-sponsored ERP is, upon continued and intensified colonial exploitation.

America should help the European people to help themselves. The kind of help we are proposing to give under the ERP will simply make the people of Europe more dependent upon the United States and upon the European colonies.

The abject poverty and resultant social stagnation characteristic of all colonial countries are the inevitable consequence of their being held by stronger powers to supply cheap raw materials. The expropriation of their resources and the wealth produced by colonial labor is what keeps colonies poor.

Instead of helping to eliminate this vicious system, the ERP has the effect of perpetuating and strengthening it.

The Outline of European Recovery Program submitted by the Department of State for the use of the Senate Foreign Relations Committee, December 19, 1947, states—page 19—that paragraph (5) of subsection 10 (b) of the proposed economic cooperation bill "is designed to assist the United States wherever feasible to obtain materials for stock-piling purposes. Such materials will be purchased from a participating country or its colonies or dependencies, either through private contracts or through the procedures and with the funds authorized in the Stock-Piling Act. It is intended that arrangements will be worked out with the participating countries for the acquisition by the United States in the above manner of materials which will be specified in the bilateral agreements."

The meaning of this is made clearer on page 48 of the same document, where we read:

The United States has few or no domestic sources of certain raw materials, such as tin, industrial diamonds, natural rubber, and quinine, and has inadequate resources in other raw materials, such as manganese, chromium, copper, lead, and zinc. * * * United States reserves of exhaustible natural resources are declining. It is proper that in partial return for the very considerable assistance provided them by the United States, the participating countries should give reasonable help in replenishing stocks of materials expected to be in long-term short supply in the United States.

Not all of the participating countries themselves possess sources of such materials. Some among them do, however, have resources of this nature either within their own territory or that of their colonies, territories, or dependencies. In some instances present production and availability is at

maximum levels without satisfying commercial demands. In other instances it appears that, under an aggressive plan of exploration, development, and expansion of productive facilities, or by other actions, additional supplies could be produced or made available.

It is further provided that United States loans may be made for procurement of equipment and services to step up the production of the raw materials that the United States wants; and if such loans can not be paid back in dollars when due, they can be paid off in still further quantities of such materials as the United States may want (page 49).

That is the picture of what the ERP means for the colonies of Britain and the other European imperial powers. Not a very pretty picture—all take and no give. What the ERP says in effect is that the European colonies in Africa, Asia, and elsewhere must serve the function that they have always served, but in a bigger and better way than hitherto, for they must now provide the raw material needs not only of their European rulers, but of America as well.

"Go out into your colonies and the far reaches of the world, and tap their riches," Bernard Baruch urged the rulers of empire, in his testimony before the Senate Foreign Relations Committee not long ago. "Produce. You will be able to sell it all."

One remarkable consequence of the current European economic crisis has been the veritable rediscovery of Africa. Last November Sir Stafford Cripps declared that—

The whole future of the sterling group and its ability to survive depend * * * upon a quick and extensive development of our African resources.

Britain's leading Fascist, Sir Oswald Mosley, has shrewdly observed with approval America's desire to get Europe into Africa.

Let Europe develop Africa as a source of supply and exchange for European manufactured goods—

He advises—

and * * * leave America the Western Hemisphere and the larger part of the other world markets.

An official pronouncement somewhat along the same lines was made just 2 months ago, on January 22, by British Foreign Secretary Ernest Bevin and quickly received the approval of the White House and State Department. Little time has been lost in carrying forward Bevin's scheme—if it was indeed his—for the formation of a western European entente having as one of its primary aims the promotion of inter-imperialist collaboration in the intensified exploitation of Africa and other European colonial domains in order to rescue Europe from economic bankruptcy, as well as in joint military preparations in Africa for expected war with the Soviet Union.

For many years General Smuts has held out an invitation to American capital to help in the development of Africa provided there was no "interference in the existing administration of its territories"—*Life*, December 28, 1942. Many others have lately joined in extending

this invitation. The ERP is part of the answer. Increasing American trade with and private capital investment in South Africa, Rhodesia, Liberia, and other sections of the continent represent another part of the answer.

The apologists for imperialism, of course, argue that economic development in the colonies is in the interest—nay, primarily in the interest—of the native population, will raise their living standards, and is the prerequisite to self-government.

The fact is that genuine and worthwhile economic development for the benefit of the millions who live in colonies and semicolonial countries is impossible so long as they are denied full democratic self-government—for just so long will the resources and economy of such countries be used and directed toward the benefit of a foreign oligarchy, primarily if not exclusively. The demand for colonial independence sweeping the world is the demand for freedom from economic slavery.

Let us face the truth honestly and admit that the United States Government is today the mainstay of world imperialism. Without American loans and credits; without Washington's political support at Lake Success and in London, Paris, Brussels, and the Hague; and without the ERP or something like it, the European colonial powers would be hard pressed to hold what they have.

In helping Britain, France, Belgium, and the Netherlands to hold on to their empires, Wall Street and Washington aim to keep the far-flung colonial empires, as well as their European rulers as allies against Communist aggression, and incidentally safe for American profits.

I am opposed to the administration's ERP, because it will not help Europe as Europe needs to be helped, because it is a political weapon of coercion and intimidation as everyone can now readily see in the case of Italy, and because, and this has been my main argument, it will further enslave millions of colonial peoples throughout the world, and notably in Africa.

I am one of those who believes that the way to help Europe economically, and not only western Europe, but the whole of Europe, Asia, Africa, and the whole of this hemisphere, not omitting the 15,000,000 Negro people in the United States who are exploited and discriminated against economically and every other way, is by strengthening the United Nations and making it work to achieve world-wide democracy, security, and peace.

Nothing less than that, and nothing but that, will save America and the world from a devastating third world war.

Mr. KERSTEN of Wisconsin. Mr. Speaker, I believe it is necessary to clarify the provision of the ERP bill relating to the composition of the Public Advisory Board.

Section 107 (a) of S. 2202 as passed by the House provided for the creation of a Public Advisory Board to be "selected from among citizens of the United States of broad and varied experience of business, labor, and agriculture, the professions, and in matters effecting the public interest."

The function of the Board is to "advise and consult with the Administrator with respect to general or basic policy matters rising in connection with the Administrator's discharge of his responsibilities" with regard to the entire ERP program.

Section 107 (a) of the conference report now provides that members of the Board "shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest."

In other words, the conferees left out the specific language "in business, labor, agriculture, and the professions."

It is my understanding that in striking out the specific categories of business, labor, agriculture, and the professions, that the conferees did not thereby intend in any way to infer that responsible leaders in business, labor, agriculture, and the professions should not be selected for the Advisory Board. Not only that, but in choosing the language as they did, "citizens of the United States of broad and varied experience in matters affecting the public interest" they necessarily included the categories of "business, labor, agriculture" and "the professions." This would be necessarily so because if the members are to be selected on the basis of matters affecting the public interest such public interest would be seriously neglected if responsible representatives from each of these categories were not selected for the Advisory Board.

While the statement of the managers as contained in the conference report, on page 28, reads that the members are to be selected without reference to economic-interest groups, it is my understanding that the word "reference" means without specifically naming them. Any other interpretation of the word "reference" would be stultifying under the circumstances. Certainly, if members are to be selected who have broad and varied experience in matters affecting the public interest, their experience would have to be in the several economic interest groups referred to. It would be unthinkable that the experience of the members would not be in the economic categories designated by business, labor, agriculture, and the professions. The whole ERP must, of course, be implemented by responsible representatives of these several categories. For example, it certainly is not contemplated that selected members who, while they might have broad experience in certain fields, would be mere theorists in the fields of business, labor, agriculture, or the professions. If that were true, the selection would not be in the public interest.

So therefore I say that the clear understanding of the language, as I take it, is that the members will be selected on the basis of broad experience in business, labor, agriculture, and the professions. Even though the final form of the bill does not so specifically state, any other interpretation would seriously neglect the public interest.

Neither is it contemplated that the council shall be composed of members experienced only in one of these categories. For example, experienced only in business or experienced only in labor or just in agriculture or the professions.

It is clear that the Board must be balanced in this regard because any unbalance would not be in the public interest.

I can understand the conferees in not wishing to specify the categories, although I would have preferred that they did. I can understand that they wish to keep the language general in nature in order to give the Administrator a free hand. But I do not think the Administrator's hand is so free as to disregard in any respect the public interest which would necessitate the selection of responsible representatives in each of these major economic fields as components of the Advisory Council.

It is particularly important that men of sound business experience be on the Council. The ERP is primarily an economic program, and who can conceive of the management of such program without good business management?

It is also vital that the Board contain outstanding representatives of labor. This is extremely important because of the special facts of the problem in Europe. We are seeking in this program to combat communism. The Communists have exerted their greatest efforts upon the European trade-unions. In fact, it was by virtue of taking over the trade-unions and police in Czechoslovakia that they caused the fall of the free government of that country. They are presently working on the trade-unions in Finland. We also know that the Communists will make their major efforts in France and Italy through trade-unions. It is the European trade-unionist who will fulfill the production quotas of the ERP. It is the European worker who will rebuild Europe. Therefore, it is of first importance that the Communist efforts to indoctrinate the European trade-unions be checked and countered by sound trade-union leaders. If, for example, sound trade-union leaders were excluded from the Advisory Board the Communists would make great capital of this fact in their propaganda directed at the European worker. The Communist would say, "The ERP is nothing more than a scheme of American capitalists and big business to take over European industry. The ERP is nothing more than American imperialism wherein the rights of workers are completely forgotten."

The presence of responsible American trade-union leaders on the Board is of first importance as is the presence thereon of business leaders. American management and labor are working shoulder to shoulder in this effort. Their cooperation in the ERP has already been forcibly expressed in patriotic terms by the leaders of both business and labor.

Perhaps the cooperation between management and labor that has sometimes been lacking in our own country can be strengthened and brought into full bloom in the common effort to resist the destruction of our civilization that is being made in the European recovery program. On March 9 and 10 last, in London there met the trade-union representatives of all the participating countries, except Portugal. Members of the minority, anti-Communist groups from France and Italy, from the Benelux

countries, and from our American AFL and CIO unions, participated in the conference. The conference was unanimous in its view that the trade-union movement in each of the participating countries should seek to establish close contact with its government in the administration of their national production program. In other words, in this meeting in London were the representatives of the European trade-unions, together with those from America, voicing their wholehearted support for the success of the ERP. The sound trade-union movement in each country, including the United States, pledged support in behalf of the ERP and for that reason it should have proper representation on the Advisory Board as a matter of public interest.

Similarly, responsible representatives of agriculture must be on the Council, because the acceleration of food products is also of first importance. Any neglect of proper leadership in the field of agriculture would also be against the public interest.

Again the professions, particularly industrial engineering, must be represented as it is largely by the skill of this profession that Europe will be reconstructed.

I trust, therefore, Mr. Speaker, that there will be no misunderstanding as to the intent of Congress in the selection of the members for this Board, because any neglect of men of experience in the separate major categories of economic interest, would be a real neglect of the public interest for which the law provides.

Mr. DEVITT. Mr. Speaker, the committee on conference on the foreign aid bill is to be commended on the expeditious action it has taken in reaching agreement with the Senate.

I was particularly interested in the retention of certain amendments which I offered and which were accepted by the House to section 117 of the bill. I am happy to note that those amendments have been retained in essentially the same form in which they were introduced. I do note a discrepancy, however, between the terminology in subsection C of section 117 and the statement of the managers on the part of the House with reference to that subsection. It is to be noted from a reading of section 117, subsection C that it is made mandatory for the Administrator to provide for ocean-free freight transportation on relief supplies and packages. This is clear from the use of the word "shall" rather than the use of the word "may." It will be recalled that in the original Senate bill the word "may" was used; however, the managers on the part of the House in explaining this subsection make the statement that "the House recedes on the mandatory requirement" with reference to ocean-free transportation. I am informed by the conferees that this is an erroneous statement and was inserted in the report through inadvertence and mistake. A reading of the section makes it clear that this is the case.

I am also happy to note that the managers have retained in the recommended

bill the present last sentence of subsection C of section 117. This provides that—

The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and packages.

This sentence is essentially in the same words as it was in the original House bill. One sentence was stricken from the House bill. It read:

The execution of such agreements by the participating countries shall be a condition precedent to the receipt of assistance under this title.

I understand that this sentence was stricken from the bill because it was felt that it embodied terminology not as diplomatic as would be conducive to the best international relations, but that the striking of the sentence was not intended to change the intent of the conferees or of the Congress that the Secretary of State shall make such agreements. This view is made manifest by the action of the conferees in retaining the injunction "shall make agreements" as used therein.

I am happy that these provisions have been retained in the bill and feel that they are most meritorious.

AMENDMENT TO THE EUROPEAN RECOVERY PROGRAM RELATING TO REDUCED POSTAGE FOR GIFT PARCELS OF MEDICINE, FOOD, AND CLOTHING TO FOREIGN COUNTRIES

Mr. REES. Mr. Speaker, I appreciated the work of the House conferees in retaining in this bill amendments made in the House which will provide for a definite program to carry relief packages at reduced rates to foreign countries. As I pointed out when the House amendment was being discussed, there are some particulars in which we could possibly have spelled out more clearly the actions to be taken by the Administrator in effecting the relief parcel program. However, I believe that as the conference report is written the language is in such general terms that a program can be established which will do the job. I believe that providing reasonable transportation for medicine, food, and clothing to the countries coming within the terms of the European recovery program serves a two-fold purpose:

First, many individuals in this country would like to assist their friends and relatives in foreign lands which have been ravaged by war; secondly, there probably is no other program which brings the direct hand of friendship across the seas as one which provides for the transmission directly from one individual to another or from a charitable organization to an individual, parcels containing goods essential to life.

The Post Office and Civil Service Committee has been concerned with this general problem as it relates to reduced postage on gift parcels of food, medicine, and clothing. This committee has held public hearings on 12 bills on this subject. Most of these bills provide for either sending such gifts free or upon the payment of 25 percent of the regular postage. The Post Office Department was to be reimbursed for its expenditures for carrying out this program from such funds as were appropriated for foreign relief. It is an expensive form of transportation

when parcels are sent by mail. This is particularly true considering the large volume of such parcels which would develop under a reduced postage program.

The volume of international parcel post had already increased immeasurably under the pressure of need of friends and relatives in foreign countries. The volume of this international parcel post has jumped from 25,792,138 pounds in the fiscal year 1939, before the war to the amazing figure of 401,941,067 pounds for the fiscal year 1947, or an increase of 16 times. It is impossible to estimate how much this parcel post will increase if the postage rates are reduced. Various opinions of the Post Office Department experts run from a doubling in volume up.

The committee was concerned at the time of these hearings with a number of problems. The Post Office Department was not set up to handle such a tremendous volume of gift parcels as mail. There is a critical shortage of mail sacks, terminal facilities, and trucks. Many relief and charitable associations have set up programs for forwarding parcels to foreign lands. There was considerable discussion as to what countries would participate in the reduced postage program.

To meet some of these objections I proposed at the hearings held on February 18 substitute language to H. R. 4598, a bill introduced by the gentleman from Michigan, Congressman YOUNGBLOOD, which would have had the following effect: (a) The costly overseas mail operation would have been eliminated by sending the parcels through the mail only as far as the postmaster of New York for parcels for European countries and San Francisco for parcels for Asiatic countries; (b) the Maritime Commission would be authorized and directed to provide ocean-shipping space and be responsible for the parcels from ship-side to such warehouses as might be designated by the United States Foreign Relief Administration; (c) the agency charged with foreign-relief activities of the United States would be responsible for the distribution to the addressees of such gift parcels and would be charged with making maximum use of facilities of the countries concerned in distributing such parcels. This solution to the high cost of sending these relief parcels is in substance now included in the conference report.

Based upon the many communications the committee received on the subject and the presentations made by Members of Congress, I can assure you that this part of the program will be most acceptable to thousands of our citizens who are anxious to help relieve the situation by sending gift packages abroad.

Mr. MURDOCK. Mr. Speaker, our beloved chairman of the Foreign Affairs Committee states briefly but simply that the momentous issue on which the House is acting at this hour is indeed historic, probably as historic as any that has occurred during the life of this legislative body. I feel that the Chairman is correct and that without doubt his words are prophetic. It is not given to mortal man to know what lies in the future but certainly by our action here today in

adopting this conference report America is embarking upon the greatest constructive program to help peace-loving nations which has ever been initiated.

The conference report is to my mind very much better than the measure passed by the House on day before yesterday. I had all along felt that America must do this great thing, but I have had some fears as to whether the program could be and would be carried through according to the wishes of our people. I think the conference report greatly improves the chances of a satisfactory fulfillment of this plan of mutual assistance.

Americans are a great-hearted, generous people. As individuals they contribute freely and whole-heartedly to the relief of distress and human suffering throughout the world. The European recovery program however is a national, governmental effort differing very materially from the individual and private efforts alluded to. Can the Government, acting for all of us, combine typical American generosity and American business sense and successfully carry forward this huge program of rehabilitation? Only the future can tell, but history will record that we made the effort, and for all the centuries to come humanity around the world will know of our intent.

It is natural that America should shrink from the appalling magnitude of this complex task. Not that the American people are indifferent to the plight of other nations, but America lacks experience. The historical significance of this effort is somewhat like the significance of the two global wars which America has successfully fought in the lifetime of this generation. However, in these two world wars America exhibited her strength to the world to crush evil men. It the program we are now undertaking America is determined to equal those previous efforts in this gigantic task of reconstruction and binding up the wounds of war. This must have been in the mind of our chairman as he spoke of the historical significance of our action today. We hope that this marks a new beginning in America's greatness.

Mr. VORYS. Mr. Speaker, this bill constitutes a big order. There are those who are saying that it is inconsistent for us to attempt to wage peace and prepare for war at the same time. There are those who say that it is inconsistent, impossible for us to reduce taxes and carry the tremendous burdens this country faces. I want to say that I belong to a country that specializes in seeking and reaching apparently inconsistent, apparently impossible, goals. Union and liberty, order and freedom are inconsistent goals. We want both, and we get both. We carry on today in the spirit of the Panama Canal builders.

Got any rivers they say are uncrossable? Got any mountains you can't tunnel through?

We specialize in the wholly impossible, Doing the things that others can't do.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. VORYS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 318, nays 75, answered "present" 2, not voting, 36, as follows:

[Roll No. 40]

YEAS—318

Abbott	Fenton	Lodge
Abernethy	Fernandez	Lucas
Albert	Fisher	Ludlow
Allen, Calif.	Flannagan	Lusk
Allen, La.	Fletcher	Lyle
Almond	Fogarty	Lynch
Andersen,	Folger	Mack
H. Carl	Footo	McConnell
Anderson, Calif.	Forand	McCormack
Andrews, N. Y.	Fuller	McCulloch
Angell	Fulton	McDonough
Arends	Gallagher	McDowell
Auchincloss	Gamble	McGarvey
Bakewell	Garmatz	McMahon
Barrett	Gary	McMillan, S. C.
Bates, Ky.	Gathings	Mack
Bates, Mass.	Gavin	MacKinnon
Battle	Gearhart	Madden
Beall	Gillette	Mahon
Beckworth	Goff	Maloney
Bell	Goodwin	Mansfield
Bender	Gordon	Mathews
Blackney	Gore	Meade, Ky.
Blatnik	Gorski	Morrow
Bloom	Gossett	Meyer
Boggs, Del.	Graham	Michener
Boggs, La.	Granger	Miller, Calif.
Bolton	Grant, Ind.	Miller, Conn.
Bonner	Gregory	Miller, Md.
Bradley	Hale	Mills
Bramblett	Hall	Mitchell
Brehm	Edwin Arthur	Monroney
Brooks	Hall	Morrison
Brophy	Leonard W.	Morton
Brown, Ga.	Halleck	Muhlenberg
Bryson	Hardy	Multer
Buchanan	Harless, Ariz.	Mundt
Bulwinkle	Harris	Murdoch
Burke	Hart	Murray, Tenn.
Burleson	Harvey	Murray, Wis.
Butler	Havener	Nicholson
Byrne, N. Y.	Hays	Nixon
Byrnes, Wis.	Hébert	Nodar
Camp	Hedrick	Norblad
Canfield	Heffernan	Norton
Carroll	Herter	O'Brien
Carson	Heseltan	Pace
Case, N. J.	Hess	Patman
Celler	Hill	Patterson
Chadwick	Hinshaw	Peden
Chelf	Hobbs	Peterson
Chenoweth	Hoeven	Pfeifer
Clark	Holifield	Philbin
Clason	Holmes	Phillips, Tenn.
Coffin	Hope	Pickett
Cole, Kans.	Horan	Ploeser
Colmer	Huber	Plumley
Combs	Jackson, Wash.	Poage
Cooley	Javits	Potter
Cooper	Jenkins, Ohio	Potts
Corbett	Jennings	Poulson
Cotton	Jensen	Preston
Coudert	Johnson, Calif.	Price, Fla.
Courtney	Johnson, Tex.	Price, Ill.
Cravens	Jones, Ala.	Priest
Crosser	Jones, N. C.	Ramey
Crow	Jones, Wash.	Rayburn
Cunningham	Jonkman	Redden
Dague	Judd	Rees
Davis, Ga.	Karsten, Mo.	Reeves
Davis, Tenn.	Kearney	Riehlman
Davis, Wis.	Kearns	Riley
Dawson, Utah	Keating	Rivers
Deane	Kee	Robertson
Delaney	Keefe	Rockwell
Devitt	Kefauver	Rogers, Fla.
D'Ewart	Kelley	Rogers, Mass.
Dirksen	Kennedy	Rohrbough
Dolliver	Keogh	Ross
Domeneaux	Kerr	Russell
Donohue	Kersten, Wis.	Sabath
Douglas	Killburn	Sadlak
Durham	Kilday	St. George
Eaton	King	Sarbacher
Eberharter	Kirwan	Sasser
Elliot	Klein	Scoblick
Ellsworth	Kunkel	Scott, Hardie
Elsaesser	Lane	Scott,
Elston	Lanham	Hugh D., Jr.
Engel, Mich.	Latham	Seely-Brown
Engle, Calif.	Lea	Sheppard
Evins	LeCompte	Simpson, Ill.
Fallon	LeFevre	Simpson, Pa.
Feighan	Lichtenwalter	Smathers
Fellows		Smith, Maine
		Smith, Va.

Smith, Wis.	Thompson	Wheeler
Snyder	Tibbott	Whitten
Somers	Tollefson	Whittington
Spence	Towle	Wigglesworth
Stanley	Trimble	Williams
Stevenson	Van Zandt	Wilson, Tex.
Stigler	Vinson	Winstead
Stockman	Vorys	Wolcott
Sundstrom	Wadsworth	Wolverton
Taber	Walter	Worley
Talle	Weichel	Zimmerman
Teague	Welch	
Thomas, Tex.	West	

NAYS—75

Allen, Ill.	Gwinn, N. Y.	O'Hara
Andresen,	Gwynne, Iowa	O'Konski
August H.	Hagen	Phillips, Calif.
Arnold	Hand	Powell
Banta	Harness, Ind.	Rankin
Barden	Harrison	Reed, Ill.
Bennett, Mich.	Hoffman	Reed, N. Y.
Bennett, Mo.	Hull	Rich
Bishop	Isacson	Sadowski
Buffett	Jenison	Sanborn
Busbey	Johnson, Ill.	Schwabe, Mo.
Case, S. Dak.	Johnson, Ind.	Schwabe, Okla.
Chapfield	Johnson, Okla.	Scrivner
Church	Knutson	Short
Clevenger	Landis	Smith, Kans.
Clippinger	Larcade	Smith, Ohio
Cole, Mo.	Lemke	Stefan
Crawford	Lewis	Twyman
Curtis	Love	Vail
Dondero	McCowen	Vursell
Dorn	McGregor	Wilson, Ind.
Doughton	Marcantonio	Wood
Ellis	Martin, Iowa	Woodruff
Gillie	Mason	Youngblood
Griffiths	Miller, Nebr.	
Gross	Morris	

ANSWERED "PRESENT"—2

Brown, Ohio	Macy
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NOT VOTING—36

Andrews, Ala.	Hartley	Owens
Bland	Hendricks	Passman
Boykin	Jackson, Calif.	Rains
Buck	Jarman	Regan
Buckley	Jenkins, Pa.	Richards
Cannon	Lesinski	Rizley
Chapman	McMillen, Ill.	Rooney
Cole, N. Y.	Manasco	Shafer
Cox	Meade, Md.	Sikes
Dawson, Ill.	Morgan	Stratton
Dingell	Norrell	Taylor
Grant, Ala.	O'Toole	Thomas, N. J.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Brown of Ohio for, with Mr. Rizley against.

Mr. Bland for, with Mr. Owens against.

Mr. Richards for, with Mr. Shafer against.

General pairs:

Mr. Buck with Mr. Dingell.

Mr. Hartley with Mr. Rooney.

Mr. Jenkins of Pennsylvania with Mr. Andrews of Alabama.

Mr. McMillen of Illinois with Mr. Jarman.

Mr. Jackson of California with Mr. Cox.

Mr. Stratton with Mr. Chapman.

Mr. Taylor with Mr. Grant of Alabama.

Mr. Thomas of New Jersey with Mr. Cannon.

Mr. BROWN of Ohio. Mr. Speaker, on this roll call I am recorded as voting "yea." I have a live pair with my colleague from Oklahoma Mr. RIZLEY, who if present would vote "nay." I therefore withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may

have five legislative days in which to extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

TAX-REDUCTION BILL

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the tax-reduction bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

VETERANS' LEGISLATION

Mr. ANDREWS of New York. Mr. Speaker, I ask unanimous consent that four bills, H. R. 582, H. R. 3137, H. R. 3808 and H. R. 4580, all of which amend the Soldiers' and Sailors' Relief Act, be re-referred from the Committee on the Armed Services to the Committee on Veterans' Affairs.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CONSENT CALENDAR

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the Consent Calendar, which would be in order on Monday, may be called on Tuesday.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SIGNING OF ENROLLED BILLS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Tuesday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. STRATTON (at the request of Mr. ARENDS) was given permission to extend his remarks in the RECORD.

Mr. MAHON. Mr. Speaker, on yesterday I asked unanimous consent that the gentleman from Missouri [Mr. CANNON] be permitted to extend his remarks in the RECORD and include the Story of Missouri. I am informed by the Public Printer that this will exceed two pages of the RECORD

and will cost \$195.25, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE PRESIDENT'S VETO

Mr. CHURCH. Mr. Speaker, President's Truman's veto of the third tax relief bill needed by our people is wholly without justification. He wants to continue reckless Government spending both at home and abroad. He asked the Congress to spend billions in aiding countries who have themselves given their own people a reduction in wartime taxes. By continuing to oppose a reduction in the cost of government and continuing to oppose tax relief for the American people, he is following a policy which would ultimately stagnate our whole economy and bankrupt the Nation. A strong economy is an essential factor for a proper national defense. He apparently is more interested in the people of Europe than in the American people themselves.

PERMISSION TO ADDRESS THE HOUSE

Mr. RIVERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

OLEOMARGARINE

Mr. RIVERS. Mr. Speaker, I have been longing for this opportunity. This is just to tell the House how much I appreciate the efforts of all the Members who worked so hard to get enough signatures to Discharge Petition No. 12 to have it placed on the calendar, with the hope that the Committee on Rules may have the opportunity to consider the bill H. R. 2245 before the 26th of this month. There are now 218 signatures on the petition. I am pleased to make this information known to the House, and to tell you that the people for whom you worked, the American housewives, through me say that they appreciate your efforts very much.

Mr. COOLEY. If the gentleman will yield, what bill is the gentleman talking about?

Mr. RIVERS. I am talking about the Rivers bill to take the tax off oleomargarine. I think everybody in the United States will be happy if that is done.

EXTENSION OF REMARKS

Mr. KEARNS asked and was given permission to extend his remarks in the RECORD.

Mr. WOLVERTON asked and was given permission to extend his remarks in the RECORD in two instances and include news articles in each.

Mr. TWYMAN asked and was given permission to extend his remarks in the RECORD and include extraneous material.

Mr. MUNDT asked and was given permission to revise and extend the remarks he made earlier today on the subject of the European recovery program.

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD in two instances, and include in one a report he made to the gentleman from Minnesota, Representative AUGUST H. ANDRESEN, on the potato situation in Chicago and in the other a letter addressed to General Marshall by the combined Americanization committee of the VFW, American Legion, and Catholic War Veterans of greater New York.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD in three instances, and to include in one a bill she has introduced, in another an editorial regarding the ERP bill appearing in the Washington Post this morning, and in the third several newspaper articles.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD in two instances and include bills he has introduced and an article written by him.

PERMISSION TO ADDRESS THE HOUSE

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

A JOB FOR EISENHOWER

Mr. CASE of South Dakota. Mr. Speaker, there is a job for Eisenhower. It is not a political job. It is one to which he would respond.

The job is to head a mission which should, in a neutral place, meet a mission from Moscow and seek a basis upon which both Russia and the United States can stop the moves and countermoves which are driving the world toward a terrible abyss.

Dwight Eisenhower would accept a call for such a job. And in it, he would have the confidence of Americans; he would have the respect of the Russians.

It is late, Mr. Speaker. Face-making, name-calling, intrigue, suspicion, and distrust have produced a situation which can have only one end—a war of a kind the world has never before seen. Tension grows. Today Berlin. Tomorrow Vienna. Then Trieste, Greece, Palestine, Korea, China. A war-tired world should not be asked again to endure what war would bring.

The stakes are high. They are not merely peace or war. They are society itself. They are civilization. They are all that mankind has struggled for through thousands of years. An effort

should be made to resolve the issues without a war which of itself would destroy much of that for which we would fight and leave us with even more difficult problems.

Dwight Eisenhower would not need be drafted for this job. In it, he would see the opportunity to serve those who were once his comrades and are now gone as well as those who live and hope to live in a world without war.

Mr. Speaker, I propose that the United States seek a solution to the menacing situation before the world, and call upon Eisenhower to head our delegation to the meeting.

PERMISSION TO ADDRESS THE HOUSE

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ARMY RESERVE PROGRAM

Mr. BYRNES of Wisconsin. Mr. Speaker, the principle underlying our Military Establishment is comparatively small Regular armed forces supported by a well-trained citizenry reserve. This principle was enunciated by Washington and has been reaffirmed by every responsible military leader since, including Eisenhower and Marshall.

Today we are deeply concerned with the effectiveness of our Military Establishment. We are concerned with the condition of our Regular force and we are concerned with the condition of our Reserves.

We have been asked to pass selective-service laws to bring our Regular Establishment up to strength. We have been asked for the passage of universal military training to provide a steady flow of trained men into our Reserve units.

I am a supporter of the principle of universal military training. I believe well-trained, well-equipped Reserve units are vital to our national security. I believe universal military training is necessary to provide a steady influx of trained men into these units.

But we cannot support UMT blindly. We recognize that it will not provide defense in and of itself but only as it contributes to the strength of the civilian components which it supplies. It would be useless to pass this legislation unless we are assured that our Reserve program is a sound, well-managed, and a cohesive part of an intelligent whole.

That is not the case today.

A preliminary investigation on my part convinces me that our Army Reserve program, for instance, is floundering.

Commanders at the troop level in my district tell me that they are receiving little cooperation from the Army in the organization and training of their units, that the units are receiving little or no equipment with which to train and that there seems to be a general lack of intelligent planning in the whole program.

These charges are verified by the results of a recent Nation-wide survey of

Reserve Officers Association department presidents by the gentleman from Texas [Mr. TEAGUE].

Only recently, it was necessary for the executive director of the ROA to beg the Committee on Civilian Components set up by the Secretary of Defense for the institution of a sound program. He implored that "what we now have in the way of reserve officers and men be speedily formed into a strong defense force."

In other words, Mr. Speaker, if these conditions exist, the more than one million men now in our Army and Air Force Reserve units are not being properly trained or used. If they exist, there has been an almost criminal neglect somewhere in our military establishment. If they exist, I warn our Secretary of Defense that his pleas for more men to confuse further a confused program will require considerable clarification before they are accepted by this Congress.

I regret that it is necessary for me, as one who believes in the absolute necessity of universal military training, to object to the enactment of this legislation until we have developed an intelligent, cohesive and workable program that will effectively utilize the men supplied to it. The burden of proof that we have such a program lies, I believe, with the responsible departmental heads.

I include as part of my remarks a letter which I have sent to the Secretary of the Army:

APRIL 1, 1948.

HON. KENNETH C. ROYALL,
Secretary of the Army,
Washington, D. C.

DEAR MR. SECRETARY: I have been greatly disturbed by reports from Army Reserve unit commanders in Wisconsin.

It is charged that the Reserve officers are receiving little cooperation from the Army in the organization and training of their units, that the units are receiving little or no equipment with which to train, and that there seems to be a lack of intelligent planning in the whole program.

This feeling seems to be general, according to a survey recently conducted by Representative OLIN B. TEAGUE, of Texas. He found that 91 percent of the department presidents of the Reserve Officers Association "claimed that the difficulty with the Organized Reserve Corps of the Army and air services involved either a poorly conceived and executed Reserve program, insufficient Reserve units, both as to number and as to type, lack of proper facilities, or inadequate training equipment."

I believe strongly in well-trained, well-equipped Reserve units. I believe they are absolutely vital to our national security. I have predicated my support of universal military training on the fact that such a program is absolutely necessary in order to provide a steady flow of men into our civilian components. This view is held by others, including the Secretary of Defense, who testified only a few days ago that UMT was needed as part of a "long-term" program, and that it was principally necessary because it will "provide annually for the civilian components of the Regular forces some 850,000 men who will have had basic training."

I am still convinced that UMT is necessary to provide a flow of men into the civilian components of the armed forces. I strongly question, however, the advisability or the logic of channeling more men into a program which suffers from mismanagement, poor planning, lack of equipment,

and only by preserving and spreading the dignity of man—the rights of freedom—can we pay that debt.

You can answer this message, Mr. Vishinsky, in this same newspaper. You have unlimited funds at your command. Why, you are the agent of the greatest capitalistic power on earth. I am just an American citizen, one of the millions you have referred to as capitalists.

We in America believe in the spiritual as well as the material side of life. They must go hand-in-hand. No country—no government—can abolish nature—the hand-maiden of God. Nor can they control the flood—and ebb tides—the changes of seasons—nor did any country or government place in the earth—minerals—oils—fish in the waters—fowl in the air. No scientist can make the seed which creates the harvest to feed the people. Only God can do that. Nature insists that man be free in order that he may reach his highest possible position and be of service to his fellowman—not to any state.

When you return to your country, Mr. Vishinsky, why don't you tell your people about our way of life in America? When peace shall once more be acclaimed, the work of the world will have begun.

Foreign Assistance Act of 1948

SPEECH
OF

HON. T. MILLET HAND

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 31, 1948

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. HAND. Mr. Chairman, I suppose it must be recognized that this is no longer the Marshall plan, but the Marshall plan with a lot of other things added; and it must further be said that this debate has degenerated into a comedy.

We have just commenced to consider title 3 of this bill. This title not only involves \$275,000,000 more for Greece, but likewise involves the broad and dangerous implications of the Truman doctrine. It is not believable that our discussion of this vitally important question is limited to 10 minutes debate. That is not debate at all; that is a high-handed suppression of the opposition.

The bill about to be passed by the House is not the Marshall plan. This statement may seem startling but it is clearly true.

Attached to the bill by the Foreign Affairs Committee, and incorporated with the bill during the debate in the House, are features not envisioned by General Marshall in his Harvard speech last June.

For example, it is well known that Marshall has been wholly out of sympathy with military aid to China. You will remember his mission to China in which he attempted to get the National Government and the Communists to-

gether. His mission utterly failed, and he returned to the United States with some bitter statements concerning the corruption and inefficiency of the Chiang kai-Shek regime, and thereafter fought until quite recently against any attempt at Chinese aid. I do not believe the Secretary yet favors aid to China. He thinks that the field of our efforts should be confined to Europe; and there are many others who believe that while aid to China might be desirable, that \$500,000,000 in an attempt to bolster up a nation of 450,000,000 people is the proverbial drop in a bucket, and can be no more than a first installment in a program which will make continuing and vast demands.

Secondly, the bill contains an additional appropriation of \$275,000,000 for military aid to Greece—military aid, not economic assistance. This, of course, was never contemplated in the Marshall plan, and was not in the bill that passed the Senate.

Military aid to Greece is an implementation of the Truman doctrine—that broad conception which assumes it to be the duty of the United States to aid any government in the world whose regime is thought to be presently friendly to us, and which is being harassed by internal or external threats.

Under this doctrine, as I pointed out in the House some time ago, it must be the program of the United States to lend both economic and military assistance to every trouble spot in the world, and that, unfortunately includes most of the world at present. It is Greece and Turkey now—and China which is a half-world in itself—and it will be the Middle East, Iran, Irak, India, and many others.

I am unalterably opposed to the Truman doctrine, which in its essence requires the United States—and who knows at what cost in blood and treasure—to become a sort of modern Roman empire insisting that our way of life and our form of government be conformed to throughout the world.

In just the one small spot to which this doctrine has been applied so far—Greece—\$300,000,000 was appropriated last year on the assumption that that would do the job. Seven hundred million was spent before that. Greece is worse off than ever; the guerrilla bands harassing it have increased rather than decreased, and despite our lavish expenditure and assistance, 20,000 irregular troops are running circles around the Greek Army of 150,000 men armed with our equipment. The billion did not do the job, so this bill provides two hundred and seventy-five million more, and it will be an annual and useless expense as long as we can foresee. This Greek plan is truly "operation rat hole." It is not a part of the Marshall plan and was included in the bill only to be sure of its passage.

If all of this was not bad enough, the House on Tuesday included Spain, a Fascist country, whose dictator attained control through brutality and bloodshed, and whose regime is so completely hateful that it has not been invited to participate in the program by other European nations. When this was done, I offered an amendment to confine the

plan to the 16 participating countries of Europe. The amendment was defeated, which means that not only will Spain remain in, but there is nothing in the bill to prevent the future participation of Russia or of any of her satellite nations.

The inclusion of Spain was the last straw. Have we so soon forgotten the war in which we fought the very fascism in Germany, Italy, and Japan that now exists in Spain? I hate fascism as I hate communism. Both are equally totalitarian and equally undemocratic, and yet the bill leaves the door wide open for assistance both to Fascists and Communists.

This is not the Marshall plan. This is a foreign policy so confused and so vacillating that I cannot subscribe to it.

Universal Military Training Is Needed for National Security

EXTENSION OF REMARKS
OF

HON. JOSEPH R. BRYSON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. BRYSON. Mr. Speaker, surely with the rapid change in world affairs, we must be conscious of our great danger. In spite of the fact that within the span of a few years our military forces have twice won great victories, we have not yet won the peace.

The people for whom I speak are keenly alert about world conditions. I believe the folks back home are ahead of the administration and the Congress in their consciousness that added military strength must be provided without further delay.

This morning I received the enclosed telegram from William P. Lanford, commander of the T. H. Mason Post, No. 6385, Veterans of Foreign Wars, to which I have replied as per the attached copy.

We have just completed the bill providing for funds to be used in the European recovery program. It is all the more essential now that Congress pass measures for the strengthening of our armed forces. I urge our leadership to present bills providing for the revival of selective service to take care of our immediate needs, to be followed by the establishment of universal military training. If we are to preserve our free way of living, these measures are essential until the communistically dominated countries come to their senses.

WOODRUFF, S. C., April 1, 1948.

HON. JOSEPH R. BRYSON,
Democrat, South Carolina,
House of Representatives,
Washington, D. C.:

By unanimous vote, we urgently request immediate restoration of selective service to meet the present needs of our Armed Forces and passage of universal military training for our future needs. We as urgently request measures be taken to destroy communism in any form existing in these United States, its possessions or territories. We have each borne arms on foreign shores and many of us bear scars attesting this fact.

We stand ready to do this again to preserve our American way of life. May we unite with you in saying, "They shall not have died in vain."

WILLIAM P. LANFORD,
Commander, T. H. Mason Post, No.
6385, Veterans of Foreign Wars,
Woodruff, S. C.

WASHINGTON, D. C., April 2, 1948.

WILLIAM P. LANFORD,
Commander T. H. Mason Post, No.
6385, Veterans of Foreign Wars,
Woodruff, S. C.:

Retel: Greatly appreciate strong and courageous attitude of Veterans of Foreign Wars Post No. 6385 Woodruff. Fully concur in views expressed. Have, and shall continue to urge immediate compliance with your program for national security.

JOSEPH R. BRAYSON,
Member of Congress.

Palestine Christians Oppose Partition

EXTENSION OF REMARKS

OF

HON. LAWRENCE H. SMITH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 29, 1948

Mr. SMITH of Wisconsin. Mr. Speaker, Palestine partition still calls for attention by the United Nations and the United States. Eleven Christian groups in Palestine are opposed to partition. Under leave to extend my remarks, I am including a news item which bears a Jerusalem date line:

PALESTINE CHRISTIANS OPPOSE PARTITION—APPEAL TO ALL WORLD RELIGIOUS AND POLITICAL GROUPS TO MAINTAIN THE RIGHT TO SELF-DETERMINATION OF PALESTINE AS ENVISAGED IN THE CHARTER OF THE LEAGUE OF NATIONS—ELEVEN CHRISTIAN GROUPS IN ZION HIT PARTITION

JERUSALEM, March 3.—Leaders of 11 Christian communities in Palestine urged today that the partition plan be shelved in the interest of peace.

The statement was issued at a news conference in the Old City at the Coptic chambers adjoining the Holy Sepulcher.

It was signed by the Orthodox (Greek) patriarchate, the Latin patriarchate, the Armenian patriarchate, the Custodia de Terra Santa, the Vicar of the Melkite patriarchate, the Arab Evangelical Episcopal community, the Coptic patriarchate, the Vicar of the Armenian Catholic patriarchate, the Metropolitan of the Syrian Orthodox community, the Vicar of the Syrian Catholic patriarchate and the Arab Lutheran community in Palestine.

The statement was addressed to all world religious and political bodies.

It expressed "deep sorrow and strong indignation at the lamentable situation in which the Holy Land, the cradle of peace, has been placed as a direct result of the erroneous policy which has been imposed on the country and which has culminated in the partition plan."

"It is our firm conviction," the statement said, "that peace will not be restored, nor would any endeavors made for the promotion of the peace of Jerusalem be crowned with success, unless those bodies who undertake the determination of the future of Palestine remove the causes which have made a battle of the Holy Land, reestablish the principles of justice, and maintain the right of self-determination as envisaged in the Charter of the United Nations.

"The Christian Union (the church communities signing the statement) wishes to declare in unequivocal terms that they denounce the partition plan, being of strong conviction that this plan involves a violation of the sacredness of the Holy Land, which by its nature and history is indivisible, and represents an encroachment on the natural rights of the Arabs, the people of the country."

(Ballots not bullets for the Holy Land.)

Radio Address of Dr. Abba Hillel Silver

EXTENSION OF REMARKS

OF

HON. ROBERT J. TWYMAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. TWYMAN. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address of Dr. Abba Hillel Silver, chairman of the American section of the Jewish Agency for Palestine:

[From the New York Times of April 1, 1948]

Dr. Abba Hillel Silver, chairman of the American section of the Jewish Agency for Palestine, declared yesterday that the latest United States proposals for a truce in the Holy Land and further consideration by the United Nations of the future government there are wholly unsatisfactory and futile.

What is needed, he said, is adherence to the partition plan sanctioned by the General Assembly of the United Nations last November, and the organization and equipment of a Jewish militia to support the provisional government schedule to be set up in Palestine not later than May 16. To this end he urged the removal of all embargoes in the shipment of arms to the Jewish people of Palestine.

The statement was delivered over a network of the Columbia Broadcasting System, which announced that Ambassador Warren R. Austin, representing the United States in the United Nations discussions, has been invited to reply on April 7.

TEXT OF STATEMENT

"Last November the United Nations Assembly, under the leadership of our Government, overwhelmingly approved the recommendations of its special committee to solve the Palestine problem by the setting up of two independent states in Palestine, one Arab and one Jewish, within an economic union, and the internationalizing of the Jerusalem area.

"This action came in reply to a request which was made in April of last year by Great Britain, the mandatory for Palestine, asking for a Special Assembly of the United Nations to make recommendations for the future government of Palestine.

"The recommendations made by the United Nations in November 1947, were accepted by Great Britain, which later announced its intention to relinquish the mandate on May 15 next, and to complete the withdrawal of its troops from Palestine by August 1.

"In the meantime the United Nations appointed a commission to implement the plan. This commission has already done an enormous amount of work in connection with the execution of the plan. A committee of experts is already at work in Jerusalem. Were it not for the refusal of the mandatory government to permit it to come any earlier than May 1, the commission would now be in Palestine completing the arrangements for taking over all governmental and administrative functions.

"April 1 was the last day set for the announcement by the commission of the provisional councils of government for the new states. The Jewish community of Palestine has already informed the commission of its suggestions for the composition of the provisional council of government for the Jewish state.

"It was on the eve of the consummation of this plan that the United States Government, on March 19, requested that the Palestine Commission should suspend its work and that a special Assembly of the United Nations be called to establish a temporary trusteeship for Palestine pending an eventual political settlement. The explanation given for this sudden reversal is that the plan cannot now be implemented by peaceful means and that a further opportunity should be given the interested parties to reach an agreement regarding the future government of Palestine.

"It was, of course, never anticipated that the partition plan or, for that matter, any plan for the settlement of the Palestine problem, could be carried out entirely by peaceful means, and that no force whatsoever would be required to back up a settlement. In fact, it was the United States delegation itself, last November, which first spoke of the need for an international constabulary made up of volunteers to enforce a United Nations decision.

"Throughout the long discussions which preceded the vote at the Assembly, the representatives of the Arab states and of the Arabs of Palestine made it unmistakably clear that they intended to resist by force any decision of which they did not approve. It was in the full knowledge of this resolve of the Arabs to resort to violence that the Assembly of the United Nations, inclusive of our own Government, nevertheless took the step which it did."

MILITIAS PROVIDED FOR

"State militias were provided for in the plan to preserve law and order, and the Security Council, it was understood, would step in if a breach of peace developed, exercising all the power assigned to it under the Charter.

"Equally misleading is the other reason given for suspending work on the partition plan and the calling of a special Assembly, namely, to afford another opportunity to Jews and Arabs to reach an agreement regarding the future government of Palestine. In this connection it would be well to recall what the representative of the United States, Ambassador Herschel Johnson, said last November when this subject was being discussed in the Assembly:

"Much has been said during the course of these debates on the desirability and necessity of presenting to the General Assembly a plan which would command the agreement of both the principal protagonists in this situation. I think there is no delegation here which does not know that no plan has ever been presented either to the Assembly or to the mandatory government during its long years of tenure or in any other place which would meet with the acceptance of both the Arabs and the Jews. No such plan has ever been presented and I do not believe that any such plan will ever be presented."

"At the General Assembly last November, the British representative, Sir Alexander Cadogan, stated: 'After years of strenuous but unavailing effort, His Majesty's Government have reached the conclusion that they are not able to bring about a settlement in Palestine based upon the consent of both Arabs and Jews, and that the mandate is no longer workable.'

"As far back as 10 years ago the Royal Commission on Palestine, which made a thorough study of the situation and recommended partition as the only practical solution, declared:

President Truman himself threw overboard) the industry will have long since stagnated. Its revival and the reintegration of its skilled craftsmen into a new working force will be excessively difficult.

At some other periods of shipbuilding decline, the Navy has come to the rescue with building programs. This is not the case today. According to the shipbuilders' president, only one contract for a naval vessel has been placed since the war, and that was for one experimental submarine.

"The present naval program," he says, "offers little hope of activity in shipyards in the next 12 months." On March 1 there were 13 naval vessels, of 135,000 displacement tons, under construction in the Nation's private and Navy yards. Many of them are near completion.

This country needs many new, modern passenger and passenger-cargo ships for its merchant marine. There is no need to go over the figures again. They were presented to the House committee at a hearing 2 weeks ago by Camden union spokesmen, Congressman WOLVERTON, Mayor Brunner, and others, together with the stark and dismal facts on unemployment in the yards.

This country must have a merchant marine commensurate with its rank. It must have a shipbuilding industry capable of quick expansion for emergency purposes.

It can have these necessities if Congress will pick up the ball that President Truman has fumbled and adopt at least the minimum building program his advisory committee recommended.

Vets Demand State Department Investigation

EXTENSION OF REMARKS OF

HON. FRED E. BUSBEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. BUSBEY. Mr. Speaker, a copy of the letter which was directed to Gen. George C. Marshall, Secretary of State, on March 30, 1946, by the combined Americanization committee of the Veterans of Foreign Wars, American Legion, and Catholic War Veterans, of Great Neck, N. Y., was sent to me. Under leave to extend my remarks, I include this letter in the RECORD:

[Combined Americanization committee of the Veterans of Foreign Wars, American Legion, and Catholic War Veterans—Walter H. Nowill Post, No. 372, Veterans of Foreign Wars; Charles A. Fowler Post, No. 160., Inc., American Legion; the Great Neck Memorial Post, No. 818, Catholic War Veterans]

GREAT NECK, N. Y., March 30, 1948.

Hon. GEORGE C. MARSHALL,

Secretary of State, Washington D. C.

DEAR SECRETARY MARSHALL: The Appendix to the CONGRESSIONAL RECORD for March 25, 1948, contains an article by Congressman FRED E. BUSBEY, of Illinois, entitled "What's Wrong With the State Department?" which article makes serious charges against your department of the Government. The Congressman contends that the Office of Controls is responsible for the major errors in organization and administration and for the alleged presence of subversive personnel in the State Department and he advances the following facts to support his belief that Director Hamilton Robinson has conclusively

demonstrated his incompetence to hold office under your command.

1. Mr. Robinson gave conflicting testimony regarding his association with his cousin, Mr. Robert T. Miller III, who was permitted to resign from the State Department after evidence was presented indicating that he was a Communist and probably a Soviet agent. Miller was originally placed in a position in the organization where he had access to secret files of Mrs. Rowena Barlow Rommel, said to be one of the cleverest, most sinister figures still employed by your Department. Despite evidence indicating that this woman was the primary cause of the alleged over-expansion and disorganized condition of the Department and that she was responsible for loading several branches of the United Nations Organization with leftists, Mr. Robinson is said to show no interest in dismissing her.

2. Mr. Robinson failed to dismiss two suspected employees even though their extensive records of subversive activities showed them to be definite security risks. He is said to be unable to distinguish between loyalty cases and security cases.

3. Employees under Mr. Robinson's control have obstructed for more than 2 years the efforts of Army and Navy authorities to obtain efficient utilization of the services of German and Austrian scientists on vital security projects and these same obstructionists have demanded precise details of the type of projects upon which the scientists are to be employed.

Many criticisms of the State Department have appeared in the press during the past few years but nothing so apparently well documented as Congressman BUSBEY's article has come to the attention of this committee. If his charges are true it would appear that an extensive house cleaning is definitely in order.

The efforts of the local veteran groups to limit subversive activities and to promote Americanism in our community will be of little value in the broad picture if the foreign policy making department of our Nation remains blind to the presence of the sinister agents of Soviet Russia in positions of influence.

We strongly urge that investigation of Congressman BUSBEY's charges be given high priority in your immediate program. We shall appreciate a copy of the report of investigation.

Sincerely yours,

CHARLES C. GREENE, Secretary.

Hall Voting Record Shows Him One of Most Loyal of GOP

EXTENSION OF REMARKS OF

HON. EDWIN ARTHUR HALL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. EDWIN ARTHUR HALL. Mr. Speaker, for the benefit of the boys who are always trying to put a fellow in the middle by little under-cover, off-color jabs and wisecracks, as well as for the RECORD, I insert the following newspaper article appearing in the Binghamton Sun, dated March 29, 1948:

HALL VOTING RECORD SHOWS HIM ONE OF MOST LOYAL OF GOP

WASHINGTON, March 29.—Representative EDWIN ARTHUR HALL, of Binghamton, is one of the most loyal of Republicans, his record in

the Seventy-ninth and Eightieth Congresses reveals. HALL in this session has voted only once against GOP policies, but when the Democrats were in control he voted 19 times against the majority.

In the last and current Congresses, HALL has voted 228 times in person; was paired on votes with other Congressmen 69 times, and missed roll calls 15 times. His attendance record and his party loyalty are quite high in comparison with the records of many other Republican Members from the State, the Sun survey shows.

Depleting America's Resources

EXTENSION OF REMARKS OF

HON. WILLIAM LEMKE

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1948

Mr. LEMKE. Mr. Speaker, we have a grave decision to make—a decision whether we are going to continue the America we know, or substitute an America we know little about—the America of the internationalists and the one-worlders.

The question is: Shall we blindly follow these, and give America away? The question is: Shall we blindly follow and accept the deductions of our President? Yes, shall we follow the advice and suggestions of General Marshall, the Secretary of State, who, to this day, does not know where he was on the night of December 7, 1941? I doubt that he now knows where he is, or where he is going.

General Marshall, together with Morgenthau and FDR, created the mess in which we find ourselves. He, as Chief of Staff, together with Morgenthau and FDR, halted General Patton for weeks so that Russia could invade Germany, and take Berlin. We are now paying for that mistake. General Patton blamed General Eisenhower for this blunder. General Eisenhower, however, was simply carrying out the policies laid down by General Marshall, Morgenthau, and FDR.

The question is, Shall we blindly follow the multimillionaires in the executive departments that would give away America—who would deplete it of the raw materials that belong to unborn generations? We have already depleted our natural resources from over 11 percent to less than 9 percent of the world's supply.

I submit that we have no moral, legal, or constitutional right to do so. This Nation, born amidst the sufferings of Valley Forge, is not ours to betray or destroy. It belongs to unborn millions as much as it belongs to us. It is the property of future, as well as of living, Americans.

The step that we are now asked to take is a betrayal. It leads to inevitable depletion and destruction. Lincoln was right when he said that this Nation would never be destroyed unless we ourselves were its destroyers. We are now asked to accept, without question, the false propaganda of international prof-

iteers and multimillionaires that infest the various departments of our Government. Take the profits out of the Marshall plan, and there would be no Marshall plan.

These profiteers are interested in advancing their financial gains, by selling products to foreign nations that rightfully belong to Americans. They are interested in having these nations pay for these goods with our American dollars—gifts—the Marshall plan. This at the American taxpayers' expense. They would deplete this Nation of all its raw materials to further enrich themselves.

The trouble with this Government, since the days of President Harding, has been that the President has had too many multi-millionaires in his Cabinet. We have gone from the Mellons to the Sumner Welles to the silver-topped Stettiniuses, the Lovetts, the Claytons, the Grews, the Harrimans, the Rockefellerers and scores of other international bankers and international businessmen—all products of, or alined with, Wall Street.

Unfortunately the President, in his message, still insists on carrying out the policies of the former President—the policies of Morgenthau, Wallace, and company. He too believes that we can buy international friendship. He too would give to beggar nations that which belongs to the American people.

He forgets that American resources have already been largely depleted. He, and his amateur statesmen in the executive departments, apparently believe that we, a little over 6 percent of the world's population—occupying less than 7 percent of the world's area—can permanently feed and house the other two billion.

In the same breath, the President asks a reduction in the cost of living. He believes this can be done by regimentation—dictatorship. He is mistaken. Congress cannot, by passing any law, increase the food supply. It cannot replace depletion. We cannot stop it by meddling in other nations' civil affairs. Neither can we stop it by creating a dictatorship at home.

The President ought to realize that we cannot give away the food and products that America needs—creating scarcity—and at the same time, reduce the cost of living. He should know that you cannot give away your cake and eat it too—that you cannot give away your meat to foreigners, and have it for your family at the same time. He ought to know that you cannot give away America's shirt, and still have and wear it.

The President ought to know that we have had enough of bureaucracy and regimentation. We have had enough of Luckmann, the \$24,000,000 cartels international soap bubble. Our Government, in its melodramatic role, has in recent years propagandized the American people—gave them false alarms. Soap-bubbler Luckmann gave them meatless Tuesdays and eggless and poultryless Thursdays. Laughable, if it were not so tragic.

This soap bubbler told the farmers that they should sell all their grain to be shipped abroad. He can be excused

for not knowing that the farmer needs some grain for seed and feed. Then, he insisted that the farmers cut down their poultry flocks, and reduce their hog and cattle production. This when there is already a shortage of meat. It never occurred to him that if his advice were followed, then there would be millions hungry in America—there would be meatless and mealless weeks, not days.

The President should know that high taxes, foreign gifts and loans, and the Government's attempt to bribe good neighbors are solely responsible for the high cost of living. The Federal Government now takes 57 cents, on an average, out of every dollar earned. That means a direct increase in the cost of living of 57 percent. Then, after the 57 cents has been taken out of your earnings—your wages—and you wish to buy groceries or a suit of clothes, the person selling it, will have to add his 57 percent to break even. There alone is an increase to the consumer in the cost of living of 114 percent due to Federal taxes.

There are already 73 hidden taxes on a single hot-dog sandwich, 126 on shoes, 154 on a bar of soap, 148 on a pair of overalls, 125 on a cotton dress, 172 on a bottle of milk of magnesia, 378 on other medicines, 205 on gasoline, 195 on farm dresses, and last, but not least, 52 on a loaf of bread. We have had enough of taxes.

Then, since the war, we have made loans and gifts to foreign nations amounting to \$27,000,000,000. These nations buy in competition with the consumer, and with your money, drive the price up.

In addition your Government also enters into competition with the consumer. Using your money, it pays \$3 for a bushel of wheat and gives it to foreign governments, who sell it for \$4 to \$5 a bushel to those who have the money to buy, while the poor people remain hungry.

The Marshall plan will produce only hatred and war. It is as stupid as it is dangerous. It will create an additional indebtedness of \$20,000,000,000 to \$30,000,000,000. If adopted, it will have created an international WPA that will be hard to abolish.

Under the existing rate of taxes, it will take 86 years to pay our present indebtedness. This \$20,000,000,000 will have to be borrowed, and payment postponed for 86 years. With simple interest at 2½ percent, it will, at that time, amount to \$86,000,000,000. With compound interest, it will be \$160,000,000,000. The time has come that we talk plainly, and call a halt to the further looting of America under the Marshall or any other plan.

The time has arrived for clear thinking. The Nation cannot continue to go deeper into debt. Every man, woman, and child now owes the Government \$4,756 for debts and future obligations. It is true that you have not given a note and mortgage on your home, but there is a blanket mortgage—a tax lien—on you, your children, and your home. Over one-half of all you eat, drink, or use goes for the payment of this tax.

How are we going to reduce taxes and balance the budget, when the Executive

keeps plunging the Nation deeper into debt by making foreign gifts? How can we balance the budget if we are going to arm half the world against the other half? How long will we be a first-class nation if we continue to deplete our raw materials?

We are willing to feed the deserving people of Europe for another winter, because we know we are not blameless for their condition. However, we object to starving our own in order to feed the indolent in Europe, who are unwilling to help themselves.

The policy of our Government of "foreigners preferred, Americans forgotten" must stop. There are many critical materials that we will never again produce in sufficient quantities for our own use. There is still a severe shortage of trucks, tractors, combines, automobiles, and other products. Yet we find hundreds and thousands have gone to foreign nations. Many of these were shipped to aggressor nations. While we are threatened with an oil famine, we shipped millions of barrels abroad, including Russia, its satellites and other aggressors.

Our visibility is low—the international weather is disagreeable. Our Uncle Sam's vision is very poor. Our Presidents and leaders were outgeneraled at Tehran, Yalta, and Potsdam. In place of looking for more entanglements, the time has come for Congress to repudiate Yalta, Tehran, Potsdam, and all the other commitments that are not in keeping with decency and honesty among the nations.

In his armament race, in his power politics, the President is following the unfortunate footsteps of the former President. He is entering an undeclared war. All this could have been avoided if, at Potsdam, he had repudiated Yalta and taken a firm stand by telling Stalin to get back into his own country where he belongs and stay there.

China

EXTENSION OF REMARKS OF

HON. HELEN GAHAGAN DOUGLAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 23, 1948

Mrs. DOUGLAS. Mr. Speaker, you cannot stop an idea with bullets. The way to combat communism is to support democracy. The rural-aid program in the China-aid bill aims to do just that. There was much in the China-aid bill of which I disapproved, but I heartily support the movement for appropriations to further the mass education and social reconstruction program for China started by Dr. James Yen.

Following are two editorials from the New York Herald Tribune on the subject, dated March 21 and March 26, 1948, respectively:

[From the New York Herald Tribune of March 21, 1948]

GOOD NEWS ON CHINA

The House Foreign Affairs Committee deserves praise for the excellent judgment it

9. My dependents are entitled to draw unpaid compensation.

10. My dependents should apply to the nearest office of the Social Security Board for survivors' insurances. Veteran organizations will assist.

Or if veteran is Government employee, my dependents cannot draw social-security survivors' insurance, but they are eligible to draw my retirement money. They are also entitled to money for my unused and accumulated annual leave. Take this up with my department chief.

Or if veteran is State employee:

11. I carry policy No. _____ Government life insurance, amount \$_____.

I carry policy No. _____ life insurance, amount \$_____, with the _____ Life Insurance Co.

Veteran organization will assist in applying for this.

12. I have applied for \$_____, or I have received State bonus.

13. I have applied for \$_____, or I have received terminal-leave pay.

14. I desire my dependents to apply for widows pension (or widows and children's pension) on form 534 of the Veterans' Administration. This should be prepared with the help of a service officer of a veteran organization or should be checked by him before being submitted to the Veterans' Administration.

15. My checking and savings accounts are at banks as follows:

They are in my name or they are joint accounts in the name of my wife and myself.

(Copy of death certificate may not be necessary; but, postal savings accounts are not joint accounts, and photostatic or certified copy of death certificate is essential.)

16. I desire _____ and _____ dependents who are employable to see Mr. _____, veteran employment representative at _____ office of the State employment service, who will assist.

17. If cemetery rules permit, a Government headstone can be obtained with name, rank, regiment, division, and date of death. I advise that if this is desired, you apply through the Graves Registration Office, State of Illinois, Springfield, Ill. They will then requisition from the Government, but the State will pay delivery costs, and costs of preparation for installation.

18. (Signature) _____

European Recovery Program

EXTENSION OF REMARKS

OF

HON. CARROLL D. KEARNS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. KEARNS. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to make the following statement:

It was generally known among many of my colleagues here in the House and also to many of my constituents that in principle I opposed the original Marshall plan.

I continued my opposition to the ERP consistently up to the last day of debate on the floor. I want to inform you at this writing that this bill is definitely not the original Marshall plan—that the bill should be known as a coalition bill

agreed to by Mr. VANDENBERG, President pro tempore of the Senate, and the State Department.

I do not like the legislation. I think the bill is poorly written—I have no assurance that the President will appoint an Administrator who will even carry out the provisions of the bill.

Before the vote was taken, I forced myself to make this decision—that I would vote for the bill for this reason and this reason alone—that the money will be well spent if it will encourage and obligate the countries of western Europe who have united to fight communism and will hold their ground. Further, if the money allocated to Italy will stave off communism in that country—which will be proven unquestionably on April 18 on which day the election is held—the decision will be worth while.

I want it thoroughly understood that I consider my vote purely a gamble but if this money will save us from world war III and assure us that American soldiers will not be called upon to spill their blood in Europe, we can indeed be very thankful for our decision.

I will support immediately legislation to appropriate billions of dollars for national defense so that in the event the European recovery program fails we will be in position to defend America adequately.

There is no question that ERP is the last stand for peace. Let us all hope and pray that this European recovery program does bring peace to the world.

ERP May Lead Toward Peace

EXTENSION OF REMARKS

OF

HON. DAYTON E. PHILLIPS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. PHILLIPS of Tennessee. Mr. Speaker, I am voting for the European recovery program with the hope that it will in some way help to save the world from communism and chaos.

I do not believe that it is the duty of America to continue a never-ending flow of money and material to Europe or any other part of the world. As I have stated many times in the past, it is my belief that we should not ship essential and needed farm machinery from this country to the detriment of our farmers in this country. I do not believe that we should continue to drain our resources and critical material. Above all we should make sure that critical and strategic war material is not shipped to Russia, nor should material we ship be permitted to get into the hands of war-minded satellites of Russia. Japan received much material before World War II, which was used against our boys. We should never again permit a situation to occur which may result in the very material our country ships abroad being used against our own people.

In view of the critical world situation today we are faced with a difficult prob-

lem. The recent developments in Europe are convincing proof that America can no longer stand idly by, but must take note of the swift and changing events in Europe. We should have the finest Air Force in all the world, with air bases in Canada, Alaska, Iceland, and China, as some of the principal points from which we may be in a position to defend ourselves in case of actual attack. I cannot help but believe that dry powder, atomic energy, and air power are essential in this day and time.

The dark shadow of communism, hunger, and fear hangs over western Europe as a constant reminder of the malignant growth of the Red menace. The march of communism may extend the iron curtain throughout Europe and Asia and finally into China. It is believed by many that the European recovery program will give encouragement and help to these people before it is too late.

No price is too great to secure the peace of the world. From reports coming to this country from Europe there is every indication that Russia is a greater menace to the peace of the world that Hitler ever was. It would seem that the Communists have in mind world revolution. The cost of a third world war would probably run into hundreds of billions of dollars. While the European recovery program is a large outlay of money, it would be a small item compared with the cost of another war in life, property, and money. The life of one American soldier is worth more than any price we could pay in dollars. With modern methods of warfare, civilization throughout the world could be destroyed in another major world conflict. A tough policy with Russia may be the means of preserving world peace.

When I vote for the European recovery program, I join with millions of others who believe and have faith that if we help our friends there is an element of chance that during our lifetime we may have at least a slight hope of peace on earth in our time.

Tax Reduction

EXTENSION OF REMARKS

OF

HON. PORTER HARDY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 2, 1948

Mr. HARDY. Mr. Speaker, today the House voted to override the President's veto of the tax-reduction bill. I was one of the 88 who voted to sustain the President.

I would like to have voted with the majority; I would like to have my taxes reduced, just as I am sure all our people would like to have taxes reduced. The thing that concerns me most is, can we afford it?

There are features in the tax bill which I think are badly needed. It provides an additional \$100 personal exemption which will be of considerable help, especially to people of low incomes.

Moreover, it is manifestly unfair for citizens who live in so-called community-property States to have a tax advantage over all the rest of the Nation.

But this bill would reduce our revenue by \$5,000,000,000, and again I ask myself whether our Nation can afford this reduction in revenue.

Events of the last few days have accentuated my conviction that this is the wrong time to reduce taxes. We have just passed the Marshall plan. Its success, and our own future security, will require a quick rebuilding of our national defense establishment. We will be called upon to appropriate additional funds for our Army, our Navy, and our Air Force.

The increase in cost of living is working serious hardships upon our Federal employees, and committees of both the House and Senate are now considering civil-service pay increases which will necessitate large additional appropriations.

Federal aid to education is proposed and expansion in public health and public housing programs are contemplated.

We have a tremendous public debt and surely none of us believes it wise to increase that debt in peacetime when our employment and national income are exceptionally high. It is my belief that a tax reduction at this time, in the face of greatly increased appropriations, may result in an unbalanced budget in the 1949 fiscal year. I think this is unwise and unsound financing.

Moshe Shertok Answers the Arguments of the Partition Reversal Supporters

EXTENSION OF REMARKS

OF

HON. CHET HOLIFIELD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1948

Mr. HOLIFIELD. Mr. Speaker, under unanimous consent privilege heretofore granted, I ask that a statement made by Moshe Shertok, of the Jewish Agency for Palestine, be printed in the Appendix of the RECORD. The statement was made April 2, 1948, before the United Nations Security Council at Lake Success. It follows:

STATEMENT BY MOSHE SHERTOK, HEAD OF THE POLITICAL DEPARTMENT OF THE JEWISH AGENCY FOR PALESTINE, BEFORE THE UNITED NATIONS SECURITY COUNCIL, APRIL 2, 1948

I feel bound to comment upon the setting in which the United States draft resolution seeks to present the problem of restoring peace in Palestine. That setting distorts the picture in two vital respects.

It conveys the impression, first, that the armed conflict now raging in Palestine is a purely local affair, affecting only the population of Palestine, Jewish and Arab; and, second, that the fighting has broken out as a result of both sides having fallen upon one another, so that both are now equally guilty, or at least as if it is impossible or immaterial to determine which is the attacker and which the attacked. Because of these misleading implications the resolution itself becomes a wrong starting point for the quest for peace.

Rarely in the modern history of international relations can an act of aggression by Arabs have occurred in a manner more blatant, more scornful of concealment, or more exultantly arrogant. The campaign of aggressive violence was launched amidst clamorous proclamations by the heads of Arab governments of their intention to use force against the Jews of Palestine and against any agencies of the United Nations which might proceed to carry out their lawful duties in implementing the General Assembly's resolution. These statements were swiftly translated into action.

CHARGES ARABS PREPARE MOVE

As the Security Council deliberates week after week, Arab armed forces are moving into battle positions on what is still the territory of the British mandate, perfecting their organization and periodically breaking out into attacks upon the Jewish population in preparation and training for the major assault whereby they hope to intimidate the United Nations into final submission and impose a settlement of the Palestine question by force.

It is, therefore, astonishing to find the United States representative setting the problem of violence in Palestine in terms of a conflict between the "Arab and Jewish communities of Palestine."

The mandatory power, which has abdicated its responsibility as the guardian of the frontiers of Palestine and relegated itself to the role of a mere recorder of their violations, does not seem to have registered the direct responsibility of Arab governments for all these invasions save as regards an incursion from Syria on January 21, against which His Majesty's Government in the United Kingdom lodged a protest of sorts with the Government of the Syrian Republic and the Kingdom of Trans-Jordan. The protest was ignored, no further action was taken by the United Kingdom, and incursions from Syria continued and became more open.

This campaign of aggression raises two questions which are relevant to the first of the United States resolution. First, there is a fundamental point of principle. Is it legitimate for member States to use force against a settlement adopted by the General Assembly? The Representatives of Arab states in their statements before the Security Council have evaded the issue by arguing that member States are under no obligation to comply with a resolution of the General Assembly. Not to comply is one thing. Openly and actively to defy is quite another. So much for the aggressor states. But a more serious question arises in relation to the Security Council itself.

Is it proper for the Security Council having received conclusive evidence of aggression actually committed, to take no steps at all to suppress, nay, not even to condemn—nor even to record—that aggression? Is it a just interpretation of the Security Council's function in this question that it should obey the demand of the aggressor at pistol point, and advocate a revision of a General Assembly resolution for no other reason than that the resolution is assailed by armed force?

WARNS ON EFFECT OF REVISION

Mr. President, if the Security Council sees aggression going on before its very eyes and proceeds to fulfill its main objective by recommending a revision of the General Assembly's resolution, the consequences for world peace must be grave. These consequences entail a very heavy responsibility for the leading world power which sponsors the present resolution.

To recapitulate, the United States draft resolution tears the problem out of its context and treats the conflict in complete isolation from the question as to who upholds and who defies the United Nations author-

ity; it ignores the gravest feature of the Palestine crisis which is aggression from outside; it flies in the face of facts by diagnosing the crisis as the result of a mere local communal clash; by implication, it exonerates the aggressor states of all guilt; without even attempting to deal with the invasion of Palestine by foreign forces it misses the target by urging a local truce as a remedy.

In brief, the resolution perpetrates a triple optical illusion. First, it arbitrarily separates the conflict from its international setting; second, it artificially reduces its scope; third, it wantonly creates a position or false equality between the Jews and the Arabs.

Mr. President, it is against this background that it is my duty to set before the Security Council the attitude of the Jewish Agency and of the Jewish population of Palestine toward the proposals of a truce. That attitude was expressed in a letter which I had the honor to address on March 17 to the Secretary General in response to a question put to us by the United States delegation in the course of the consultations held by the permanent members of the Security Council. The letter reads as follows:

"I have the honor, on behalf of the Jewish Agency for Palestine, to submit the following reply to the question addressed to the Jewish Agency as to whether it would be prepared to enter into the necessary agreements to bring about an effective truce in Palestine.

"1. It must be emphasized that insofar as the term truce implies a conflict between two belligerents it does not accurately fit the facts of the present situation, in which, on the one hand, an attempt is being made by the Arab states and the Arabs of Palestine to alter by force a settlement approved by the General Assembly of the United Nations, while the Jewish community has been defending itself and the decision of the United Nations which it has loyally accepted.

"Subsequent to the adoption of the resolution of the General Assembly of November 29 on the future government of Palestine, the Jewish population in Palestine has been subjected to attacks by Arab forces, including armed bands from outside the country which, as the United Nations Palestine Commission has reported to the Security Council, are attempting to alter the resolution of the General Assembly by force.

"3. The Jewish people has in no case resorted to aggression against the Arab people, nor does it seek conflict with them. At the same time, the Jews of Palestine have been obliged to take measures to protect themselves from attack and to uphold their rights under the United Nations resolution.

"4. The moment that Arab aggression ceases Jewish armed reaction will also terminate. There must, of course, be a clear understanding that the cessation of Arab aggression will also include the stoppage of preparations for future aggression, the evacuation of foreign forces, and the prevention of further incursion of armed bands into Palestine.

"5. It is assumed that any arrangement for a truce will be carried out within the framework of the implementation of the resolution of the General Assembly and in strict conformity with the timetable provided in that resolution."

WOULD AVOID VIOLENCE

It will be seen from this letter that the aim of avoiding violence in Palestine is one which the Jewish Agency and the Jewish people of Palestine wholeheartedly uphold.

The underlying idea of a truce is most welcome to us. We must only be concerned to pursue the aim in a manner that will insure a real truce and lead to a lasting peace and not produce a mere breathing spell as a prelude for renewed violence under worse conditions. In particular the purposes of order

[PUBLIC LAW 472—80TH CONGRESS]

[CHAPTER 169—2D SESSION]

[S. 2202]

AN ACT

To promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1948".

TITLE I

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1948".

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen

principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

PURPOSES OF TITLE

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

- (1) promoting industrial and agricultural production in the participating countries;
- (2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and
- (3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

PARTICIPATING COUNTRIES

SEC. 103. (a) As used in this title, the term “participating country” means—

- (1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and
- (2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: *Provided*, That section 11 (b)

of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION

SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed thirty days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such thirty-day period, the authority conferred upon the President by this subsection shall be extended beyond such thirty-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

(2) If a corporation is created under this section—

(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

(ii) its powers shall be set out in a charter which shall be valid

only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act.

(3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of \$10,000 per annum, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

(3) provide for the efficient execution of any such programs as may be placed in operation; and

(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

NATIONAL ADVISORY COUNCIL

SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

“SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the ‘Council’), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation.”

PUBLIC ADVISORY BOARD

SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters

arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

SPECIAL ECA MISSIONS ABROAD

SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

PERSONNEL OUTSIDE UNITED STATES

SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may

assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

NATURE AND METHOD OF ASSISTANCE

SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

(3) Procurement of and furnishing technical information and assistance.

(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international

organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(8) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: *Provided*, That the amount of such guaranties in the first year after the date of the enactment of this Act does not exceed \$15,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided*, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

(iii) as used in this paragraph, the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse,

the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

PROTECTION OF DOMESTIC ECONOMY

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agri-

cultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50

per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940, as amended, determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however,* That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

REIMBURSEMENT TO GOVERNMENT AGENCIES

SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided,* That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further,* That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as

authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

AUTHORIZATION OF APPROPRIATIONS

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the

joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall

conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as

may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which

he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

WESTERN HEMISPHERE COUNTRIES

SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

OTHER DUTIES OF THE ADMINISTRATOR

SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public

travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. Whenever the Administrator believes that the issuance of a license for the export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advise the department, agency, or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

TERMINATION OF ASSISTANCE

SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he

determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

UNITED NATIONS

SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementa-

tion of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

TERMINATION OF PROGRAM

SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

REPORTS TO CONGRESS

SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

JOINT CONGRESSIONAL COMMITTEE

SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one

from the minority party, to be appointed by the chairman of the committee; and

(2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

SEPARABILITY CLAUSE

SEC. 125. If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

TITLE II

SEC. 201. This title may be cited as the "International Children's Emergency Fund Assistance Act of 1948".

SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

(1) 72 per centum of the total resources contributed after May 31, 1947, by all governments, including the United States, for programs carried out under the supervision of such Fund: *Provided*, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government; or

(2) \$100,000,000.

SEC. 205. Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

SEC. 206. There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of \$60,000,000.

TITLE III

SEC. 301. This title may be cited as the "Greek-Turkish Assistance Act of 1948".

SEC. 302. In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

SEC. 303. (a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word "repaid" the following: "without interest".

SEC. 304. Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey

as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such Act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

TITLE IV

SEC. 401. This title may be cited as the "China Aid Act of 1948".

SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided*, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further*, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

SEC. 403. Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

SEC. 404. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$125,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

SEC. 405. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

SEC. 406. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

SEC. 407. (a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both.

Approved April 3, 1948.

IMMEDIATE RELEASE

APRIL 3, 1948

STATEMENT BY THE PRESIDENT

Few Presidents have had the opportunity to sign legislation of such importance as the Foreign Assistance Act of 1948.

The signing of this Act is a momentous occasion in the world's quest for enduring peace.

I commend the Congress of the United States for the cooperation it has evidenced in the prompt passage of this measure.

Its passage is a striking manifestation of the fact that a bipartisan foreign policy can lead to effective action. It is even more striking in its proof that swift and vigorous action for peace is not incompatible with the full operation of our democratic process of discussion and debate. Those who are skeptical of the effectiveness of a democratic system should ponder the lesson of the enactment of this measure.

Our program of foreign aid is perhaps the greatest venture in constructive statesmanship that any nation has undertaken. It is an outstanding example of cooperative endeavor for the common good.

The Foreign Assistance Act is the best answer that this country can make in reply to the vicious and distorted misrepresentations of our efforts for peace which have been spread abroad by those who do not wish our efforts to succeed. This measure is America's answer to the challenge facing the free world today.

It is a measure for reconstruction, stability and peace. Its purpose is to assist in the preservation of conditions under which free institutions can survive in the world. I believe that the determination of the American people to work for conditions of enduring peace throughout the world, as demonstrated by this Act, will encourage free men and women everywhere, and will give renewed hope to all mankind that there will one day be peace on earth, good will among men.

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IMMEDIATE RELEASE

APRIL 3, 1948

STATEMENT BY SECRETARY MARSHALL

The decision of the United States Government as confirmed by the Foreign Assistance Act of 1948 is, I think, an historic step in the foreign policy of this country.

The leaders in the Congress and the membership generally have faced a great crisis with courage and wisdom, and with legislative skill, richly deserving of the approval and the determined support of the people.

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